Asiaray Media Group
雅仕維傳媒集團

ASIARAY MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Stock Code：1993

Sole Sponsor

BOC INTERNATIONAL

Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager

BOC INTERNATIONAL

IMPORTANT: If you are in any doubt about the contents of this prospectus, you should obtain independent professional advice.

Asiaray Media Group Limited
雅仕維傳媒集團有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares	:	**110,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**11,000,000 Shares (subject to reallocation)**
Number of International Placing Shares	:	**99,000,000 Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	:	**HK$7.02 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application and subject to refund)**
Nominal value	:	**HK$0.10 per Share**
Stock code	:	**1993**

Sole Sponsor

BOC INTERNATIONAL

Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager

BOC INTERNATIONAL

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to the accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix V – Documents Delivered to the Registrar of Companies and Available for Inspection", has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

See "Risk Factors" for a discussion of certain risks that you should consider before investing in the Shares. Before making an investment decision, prospective investors should consider carefully all information set out in this prospectus.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or about Wednesday, 7 January 2015 and, in any event not later than Tuesday, 13 January 2015. The Offer Price will not be more than HK$7.02 per Offer Share and is currently expected to be not less than HK$5.85 per Offer Share, unless otherwise announced. Applicants for Hong Kong Offer Shares are required to pay, upon application, the maximum Offer Price of HK$7.02 for each Hong Kong Offer Share together with a brokerage fee of 1%, a SFC transaction levy of 0.0027% and a Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK$7.02 per Offer Share. If, for any reason, the Offer Price is not agreed by Tuesday, 13 January 2015 between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

The obligations of the Hong Kong Underwriter under the Hong Kong Underwriting Agreement are subject to termination by the Sole Global Coordinator (for itself and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold, pledged or transferred within the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

31 December 2014

We will issue an announcement in Hong Kong to be published in South China Morning Post (in English), Hong Kong Economic Times (in Chinese), the website of our Company at **www.asiaray.com** and the website of the Stock Exchange at **www.hkexnews.hk** if there is any change in the following expected timetable of the Hong Kong Public Offering.

Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**(2)	11:30 a.m. on Wednesday, 7 January 2015
Application lists open(3)	11:45 a.m. on Wednesday, 7 January 2015
Latest time to lodge **WHITE** and **YELLOW** Applications Forms and give **electronic application instructions** to HKSCC(4)	12:00 noon on Wednesday, 7 January 2015
Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Wednesday, 7 January 2015
Application lists close(3)	12:00 noon on Wednesday, 7 January 2015
Expected Price Determination Date(5)	Wednesday, 7 January 2015
(1) Announcement of the Offer Price, the level of indications of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on or before	Wednesday, 14 January 2015
(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available as described in the section headed "How to Apply for the Hong Kong Offer Shares – Publication of Results" of this prospectus	Wednesday, 14 January 2015
(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk**(6) and our Company's website at **www.asiaray.com** from	Wednesday, 14 January 2015
Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID" function from	Wednesday, 14 January 2015
Despatch of Share certificates on or before(7)	Wednesday, 14 January 2015

Despatch of White Form e-Refund payment instructions and refund cheques on or before[8] . . . . .Wednesday, 14 January 2015

Dealings in the Shares on the Stock Exchange to commence on . . . . .Thursday, 15 January 2015

Notes:

(1) All dates and times refer to Hong Kong local dates and times, unless otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" of this prospectus.

(2) You will not be permitted to submit your application through the **White Form eIPO** Service through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m. on the last day for submitting applications, you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a "black" rainstorm warning or a tropical cyclone warning signal numbered eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 7 January 2015, the application lists will not open and close on that day. Further information is set out in the section headed "How to Apply for the Hong Kong Offer Shares – Effect of Bad Weather on the Opening of the Application Lists" of this prospectus. If the application lists do not open and close on Wednesday, 7 January 2015, the dates mentioned in this section may be affected. An announcement will be made by us in such event.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for the Hong Kong Offer Shares – Applying by Giving **Electronic Application Instructions** to HKSCC via CCASS" of this prospectus.

(5) We expect to determine the Offer Price by agreement with the Sole Global Coordinator (for itself on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, 7 January 2015 and, in any event, no later than Tuesday, 13 January 2015. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself on behalf of the Underwriters) and us by Tuesday, 13 January 2015, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

(6) The announcement will be available for viewing on the "IPO Allotment Results" page on the Stock Exchange's website at **www.hkexnews.hk**.

(7) Share certificates for the Hong Kong Offer Shares are expected to be issued on or before Wednesday, 14 January 2015 but will only become valid certificates of title if: (i) the Global Offering has become unconditional in all respects; and (ii) neither of the Underwriting Agreements has been terminated in accordance with their respective terms at any time prior to 8:00 a.m. on the Listing Date, which is expected to be Thursday, 15 January 2015. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk. If the Global Offering does not become unconditional or any of the Underwriting Agreements are terminated in accordance with their respective terms, we will make an announcement as soon as possible.

(8) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications, and in respect of wholly or partially successful applications if the final Offer Price is less than the price payable on application.

(9) None of the websites referred to above or any of the information contained on these websites forms part of this prospectus.

For details of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" of this prospectus, respectively.

IMPORTANT NOTICE TO INVESTORS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by the Company, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, any of the Underwriters, any of their respective directors, officers or representatives or any other person or party involved in the Global Offering.

OVERVIEW

We are a leading out-of-home media company with a strategic focus on airport and metro line advertising. For Greater China in 2013, we were ranked first among privately-owned media companies in terms of revenue from, and number of, airports with exclusive concession rights to mainstream media resources, and ranked third among privately-owned media companies both in terms of revenue from, and number of, metro lines with exclusive rights to mainstream media resources, according to the Frost & Sullivan Report. For Greater China in 2013, we were ranked fourth among all media companies both in terms of all advertising revenue from airports and in terms of all advertising revenue from metro lines, according to the Frost & Sullivan Report. In the same year, we were ranked third in terms of number of airports where we had advertising operations and fifth in terms of number of metro lines where we had advertising operations, according to the Frost & Sullivan Report. We are also one of the two out-of-home media companies operating in the metro lines segment in Hong Kong. We have media resources in 33 cities located throughout Greater China. As at the Latest Practicable Date, our media resources included: (i) 25 airports where we had exclusive concession rights to mainstream media resources; (ii) one airport where we had non-exclusive concession rights to mainstream media resources; (iii) 10 metro lines where we had exclusive rights to mainstream media resources; and (iv) 360 billboards in Greater China.

We view ourselves as the managers of the space with which media resources owners have entrusted to us, and aim to deliver integrated, creative out-of-home media solutions to advertiser customers. We derive revenue principally by selling advertising spaces, as well as providing design or other creative services to our advertiser customers for specific projects. We outsource a significant portion of the production and printing of advertisements displayed on our media resources in order to meet tight production lead times in a cost-effective manner as we have limited production facilities.

We operate in the out-of-home advertising industry in China and Hong Kong. Out-of-home advertising includes billboards, light box displays, neon signs and LED displays, as well as various forms of advertising spaces and media in airports, metro lines and other transportation. The out-of-home advertising market in China and Hong Kong were valued at US$12.7 billion and US$356.8 million, respectively, in 2013, according to the Frost & Sullivan Report.

