



Asiaray Announces 2015 Annual Results

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Maintains Business Growth and Leading Position in Greater China OOH Advertising Market

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Taps the Enormous Opportunities in the DOOH Market

(Hong Kong, 31 March 2016) **Asiaray Media Group Limited** (“Asiaray” or the “Group,” stock code: 1993), a leading out-of-home media company with a strategic focus on airport, metro line and “Offline and Online” (O&O) mobile-net advertising, has announced its annual results for the financial year ended 31 December 2015. The Group has managed to achieve sustained business growth under the adverse market conditions.

The Group’s consolidated revenue was HK\$1,406.3 million, representing an increase of 6.5% as compared with that of the previous year. To give a better view of the total business scale of the Group, it is more appropriate to refer to the Group’s combined revenue, which included the consolidated revenue of the Group and the total revenue of all its associated companies engaged in media advertising business. For the year ended 31 December 2015, the **combined revenue** of the Group increased by 8.6% to HK\$2,033.4 million, a net effect of (1) the increase in revenue from the metro lines segment primarily contributed by improved sales performance of businesses in Hong Kong and Shenzhen as well as additional revenue from new businesses in Wuxi and Beijing; and (2) the decrease in revenue contributed from the airports segment mainly due to the worsened economic slowdown particularly in retail and properties markets and contracted advertising spending from top-tier brands and state-owned enterprises sectors in both Mainland China and Hong Kong, and the situation is further affected by the market sentiment caused by the sizable downward adjustment of the Chinese stock markets and the accelerated depreciation of Renminbi against U.S. dollars in the fourth quarter of 2015.

Loss attributable to owners of the Company was approximately HK\$39.6 million for the year ended 31 December 2015, compared with a profit of approximately HK\$142.6 million for 2014. The decline was due to a decrease in revenue contributed from airports business segment, an increase in the cost of revenue in relations to newly secured and renewed projects which were still in the ramp-up period, as well as a one-off compensation provision of HK\$48.3 million for the early termination of the concession rights contract for the media resources at Ningbo Metro Line No. 1. Excluding the one-off compensation provision, the Group would have reported a profit amounted to HK\$16.6 million.

The Group has maintained a healthy financial position with cash and cash equivalents, short-term deposits and restricted cash of approximately HK\$ 438.5 million as at 31 December 2015 (as at 31 December 2014: HK\$410.7 million).

Mr. Vincent Lam, Founder, Chairman, Chief Executive Officer and Executive Director of Asiaray, said, “Asiaray experienced a challenging year in 2015. The Group endeavored to strike a balance between market share, portfolio quality and long-term profitability. During the year, we have commenced concession rights contracts for Wuxi Metro Line No.2 and Beijing Metro Line No.4 and Daxing Line. The Group also renewed the concession rights contracts with Zhengzhou Xinzheng International Airport and Hangzhou Xiaoshan International Airport; along with winning the tender of the four Hong Kong metro lines. However, we also made necessary adjustments to our portfolio when the benefits of such adjustment outweigh the near term cost, including the early termination of the concession rights contract for the media resources at the Ningbo Metro Line No.1 despite the undesirable short-term financial impact. Driven by this strategy, the Group had the strength to grow continuously amidst an unfavourable market environment and maintained our leadership in the out-of-home (OOH) advertising market in Greater China holding the exclusive concession rights to mainstream media resources at 27 airports and 11 metro lines.”

“While our ‘Space Management’ approach has differentiated us from other market players and kept us moving forward with unparalleled edges, we started to adopt the new ‘Digital-Out-Of-Home’ (DOOH) concept in our clients’ campaigns, including the one we carried out for a world-renowned fast food chain requiring participants to redeem gifts in a nearby shop after completing a mobile game playing on a mega size LED panel at the campaign site. It not only enhanced brand awareness but also achieved the O&O effect. We see this as one of the major development directions of the Group in the future and we continue to provide innovative advertising solutions to media resource owners and advertisers so as to capture the business opportunities arising from the out-of-home advertising market where expertise of this field remains scarce,” added **Mr. Lam**.