Our Media Resources

The tables below set forth a summary of our media resources as at the Latest Practicable Date:

Airports

As at the Latest Practicable Date, we had exclusive concession rights to mainstream media resources at 25 airports and non-exclusive concession rights to mainstream media resources at one airport in China. The table below sets forth our exclusive airport media resources as at the Latest Practicable Date.

Location	Business Model[(1)]	Term[(2)]	Original Commencement Date	Most Recent Renewal/ Supplemental Contract Date	Expiry Date
Yunnan Province	JV (51%)				
Kunming		7 years (with 7 year conditional renewal option)	June 2012	–	June 2019
Dali		7 years (with 2 year conditional renewal option)	October 2008	January 2014	December 2020
Mangshi		5 years (with 5 year conditional renewal option)	October 2008	January 2014	December 2018
Baoshan		7 years (with 7 year conditional renewal option)	October 2008	January 2014	December 2020
Simao (Pu'er)		7 years (with 7 year conditional renewal option)	October 2008	January 2014	December 2020
Zhaotong		7 years (with 7 year conditional renewal option)	October 2008	January 2014	December 2020
Lincang		7 years (with 7 year conditional renewal option)	October 2008	January 2014	December 2020
Lijiang		7 years	October 2008	January 2016	December 2022
Tengchong		5 years	February 2009	February 2014	February 2019
Diqing (Deqen Tibetan Autonomous Prefecture)		7 years (with 7 year conditional renewal option)	July 2009	January 2014	December 2020
Xishuangbanna (Xishuangbanna Dai Autonomous Prefecture)		5 years	November 2012	–	November 2017
Hangzhou	Direct	5 years (with 3 year conditional renewal option)	March 2010	–	February 2015
Zhengzhou	JV (51%)	9 years & 5 months	July 2007	–	December 2016
Haikou	Direct	10 years	January 2008	–	December 2017
Urumqi	Direct	4 years	December 2010	January 2015[(5)]	December 2018
Yichang	Direct	10 years	January 2009	–	January 2019
Shenzhen[(3)]	JV (49%)	10 years	November 2013	–	November 2023
Fujian Province	JV (30%)[(4)]				
Xiamen		15 years	January 2010	–	January 2025
Fuzhou		15 years	January 2010	–	January 2025
Longyan		15 years	January 2010	–	January 2025
Wuyishan		1 year	November 2013	–	October 2014[(6)]
Guangxi Zhuang Autonomous Region	JV (40%)				
Nanning		8 years (with 8 year conditional renewal option)	July 2012	–	June 2020
Guilin		8 years (with 8 year conditional renewal option)	July 2012	–	June 2020
Liuzhou		8 years (with 8 year conditional renewal option)	July 2012	–	June 2020
Beihai		8 years (with 8 year conditional renewal option)	July 2012	–	June 2020

(1) For our JV business model, our joint venture entered into concession rights contracts with the media resources owner or concession rights owner. For our direct business model, we entered directly into the concession rights contracts with the media resources owner.

(2) Refers to the term of the concession rights for the media resources. We expect that we will be able to satisfy the conditions for renewal of our concession rights.

(3) Prior to the formation of Shenzhen Airport Asiaray in September 2013, we had non-exclusive concession rights to airport media resources in Shenzhen.

(4) We used to hold 49% but currently hold 30% of Fujian Zhaoxiang Asiaray. Per the terms of a supplemental agreement dated 3 June 2014 between Shanghai Asiaray and our joint venture partner, Xiamen Iport Group Co., Ltd. (廈門翔業集團有限公司) ("Xiamen Iport"), a formal equity transfer agreement dated 20 October 2014 and a supplemental agreement dated 21 October 2014 in relation to the above equity transfer, Shanghai Asiaray has transferred 19.0% of its equity interest in Fujian Zhaoxiang Asiaray to Xiamen Iport for a consideration of approximately RMB10.9 million and Shanghai Asiaray is entitled to 49% of the retained earnings of Fujian Zhaoxiang Asiaray as at 30 June 2014 which was declared as dividends. After the completion of the transfer, Xiamen Iport's interest has increased to 70.0%. Approximately RMB15.2 million which represented the retained earnings as at 30 June 2014 and was declared as dividends to Shanghai Asiaray will be loaned to Fujian Zhaoxiang Asiaray through entrusted loan arrangement with commercial bank(s) for funding its business expansion. This loan is interest-free and unsecured, and has a term of six years. Pursuant to the equity transfer, the joint venture was also renamed Fujian Zhaoxiang Advertising Company Limited (福建兆翔廣告有限公司) and we recorded a gain of approximately HK$1.8 million from the above equity transfer.

(5) The concession rights contract will be automatically renewed upon the expiry date on 31 December 2014.

(6) As at the Latest Practicable Date, we had received a confirmation letter from the media resources owner of the Wuyishan Airport, confirming that we could continue to operate the media resources in Wuyishan Airport under the original concession rights agreement upon its expiry from November 2014 until the new concession rights agreement becomes effective. We are currently negotiating with the media resources owner of the Wuyishan Airport and expect to successfully renew the concession rights agreement.

The table below sets forth our non-exclusive airport media resources as at the Latest Practicable Date.

City	Business Model[1]	Term	Original Commencement Date	Most Recent Renewal/ Supplemental Contract Date	Expiry Date
Xi'an	Direct	3 years	November 2003	January 2013	December 2015

(1) We entered directly into the concession rights contracts with the media resources owner.

Metro Lines

As at the Latest Practicable Date, we had exclusive rights to mainstream media resources at four metro lines in Hong Kong, two metro lines in Shenzhen, one metro line in Ningbo, two metro lines in Wuxi and one metro line in Zhengzhou. The table below sets forth our metro line media resources in Greater China as at the Latest Practicable Date.

City/Metro Lines	Business Model[1]	Term	Original Commencement Date	Most Recent Renewal/ Supplemental Contract Date	Expiry Date
Hong Kong (MTR East Rail Line, MTR West Rail Line, MTR Ma On Shan Rail Line and MTR Light Rail). .	Direct	2 years	January 2008	January 2014	December 2015
Shenzhen (Metro Line No. 3).	Direct	7 years & 2 months (with 3 year automatic renewal option)	October 2010	–	December 2017

City/Metro Lines	Business Model[(1)]	Term	Original Commencement Date	Most Recent Renewal/ Supplemental Contract Date	Expiry Date
Shenzhen (Metro Line No. 4)	Direct	3 years	July 2010	June 2014	June 2017
Ningbo (Metro Line No. 1)	Direct	10 years	May 2014	–	April 2024
Wuxi (Metro Lines No. 1 and No. 2)[(2)].	JV	8 years	July 2014 and January 2015	–	June 2022 and January 2023
Zhengzhou[(3)]	JV	Approximately 10 years	In or about January 2015	–	December 2025

(1) We entered directly into the contracts with the media resources owner. For our JV business model, our joint venture entered into concession rights contracts with the media resources owner or concession rights owner. For our direct business model, we entered directly into the concession rights contracts with the media resources owner.

(2) Our operation of Wuxi (Metro Line No. 1) commenced in July 2014 and our operation in Wuxi (Metro Line No. 2) is expected to commence in January 2015. The joint venture agreement between Shanghai Asiaray Advertising Media and Wuxi Metro Advertising Media Company Limited will expire in February 2034.

(3) Henan Daily Newspaper Group (河南日報報業集團) obtained the exclusive concession rights to the media resources in the metro line in Zhengzhou from Zhengzhou Railway Transport Co., Ltd. (鄭州市軌道交通有限公司) in 2013 for 12 years and subsequently entered into a cooperation agreement with our Group on 13 February 2014. We expect to form a joint venture with an operating period of 20 years with Henan Daily Newspaper Group in January 2015. In accordance with the clauses of the cooperation agreement, upon the establishment of the joint venture, Henan Daily Newspaper Group will sign a licence agreement with the joint venture, in which Henan Daily Newspaper Group will release and transfer the concession rights to the media resources in the metro line in Zhengzhou to the joint venture. The licence agreement will terminate in December 2025 upon the expiry of the original concession rights agreement entered into between Henan Daily Newspaper Group and Zhengzhou Railway Transport Co., Ltd.. The term of the licence agreement will be extended in the event that the original concession rights agreement is renewed upon its expiry.

Billboards and Building Solutions

As at the Latest Practicable Date, we had exclusive concession rights to 360 billboards. The table below sets forth our billboards as at the Latest Practicable Date.

City	Number of Billboards	Term	Expiry Date[(1)]
Hong Kong.	298	2 months to 5 years	December 2014 to October 2017
Shanghai	54	1 to 30 years	October 2014 to January 2030
Guangzhou	1	9 years	December 2020
Chengdu.	2	1 year and 9 months	August 2016
Qingdao	5	1 year	January 2015

(1) Expiry date accounts for renewal options which have already been exercised under the relevant contract.

We began providing building solutions in 2012. We had one and two building solutions in the year ended 31 December 2012 and 2013, respectively. From 2012 to the Latest Practicable Date, we had completed a total of six building solutions.

See "Business – Our Media Resources."

See "Financial Information – Capital and Operating Lease Commitments – Operating Lease Commitments" for further information about the fluctuation of our operating lease commitments over the Track Record Period.

Our Suppliers

Our suppliers are primarily the media resources owners, or the airport or metro line, which provide us with our media resources. Concession fees paid for media resources accounted for 85.4%, 84.0%, 82.7% and 87.3% of our cost of revenue, respectively, in the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014.

Our Customers

Our customers include international and domestic brand owners in a wide variety of industries, such as automotive, retail, fashion, food and beverage and real estate, as well as third-party advertising agencies. We have strong, established relationships with many major brand owners and advertising agents in China and Hong Kong. Our central marketing team, supported by our nationwide sales network, maintains and develops our relationships with existing and new advertiser customers. See "Business – Marketing and Sales" and "Business – Customers."

We formulate and adjust our pricing policy for our media resources in accordance with industry information and market trends, accounting for factors such as the perceived effectiveness and attractiveness of our network, amount of available advertising space, number and scale of airports and metro lines in our network, the level of demand for advertising spaces, our concession fees paid and the pricing of our competitors. See "Business – Our Operations – Pricing Strategy."

COMPETITIVE STRENGTHS

We believe that the following key strengths distinguish us from our competitors and contribute to our ability to compete effectively. These include our:

- exclusive, long-term concession rights to our media resources;
- position as a market leader with an extensive nationwide network of media resources;
- well-developed space management approach, which enables us to create value for our advertiser customers and media resources owners;
- well-known and diverse advertiser customer base; and
- visionary management team with extensive industry knowledge and collaborative connections.

BUSINESS STRATEGIES

We plan to implement the following strategies to grow our business and maximise profitability and value for our shareholders. These include our plans to:

- maximise the profitability of our existing media resources;
- increase and enhance our media resources, especially in airports and metro lines;
- focus on adding value to our tailor-made media solutions by utilising our space management approach; and
- further improve our management system and sales network.

KEY FINANCIAL AND OPERATIONAL DATA

Combined Statements of Comprehensive Income

	Year ended 31 December			Six months ended 30 June
	2011	2012	2013	2014
	(HK$ thousands)			
Revenue	717,536	953,095	1,211,309	612,093
Cost of revenue	(618,461)	(729,169)	(846,764)	(390,930)
Gross profit	99,075	223,926	364,545	221,163
(Loss)/profit before income tax	(3,600)	97,250	204,620	114,311
Income tax expense	(9,803)	(25,448)	(37,817)	(22,760)
(Loss)/profit for the year/period	(13,403)[1]	71,802	166,803	91,551
(Loss)/profit for the year/period attributable to:				
Owners of the Company	(18,051)	59,625	129,261	61,423
Non-controlling interests	4,648	12,177	37,542	30,128

(1) Our net losses for the year ended 31 December 2011 were primarily attributable to (i) ramp-up of our operations in the Shenzhen Metro Line No. 4; and (ii) calculation of concession fees on a straight-line basis for all of our media resources. We commenced operations for the Shenzhen Metro Line No. 4 in July 2010, which were still ramping-up during the year ended 31 December 2011, and therefore recorded an operating loss. Typically, our concession fees payable escalate year by year over the term of the contract. However, as a result of the straight-line basis calculation, our concession fees will exceed the actual amount paid during the early part of the contract term. During the year ended 31 December 2011, a large number of our concession rights contracts were in the early part of their contract term and ramp-up phase of operations, as a result of which these operations generated less revenue. As a result of the foregoing, we incurred net losses for the year ended 31 December 2011.

For our newer operations in the four metro lines in Ningbo, Wuxi and Zhengzhou, we may incur initial losses during the ramp-up phase and due to the straight-line basis calculation of concession fees. However, an increasing number of our Group's airports and metro lines are reaching the stable growth and scale-up phases of operation or are entering the latter part of term of their concession rights contracts where the actual amount of concession fees paid will exceed the concession fees recognised on a straight-line basis. This is expected to offset the losses of our newer operations, including those in the metro lines in Ningbo, Wuxi and Zhengzhou.

Combined Balance Sheets

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	(HK$ thousands)			
Current assets	350,365	442,999	637,216	799,029
Current liabilities	475,460	557,986	628,972	663,129
Net current (liabilities)/assets[1]	(125,095)	(114,987)	8,244	135,900
Net assets	9,758	40,071	207,364	286,197
Total assets	497,872	627,069	856,413	982,282

(1) We had net current liabilities as at 31 December 2011 and 2012, primarily attributable to the accrued concession fees included in trade and other payables. Our concession fees comprised a minimum guarantee amount that is charged to profit or loss on a straight-line basis over the terms of the relevant concession rights agreements. As a result, the concession fees charged to profit or loss usually remain relatively stable over the terms of the concession agreements. As a majority of our concession rights agreements were still in the early part of their respective terms during the Track Record Period, we accrued concession fees of approximately HK$238.7 million, HK$214.8 million, HK$199.9 million and HK$219.1 million as at 31 December 2011, 2012 and 2013 and 30 June 2014, respectively. These accrued concession fees will be gradually reversed in the latter part of the concession agreement terms. Had we excluded the above accrued concession fees, we would have net current assets of approximately HK$113.6 million, HK$99.8 million, HK$208.1 million and HK$355.0 million as at 31 December 2011, 2012 and 2013 and 30 June 2014, respectively. See "Financial Information – Liquidity and Capital Resources – Working Capital – Net Current Assets and Current Liabilities Overview."