Prospects

Opportunities are envisaged in different parts of the Group’s businesses, including the existing segments and the new initiatives. As for the airport advertising business, Hangzhou Airport’s advertising business is expected to benefit from the upcoming G20 Summit 2016. It is expected to not only enhance the image of Hangzhou city but also boost the passenger flow of Hangzhou Airport. Furthermore, the advertising business at the Terminal 4 of the Xiamen Gaoqi International Airport, which was originally operated by the Group’s associated company, is expected to be included in the Group’s consolidated revenue in 2016. Moreover, the Group’s newly secured Beijing metro line, which covers strategic locations of Beijing city such as Zhongguancun, a traditional technology hub as well as a newly emerged incubator for technology startups in Mainland China; and Xidan, a well-known commercial and shopping area of Beijing where famous tourist spot Wangfujing and financial street are located nearby, demonstrates strong potential.

In addition, the Group has gone beyond from merely providing standard in-house media resources at airports and metro lines through joint-ventures or direct business models, to working closely with brand owners in negotiating desirable third party resources. The Group entered into a license agreement with the landlord of Wheelock House in Central, Hong Kong to exclusively operate the billboard of the commercial office building for one year commencing from 11 January 2016. At the same time, the Group secured a one year media booking of the billboard from one of the premium brands owned by the French luxury goods group, LVMH, to enhance its brand presence.

Asiaray also cooperated with Lagardère Services China (Shanghai) Co., Ltd, a travel retail and distribution arm of Lagardère S.C.A., a global media group listed on Euronext Paris, and successfully brought a variety of famous brand retail shops into the Kunming Changshui International Airport and advertising revenue to the Group through making use of idle media resources for Lagardère at the airport under the new variable-rent model.

As a vision, the Group strongly believes that the out-of-home advertising segment will play, hand-in-hand with those major mobile-net players, an equally important role in Mainland China's advertising market in the future, for the Group able to capitalize on this trend calling for the best mix and match of creativity and versatility. Following the successful launch of the first O&O advertising project in 2015, the Group expects that the first info-advertising mobile application platform ("APP platform") will be on stream in 2016. Boasting of the merits of "online connectivity" and "offline touch", this upcoming APP platform, when smartly blended with our premium offline media and creative design in audience experience, is expected to be able to greatly enhance the advertising value of outdoor media as well as the competitiveness of the Group in the long run.

Mr. Lam concluded, "We anticipate that the market will be more challenging in 2016. In response to the risks and uncertainties that we can foresee, the Group is committed to building a strong sales and marketing team for the sake of executing better sales strategies backed by our 'Space Management' philosophy. While the new initiatives mentioned above would help to provide new growth potential, we will be cautious in seeking new media resources and opportunities in airports and metro lines with the aim of building a solid foundation for the Group's long-term development."

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About Asiaray Media Group Limited (stock code: 1993)

Established in 1993 and listed on the Main Board of The Hong Kong Stock Exchange in 2015, Asiaray is a leading out-of-home media company in Greater China with a strategic focus on airport and metro line advertising. It is ranked first among privately-owned media companies in terms of number of airports and second in terms of number of metro lines with exclusive concession rights to mainstream media resources and revenue in Greater China in 2015. With the Group's unremitting efforts in expanding media resources with strategic value, the Group has exclusive concession rights to mainstream media resources at 27 airports and 11 metro lines as at 31 December 2015 which shall carry the Group to advance her market position further from that of 2014. With an extensive nationwide network of media resources covering over 30 cities in Greater China, the Group leverages its well-developed space management approach to deliver integrated, creative and interactive out-of-home media solutions to renowned and diverse advertiser customers. For more details about Asiaray, please kindly visit its official website: www.asiaray.com.