Combined Statements of Cash Flows

	Year ended 31 December			Six months ended 30 June
	2011	**2012**	**2013**	**2014**
	(HK$ thousands)			
Net cash generated from/(used in) operating activities	80,681	94,765	139,657	(11,105)
Net cash used in investing activities	(46,184)	(60,194)	(159,613)	(3,562)
Net cash generated from/(used in) financing activities	25,696	(34,951)	51,714	17,807
Net increase/(decrease) in cash and cash equivalents	60,193	(380)	31,758	3,140
Cash and cash equivalents at beginning of the year/period	97,338	164,190	164,099	200,548
Exchange gains/(losses) on cash and cash equivalents	6,659	289	4,691	(1,688)
Cash and cash equivalents at end of the year/period	164,190	164,099	200,548	202,000

The table below sets forth a breakdown of our revenue by segments for the periods indicated.

	Year ended 31 December			Six months ended 30 June
	2011	**2012**	**2013**	**2014**
	(HK$ thousands)			
Exclusive Airports				
Yunnan(1)	63,154	140,792	267,150	133,887
Hangzhou	82,158	103,076	133,606	74,512
Zhengzhou	66,069	86,479	104,618	57,543
Haikou	65,933	78,845	90,846	46,501
Urumqi	10,356	21,522	29,080	16,735
Yichang	2,897	4,035	3,819	2,231
Non-exclusive Airports				
Shenzhen(2)(4)	81,459	86,433	71,738	–
Beijing	34,293	33,661	30,220	4,742
Chengdu(3)	8,477	7,869	2,293	–
Xi'an	3,524	3,277	5,400	2,196
Airports(4)	418,320	565,989	738,770	338,347

	Year ended 31 December			Six months ended 30 June
	2011	2012	2013	2014
	(HK$ thousands)			
Metro Lines				
Hong Kong Metro Lines[5]	113,624	142,639	172,724	82,109
Shenzhen Metro Line No. 3	18,439	39,071	67,225	34,033
Shenzhen Metro Line No. 4	11,225	21,341	35,318	16,098
Ningbo Metro Line No. 1	–	–	–	6,291
Wuxi Metro Lines No. 1 and No. 2	–	–	–	2,999
Metro Lines	143,288	203,051	275,267	141,530
Billboards and Building Solutions	129,557	140,393	155,534	78,757
Others	26,371	43,662	41,738	53,459
Total	717,536	953,095	1,211,309	612,093

(1) Yunnan includes the 11 airports in Yunnan Province operated by Yunnan Airport Asiaray.

(2) Prior to November 2013, we had non-exclusive concession rights to unipole signs in Shenzhen Bao'an International Airport. After the establishment of Shenzhen Airport Asiaray in September 2013, we obtained exclusive concession rights to media resources at Shenzhen Bao'an International Airport. The profit or loss from Shenzhen Airport Asiaray is accounted for using the equity method. See "Financial Information – Description of Selected Components of Our Statements of Comprehensive Income – Share of Profit of Investments in Associates."

(3) We terminated the contract early for media resources in Chengdu. As at the Latest Practicable Date, we did not have any airport media resources in Chengdu.

(4) This excludes four airports operated by Fujian Zhaoxiang Asiaray and four airports operated by Guangxi Top Source and one airport operated by Shenzhen Airport Asiaray after November 2013. See "Financial Information – Description of Selected Components of Our Statements of Comprehensive Income – Share of Profit of Investments in Associates." The following table sets forth the revenues of: (i) Fujian Zhaoxiang Asiaray; (ii) Guangxi Top Source; and (iii) Shenzhen Airport Asiaray for the periods indicated.

	Year ended 31 December			Six months ended 30 June
	2011	2012	2013	2014
	(HK$ thousands)			
Fujian	94,034	118,742	139,483	102,964
Guangxi	–	8,260	24,320	13,163
Shenzhen[a]	–	–	15,277	169,122
Total	94,034	127,002	179,080	285,249

(a) See footnote 2 above.

(5) Hong Kong Metro Lines include MTR East Rail Line, MTR West Rail Line, MTR Ma On Shan Rail Line and MTR Light Rail.

RISK FACTORS

There are risks associated with any investment. Some of the particular risks with respect to our business, results of operations, financial condition and prospects, as well as risks in investing in our Shares, are set out in the section headed "Risk Factors" of this prospectus. You should read this entire section and the prospectus before you decide to invest in the Offer Shares.

Our business, results of operations, financial condition and prospects may depend on our retaining, developing and increasing the media resources in our network. If we are unable to retain our existing concession rights or obtain new concession rights for media resources, we may be unable to maintain or expand our operations. If we are unable to maintain exclusivity over our media resources, we may be unable to maintain our competitive advantage in terms of price determination and amount of media resources. In particular, the exclusive concession rights for media resources in one airport and the exclusive rights for media resources at four metro lines will expire before 31 December 2015. These media resources accounted for approximately HK$306.3 million, or approximately 25.3% of our revenue for the year ended 31 December 2013.

Our operations in China are subject to certain regulatory requirements. For example, if we or our media resources owners do not obtain the registration certificates, placement permits or other licences required by applicable PRC regulations or laws, we may be subject to administrative sanctions, including discontinuation of our advertisements, loss of media resources or monetary penalties.

Advertiser customers may decide not to use our services, products or resources if they believe that our media solutions are not effective, or that consumers are not receptive to advertisements displayed on our media resources. Therefore, if advertiser customers or consumers do not accept, or lose interest in, airport and metro line advertising, which are the focus of our business operations, our business, results of operations, financial condition and prospects may be materially and adversely affected.

OUR SHAREHOLDERS

Immediately prior to the Reorganisation, our Company was 100% directly held by Media Cornerstone. Upon completion of the Global Offering and assuming no exercise of the Over-allotment Option and the Offer Price is fixed at the mid-point of the Offer Price range, our Company will be 55% held by Media Cornerstone, 20% held by Space Management and 25% held by the public. Mr. Lam, Space Management, Media Cornerstone and Shalom Family Holding will be regarded as our Controlling Shareholders under the Listing Rules after the Global Offering.

NON-COMPLIANCE INCIDENTS

We are required to obtain licences and approvals for our operations in the PRC and Hong Kong. Our Directors confirm that, as at the Latest Practicable Date, the Company had obtained all material licenses and permits required to operate its business in the PRC and Hong Kong. However, we had not obtained certain of the required approvals for our operations in the PRC during the Track Record Period. The following sets forth our Group's incidents of non-compliance in our PRC operations during the Track Record Period:

PRC

- failure to renew placement permits for setting up outdoor media resources in Shanghai and Guangzhou, involving 12, 12, 16, 12 media resources, for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014;
- lack of placement permits for some of the outdoor advertisements which we have obtained concession rights from their media resources owners, involving 270, 259, 248, 248 media resources, for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 respectively, in Hainan, Hubei, Yunnan, Henan, Shaanxi and Zhejiang Provinces; and
- lack of outdoor advertisement registration certificates for the advertisements in Yunnan Province, Hangzhou, Zhengzhou, Guangzhou, Yichang, Shanghai and Haikou, involving 60, 88, 349 and 463 advertisements for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 respectively.

See "Risk Factors – Risks Relating to Our Business and Industry – If we do not obtain the outdoor advertisement registration certificates required, we may be subject to administrative sanctions, including discontinuation of our advertisements and financial penalties", "Risk Factors – Risks Relating to Our Business and Industry – We may be unable to retain our media resources if the placement permits are not obtained or renewed by the media resources owners as required by PRC law" and "Business – Regulatory Compliance" for more information.

Hong Kong

Our subsidiaries incorporated in Hong Kong have on various occasions not complied with certain statutory requirements under the Predecessor Companies Ordinance, including (i) failing to provide audited accounts that were made within nine months before the date of the annual general meetings; and (ii) failing to file required notices with the Registrar of Companies in Hong Kong upon certain changes to our corporate particulars within the prescribed timeframe. See "Risk Factors – Risks Related to Our Business – We had certain compliance irregularities which may lead to enforcement actions being taken" and "Business – Regulatory Compliance" for more information.

In order to ensure future compliance with applicable laws and regulations in our operations in the PRC and Hong Kong, we have established and implemented a number of internal measures. Our Directors believe that such non-compliance incidents would not materially and adversely affect the operations of our Group.

GLOBAL OFFERING STATISTICS(1)

	Based on an Offer Price of HK$5.85 per share	Based on an Offer Price of HK$7.02 per share
Market Capitalisation of our Shares at Listing(2)	HK$2,574 million	HK$3,089 million
Unaudited pro forma adjusted net tangible assets per Share(3)(4)	HK$1.85	HK$2.13

(1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.

(2) The calculation of market capitalisation is based on 110,000,000 Shares expected to be issued under the Global Offering, and assuming that 440,000,000 Shares are issued and outstanding immediately following the completion of the Global Offering.

(3) The unaudited pro forma adjusted net tangible assets per Share is calculated after making the adjustments referred to in "Appendix II – Unaudited Pro Forma Financial Information" to this prospectus and on the basis that 440,000,000 Shares are issued and outstanding immediately following the completion of the Global Offering.

(4) On 6 December 2014, the Board approved to declare and distribute a dividend in the amount of HK$180.18 million (HK$132.13 million and HK$48.05 million to Media Cornerstone and Space Management, respectively) for the year ended 31 December 2013. Such dividend will be paid upon or before Listing from the internal resources of the Company. In particular, the unaudited pro forma adjusted net tangible assets per Share have not taken into account the effect of such dividend. Had the above dividend amounting to a total of HK$180.18 million been taken into account, the unaudited pro forma adjusted net tangible assets per Share would have been HK$1.44 (based on an Offer Price of HK$5.85 per Share) and HK$1.72 (based on an Offer Price of HK$7.02 per Share), respectively.

USE OF PROCEEDS

We currently estimate that our Offer Price will not be more than HK$7.02 per Offer Share and not less than HK$5.85 per Offer Share. Assuming an Offer Price of HK$6.435 per Offer Share, which represents the mid-point of the indicative Offer Price range, we estimate that the proceeds receivable by our Company from the Global Offering, after deducting underwriting fees and commissions and other estimated expenses paid and payable by the Company in the aggregate amount of HK$71.6 million, will in total be approximately HK$636.3 million.

We intend to use such net proceeds for the following purposes:

- To expand our media resources at airports, including:
  - approximately HK$220.0 million, or approximately 34.6% of our net proceeds, for media resources for the new airport terminal at Hangzhou Xiaoshan International Airport;
  - approximately HK$48.9 million, or approximately 7.7% of our net proceeds, for additional investments in Henan Airport Asiaray and additional media resources in the new terminal planned for Zhengzhou Xinzheng International Airport;
- To expand our media resources for metro lines, including:
  - approximately HK$84.0 million, or approximately 13.2% of our net proceeds, for concession fees for metro line media resources in Wuxi;
  - approximately HK$50.3 million or approximately 7.9% of our net proceeds, for additional investments in our joint venture to be formed for our metro line operations in Zhengzhou;
  - approximately HK$84.0 million, or approximately 13.2% of our net proceeds, for concession fees for metro line media resources for Ningbo Metro Line No. 1;
  - approximately HK$24.8 million, or approximately 3.9% of our net proceeds, for concession fees for metro line media resources for Shenzhen Metro Line No. 4;
- approximately HK$60.4 million, or approximately 9.5% of our net proceeds, for media resources for our billboards and building solutions; and
- approximately HK$63.6 million, or approximately 10.0% of our net proceeds, to be used for working capital and other general corporate purposes.

The applications of the net proceeds as stated above are only current estimates and are subject to changes based on prevailing economic, market and business conditions.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the estimated Offer Price range or the Over-allotment Option is exercised.

In the event that the Offer Price is set at the high end of the proposed Offer Price range, we estimate that our Company will receive net proceeds of approximately HK$698.2 million, after deducting underwriting fees and commission and other estimated expenses paid and payable by our Company in connection with the Global Offering.

In the event that the Offer Price is set at the low end of the proposed Offer Price range, we estimate that our Company will receive net proceeds of approximately HK$574.3 million, after deducting underwriting fees and commission and other estimated expenses paid and payable by our Company in connection with the Global Offering.

In the event the Over-allotment Option is exercised in full, we will receive net proceeds ranging from approximately HK$667.2 million (assuming an Offer Price of HK$5.85 per Share, being the low end of the proposed Offer Price range) to HK$809.8 million (assuming an Offer Price of HK$7.02 per Share, being the high end of the proposed Offer Price range), after deducting underwriting fees and commission and other estimated expenses paid and payable by our Company in connection with the Global Offering.

To the extent that the above net proceeds of the Global Offering are not immediately applied to the above purposes, we intend to deposit the proceeds in interest-bearing accounts with licensed commercial banks or financial institutions in Hong Kong. We expect to utilise net proceeds receivable by our Company from the Global Offering to finance the above purposes. However, to the extent that such net proceeds are unable to fully finance the above purposes, we will use our internal working capital.

DIVIDENDS AND DIVIDEND POLICY

During the Track Record Period, we declared and paid dividends of HK$55.0 million. On 6 December 2014, the Board approved to declare and distribute a dividend in the amount of HK$180.18 million (HK$132.13 million and HK$48.05 million to Media Cornerstone and Space Management, respectively) for the year ended 31 December 2013. Such dividend will be paid upon or before Listing from the internal resources of the Company.

After completion of the Global Offering, our Shareholders will be entitled to receive dividends only when declared by, and at the discretion of, our Board of Directors. At the discretion of our Board, we may declare dividends in the future, depending on our future results of operations, financial condition, contractual restrictions and other factors which our Directors deem relevant.

LISTING EXPENSES INCURRED AND TO BE INCURRED

Listing expenses (excluding underwriting commissions to the Underwriters and listing preparation fees to the Sole Global Coordinator, which amount to HK$26.2 million) represent professional fees incurred in connection with the Listing. Listing expenses to be borne by our Company are estimated to be approximately HK$45.4 million, of which approximately HK$10.6 million is directly attributable to the issue of new Shares to the public and to be accounted for as a deduction from equity, and of which approximately HK$34.8 million has been or is expected to be reflected in our combined statements of comprehensive income. Approximately HK$19.9 million of the listing expenses in relation to services already performed has been reflected in the combined statements of comprehensive income of our Group for the three financial years of our Company ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, and the remaining amount of approximately HK$14.9 million is expected to be recognised as expenses for the year ending 31 December 2014.

As mentioned above, all underwriting commissions to the Underwriters and listing preparation fees to the Sole Global Coordinator, estimated to be approximately HK$26.2 million, will be charged to equity during the year ending 31 December 2014, as they are directly attributable to the offering of the new Shares. The listing expenses above are the latest practicable estimates and are provided for reference only, and actual amounts may differ.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or trading position since 30 June 2014 (being the date to which our latest combined financial information was prepared, as set out in the Accountant's Report in Appendix I to this prospectus), and up to the date of this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as of the date of this prospectus, they are not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

In this prospectus, the following terms have the following meanings unless the context otherwise requires.

"AIC"	Administration for Industry and Commerce, which are the local counterparts of the SAIC
"Application Form(s)"	**WHITE** Applications Form(s), **YELLOW** Application Form(s) and **GREEN** Applications Form(s), individually or collectively, as the context may require
"Articles" or "Articles of Association"	our articles of association, a summary of which is contained in Appendix III to this prospectus
"Asiaray Advertising"	Asiaray Advertising Limited, a company incorporated in Hong Kong with limited liability on 28 September 2004 and an indirect wholly-owned subsidiary of our Company
"Asiaray Advertising Media"	Asiaray Advertising Media Limited (雅仕維廣告媒體有限公司), a company incorporated in Hong Kong with limited liability on 5 August 1993 and an indirect wholly-owned subsidiary of our Company
"Asiaray Holdings"	Asiaray (Holdings) Limited, a company incorporated in Hong Kong with limited liability on 27 January 1989 and a company wholly-owned indirectly by Mr. Lam
"Asiaray Media"	Asiaray Media Limited, a company incorporated in Hong Kong with limited liability on 6 March 2002 and an indirect wholly-owned subsidiary of our Company
"Asiaray Media Holdings"	Asiaray Media Holdings Limited, a company incorporated in the British Virgin Islands as a limited liability company on 20 May 2014 and a wholly-owned subsidiary of our Company
"Asiaray Metro"	Asiaray Metro Media Limited, a company incorporated in Hong Kong with limited liability on 8 October 2010 and an indirect wholly-owned subsidiary of our Company
"Asiaray Outdoor"	Asiaray Outdoor Media Limited, a company incorporated in Hong Kong with limited liability on 8 October 2007 and an indirect wholly-owned subsidiary of our Company
"associate"	has the meaning ascribed to it under the Listing Rules

"associate companies"	for the purposes of this prospectus, refers to entities over which our Group has significant influence but not control, in which our Group generally has a shareholding of between 20% and 50% of the voting rights, and includes Fujian Zhaoxiang Asiaray, Guangxi Top Source and Shenzhen Airport Asiaray
"Beijing Asiaray"	Beijing Asiaray Advertising Company Limited* (北京雅仕維廣告有限公司), a company incorporated in the PRC with limited liability on 9 July 1998 and an indirect wholly-owned subsidiary of our Company
"billboard"	an advertising board or sticker usually located in a shopping mall, commercial building or alongside an expressway
"Board" or "Board of Directors" or "our Board"	the board of directors of our Company
"BOCI Asia Limited"	BOCI Asia Limited, a licensed corporation under the SFO for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
"building solution"	a large size outdoor advertisement attached to the exterior wall or rooftop of a building or other structure, typically comprised of a sticker and may include LED lighting elements wrapped around part or all of the exterior façade
"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
"CAGR"	compound annual growth rate
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant

"CCASS Internet System"	the website operated by HKSCC to enable CCASS Investor Participants and, upon authorisation by a CCASS Clearing Participant or a CCASS Custodian Participant, stock segregated account statement recipients of that CCASS Clearing Participant or CCASS Custodian Participant to access CCASS
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"CCASS Phone System"	the interactive voice response system operated by HKSCC for enabling CCASS Investor Participants and, upon authorisation by a CCASS Clearing Participant or a CCASS Custodian Participant, statement recipients of that CCASS Clearing Participant or CCASS Custodian Participant to access CCASS
"Chengdu Asiaray"	Chengdu Asiaray Advertising Company Limited* (成都雅仕維廣告有限公司), a company incorporated in the PRC with limited liability on 20 September 2002 and an indirect subsidiary of our Company which is owned as to 90% by Shenzhen Asiaray and 10% by Guangzhou Asiaray, respectively
"Companies Law"	The Companies Law (2013 Revision) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our", "we", or "us"	Asiaray Media Group Limited, a company incorporated under the laws of the Cayman Islands as an exempted company with limited liability on 20 May 2014 and, except where the context otherwise requires, all of its subsidiaries
"concession rights"	the contractual or legal right to operate a media resource or advertising space

"concession rights contract" or "concession agreement"	a contract or agreement that gives our Company the contractual or legal right to operate a media resource or advertising space at airports, metro lines and billboards and building solutions
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, in the context of the Company for the proposes of this prospectus and the Listing, means Mr. Lam, Media Cornerstone, Space Management and Shalom Family Holding
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Director(s)" or "our Director(s)"	the director(s) of our Company or any one of them
"escalator crown panels"	the advertising panels displayed on the wall along an escalator, generally in metro stations
"exclusive concession rights" or "exclusive rights"	the contractual or legal right to operate a media resource or advertising space, collectively, at airports, metro lines and billboards and building solutions. Exclusive concession rights refer to rights with respect to mainstream media resources or advertising spaces at airports and billboards and building solutions, and exclusive rights refer to rights with respect to mainstream media resources or advertising spaces at metro lines
"Family Trust"	The Shalom Trust, a discretionary trust established by Mr. Lam as settlor of which UBS Trustees (BVI) Limited acts as the trustee and the beneficiaries of which are Mr. Lam, certain of his family members and other persons who may be added from time to time
"feature ads"	includes a wide range of advertising formats other than light box displays, escalator crown panels and digital media, which may combine a variety of media formats with the aim of having a higher impact on consumers
"Frost & Sullivan Report"	an independent market research report commissioned by the Company on out-of-home advertising markets in Greater China dated 22 December 2014

"Fujian Zhaoxiang Asiaray"	Fujian Zhaoxiang Advertising Company Limited* (福建兆翔廣告有限公司), previously named as Fujian Zhaoxiang Asiaray Joint Advertising Company Limited* (福建兆翔雅仕維聯合廣告有限公司), a company incorporated in the PRC with limited liability on 29 April 2006 and an indirect subsidiary of our Company which is owned as to 30% by Shanghai Asiaray and 70% by Xiamen Iport Group Co., Ltd. (廈門翔業集團有限公司), respectively
"GDP"	gross domestic product
"Genesis Printing"	Genesis Printing and Production Limited, a company incorporated in Hong Kong with limited liability on 8 October 2007 and an indirect wholly-owned subsidiary of our Company
"Genesis Signmaker"	Genesis Signmaker and Construction Limited, a company incorporated in Hong Kong with limited liability on 8 October 2007 and an indirect wholly-owned subsidiary of our Company
"Global Offering"	the Hong Kong Public Offering and the International Placing
"Greater China"	for purposes of this prospectus, refers to PRC, Hong Kong and Macau
"GREEN application form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group" or "our Group"	our Company and its subsidiaries
"Guangxi Top Source"	Guangxi Top Source Media Limited Liability Company* (廣西頂源傳媒有限責任公司), a company incorporated in the PRC with limited liability on 20 June 2012 and an indirect subsidiary of our Company which is owned as to 40% by Beijing Asiaray, 40% by AirMedia Group Company Limited* (航美傳媒集團有限公司) and 20% by Guangxi Aviation Industry Development Co., Ltd.* (廣西民航產業發展有限公司), respectively
"Guangzhou Asiaray"	Guangzhou Asiaray Advertising Company Limited* (廣州雅仕維廣告有限公司), a company incorporated in the PRC with limited liability on 26 September 2002 and an indirect wholly-owned subsidiary of our Company

"Hainan Asiaray"	Hainan Asiaray Company Limited* (海南雅仕維廣告有限公司), a company incorporated in the PRC with limited liability on 10 January 2008 and an indirect wholly-owned subsidiary of our Company
"Henan Airport Asiaray"	Henan Airport Asiaray Media Company Limited (河南空港雅仕維傳媒有限公司), a company incorporated in the PRC with limited liability on 13 July 2007 and an indirect subsidiary of our Company which is owned as to 51% by Shenzhen Asiaray and 49% by Henan Zhengzhou Xinzheng Airport Management Company Limited* (河南省鄭州新鄭國際機場管理有限公司) ("Zhengzhou Airport Company"), respectively
"HK$", "H.K. dollars" or "Hong Kong dollars"	Hong Kong dollars and cents, the lawful currency of Hong Kong
"HKFRS"	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Asiaray"	Hong Kong Asiaray Advertising Limited (香港雅仕維廣告有限公司), a company incorporated in Hong Kong with limited liability on 31 October 1995 and an indirect wholly-owned subsidiary of our Company
"Hong Kong Legal Advisers"	Baker & McKenzie, the Hong Kong legal advisers to our Company
"Hong Kong Offer Shares"	the 11,000,000 Shares being initially offered by our Company for subscription under the Hong Kong Public Offering (subject to reallocation as described in the section headed "Structure of the Global Offering" of this prospectus)

"Hong Kong Public Offering"	the offer by our Company of the Hong Kong Offer Shares for subscription by the public in Hong Kong as described in the section headed "Structure of the Global Offering" of this prospectus at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% of the Offer Price) and on and subject to the terms and conditions stated in this prospectus and the Application Forms
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriter"	the underwriter of the Hong Kong Public Offering named in the section headed "Underwriting – Hong Kong Underwriter" of this prospectus
"Hong Kong Underwriting Agreement"	the conditional underwriting agreement dated 30 December 2014 relating to the Hong Kong Public Offering entered into by, among others, our Company and the Hong Kong Underwriter
"Independent Third Party(ies)"	a party or parties which is or are not connected (as defined in the Listing Rules) to our Directors, substantial shareholders or chief executives of our Company, our subsidiaries or any of their respective associates
"International Placing"	the conditional placing by the International Underwriters of the International Placing Shares outside the United States in offshore transactions in reliance on Regulation S, including to professional and institutional investors in Hong Kong, details of which are described in the section headed "Structure of the Global Offering" of this prospectus and on and subject to the terms and conditions stated in the International Placing Agreement
"International Placing Agreement"	the conditional placing agreement related to the International Placing to be entered into by, among others, our Company and the International Underwriters on or about the Price Determination Date
"International Placing Shares"	the 99,000,000 Shares offered under the International Placing (subject to reallocation and the Over-allotment Option as described in the section headed "Structure of the Global Offering" of this prospectus)

"International Underwriters"	the underwriters of the International Placing, who are expected to enter into the International Placing Agreement
"Latest Practicable Date"	22 December 2014, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
"LED"	light-emitting diode technology used for lighting displays
"light box display"	an advertising fixture consisting of backlit, translucent display, often mounted on a wall and commonly used in the airports, metro stations and shopping malls
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about Thursday, 15 January 2015, on which the Shares are listed and from which dealings in the Shares are permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent of and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"mainstream media resources"	refers to light box displays of various sizes and unipole signs used in airports, and light box displays and escalator crown panels of various sizes used in metro stations
"Media Cornerstone"	Media Cornerstone Limited, a company incorporated in the British Virgin Islands as a limited liability company on 20 May 2014, a wholly-owned subsidiary of the Family Trust and Shalom Family Holding
"Mr. Lam"	Lam Tak Hing, alias Vincent Lam, our executive Director, chairman, chief executive officer and Controlling Shareholder
"Ms. Chan"	Ms. Chan Wai Mun, the mother of Mr. Lam

"Offer Price"	the final Hong Kong dollar price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which Offer Shares are to be subscribed for or sold pursuant to the Global Offering, which is expected to be not more than HK$7.02 but not less than HK$5.85, to be determined as described in the section headed "Structure of the Global Offering – Pricing and Allocation" of this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Placing Shares including, where relevant, any additional Shares offered pursuant to any exercise of the Over-allotment Option
"Over-allotment Option"	the option to be granted to the International Underwriters under the International Placing Agreement, exercisable by the Sole Global Coordinator on behalf of the International Underwriters, pursuant to which the Company may be required by the Sole Global Coordinator to sell up to 16,500,000 additional Shares, representing 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price
"Over-allotment Shares"	up to 16,500,000 Shares which we may be required to issue at the Offer Price pursuant to exercise in full of the Over-allotment Option
"PRC" or "China"	The People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan
"PRC Legal Advisers"	Jun He Law Offices, the PRC legal advisers to our Company
"Predecessor Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) prior to its repeal and replacement on 3 March 2014 by the Companies Ordinance and the Companies Ordinance (Winding Up and Miscellaneous Provisions)
"Price Determination Agreement"	the agreement to be entered into among our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) at or about the Price Determination Date to fix the Offer Price

"Price Determination Date"	the date, expected to be on or about Wednesday, 7 January 2015 (Hong Kong time), when the Offer Price is determined, and in any event no later than Tuesday, 13 January 2015
"Qingdao Asiaray"	Qingdao Asiaray Advertising Company Limited* (青島雅仕維廣告有限公司), a company incorporated in the PRC with limited liability on 2 July 2013 and an indirect subsidiary of our Company which is owned as to 51% by Shanghai Asiaray and 49% by Hong Kong Asiaray, respectively
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganisation"	the reorganisation of our Group in preparation for the Listing, details of which are set out in the section headed "History and Development, Reorganisation and Group Structure" of this prospectus
"Reorganisation Deed"	the Reorganisation Deed dated 25 August 2014 entered into between the Company and Mr. Lam in relation to the Reorganisation
"RMB"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange
"SAIC"	State Administration for Industry and Commerce
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shalom Family Holding"	Shalom Family Holding Limited, a company incorporated in the British Virgin Islands as a limited liability company on 7 July 2014, a wholly-owned subsidiary of the Trustee
"Shanghai Asiaray Advertising Media"	Shanghai Asiaray Advertising Media Company Limited* (上海雅仕維廣告傳播有限公司), a company incorporated in the PRC with limited liability on 29 November 2006 and an indirect wholly-owned subsidiary of our Company
"Shanghai Asiaray"	Shanghai Asiaray Advertising Company Limited* (上海雅仕維廣告有限公司), a company incorporated in the PRC with limited liability on 27 April 1999 and an indirect wholly-owned subsidiary of our Company

"Shanghai Asiaray Media"	Shanghai Asiaray Cultural Media Company Limited* (上海雅仕維文化傳媒有限公司), a company incorporated in the PRC with limited liability on 7 May 2013 and an indirect wholly-owned subsidiary of our Company
"Shanghai Asiaray Media Communication"	Shanghai Asiaray Media Communication Company Limited (上海雅仕維廣告傳媒有限公司), a company incorporated in the PRC with limited liability on 7 July 2014 and an indirect wholly-owned subsidiary of our Company
"Shanghai Meidisi"	Shanghai Meidisi Advertising Media Company Limited* (上海美狄斯廣告傳播有限公司), a company incorporated in the PRC with limited liability on 25 September 2006 and an indirect wholly-owned subsidiary of our Company
"Share Option Scheme"	the share option scheme conditionally adopted by our Company pursuant to a resolution passed by the Shareholders on 6 December 2014 as described in Appendix IV to this prospectus
"Share(s)"	ordinary share(s) of HK$0.10 each in the issued share capital of our Company
"Shareholder(s)"	holder(s) of Shares
"Shenzhen Airport Asiaray"	Shenzhen Airport Asiaray Media Company Limited* (深圳機場雅仕維傳媒有限公司), a company incorporated in the PRC with limited liability on 29 September 2013 which is held as to 49% by Shanghai Asiaray and 51% by Shenzhen Airport Co., Ltd. (深圳市機場股份有限公司), respectively
"Shenzhen Asiaray"	Shenzhen Asiaray Advertising Company Limited* (深圳雅仕維廣告有限公司), a company incorporated in the PRC with limited liability on 17 March 2004 and an indirect wholly-owned subsidiary of our Company
"Shenzhen Baimoshi"	Shenzhen Baimoshi Advertising Company Limited* (深圳佰墨仕廣告有限公司), a company incorporated in the PRC with limited liability on 3 September 2012 and an indirect wholly-owned subsidiary of our Company
"Shenzhen Yashi"	Shenzhen Yashi Metro Advertising Company Limited* (深圳雅仕城鐵廣告有限公司), a company incorporated in the PRC with limited liability on 3 November 2011 and an indirect subsidiary of our Company which is owned as to 45% by Shanghai Asiaray and 55% by Shenzhen Airport Asiaray, respectively

"Shenzhen Yatie"	Shenzhen Yatie Advertising Company Limited* (深圳雅鐵廣告有限公司), a company incorporated in the PRC with limited liability on 9 June 2010 and an indirect wholly-owned subsidiary of our Company
"Sole Bookrunner"	BOCI Asia Limited
"Sole Global Coordinator"	BOCI Asia Limited
"Sole Lead Manager"	BOCI Asia Limited
"Sole Sponsor"	BOCI Asia Limited
"Space Management"	Space Management Limited, a company incorporated in the British Virgin Islands as a limited liability company on 18 July 2014, and directly wholly-owned by Mr. Lam
"sq.m."	square metre
"Stabilising Manager"	BOCI Asia Limited or any of its affiliates or any persons acting for it
"Stamp Duty Ordinance"	the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between the Stabilising Manager and Space Management
"subsidiary(ies)"	has the meaning ascribed to it under Section 2 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Track Record Period"	the period comprising the three financial years of our Company ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014
"Trustee"	UBS Trustees (BVI) Limited, the trustee of the Family Trust, and an Independent Third Party
"Underwriters"	the Hong Kong Underwriter and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Placing Agreement
"unipole sign"	an outdoor advertising structure mounted on top of a single steel pole or column, usually located adjacent to expressways

"United States" or "U.S."	the United States of America, including its territories and possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"US$" or "U.S. dollars"	the lawful currency of the United States
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Wuxi Asiaray"	Wuxi Asiaray Metro Media Company Limited* (無錫雅仕維地鐵傳媒有限公司), a company incorporated in the PRC with limited liability on 25 February 2014 and an indirect subsidiary of our Company which is owned as to 90% by Shanghai Asiaray Advertising Media and 10% by Wuxi Metro Advertising Media Company Limited* (無錫地鐵廣告傳媒有限公司), respectively
"Xi'an Asiaray"	Xi'an Asiaray Advertising Company Limited* (西安雅仕維廣告有限公司), a company incorporated in the PRC with limited liability on 25 June 2003 and an indirect subsidiary of our Company which is owned as to 80% by Beijing Asiaray and 20% by Chengdu Asiaray, respectively
"Yunnan Airport Asiaray"	Yunnan Airport Asiaray Information Media Company Limited* (雲南空港雅仕維信息傳媒有限公司), a company incorporated in the PRC with limited liability on 26 June 2002 and an indirect subsidiary of our Company which is owned as to 51% by Shanghai Asiaray, 25% by Yunnan Airport Group Limited Liability Company* (雲南機場集團有限責任公司) ("Yunnan Airport Company") and 24% by Yunnan Aviation Telecommunications Company Limited* (雲南民航電信有限公司), respectively
"Zhejiang Asiaray"	Zhejiang Asiaray Advertising Company Limited* (浙江雅仕維廣告有限公司), a company incorporated in the PRC with limited liability on 31 August 2010 and an indirect wholly-owned subsidiary of our Company
"%"	per cent

* *Translated English names of Chinese authorities, institutions or other entities for which no official English translation exist are unofficial translations for identification purpose only.*

This prospectus includes forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and plan of operation;
- our capital expenditure plans;
- financing sources;
- the amount and nature of, and potential for, future development of our business;
- our operations and business prospects;
- the regulatory environment of our industry in general;
- future development in our industry; and
- general economic and political trends in China, Hong Kong and globally.

The words "aim," "anticipate," "believe," "can," "could," "estimate," "expect," "forecast," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," and "would" or similar expressions or the negative thereof, are intended to identify a number of these forward-looking statements. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. One or more of these risks or uncertainties may materialise, or underlying assumptions may prove incorrect. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, including:

- general economic, market and business conditions;
- the effects of competition in the out-of-home media industry;
- various business opportunities that we may pursue;
- pending or future legal or regulatory proceedings;
- changes in tax laws or rates;
- changes in rules and regulations applicable to the advertising and media industry in China and Hong Kong; and
- changes in general political, economic, legal and social conditions in China, Hong Kong and globally.

Certain statements in the section headed "Financial Information" are forward-looking statements.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below and the Accountant's Report in Appendix I to this prospectus, before making an investment in our Shares. You should pay particular attention to the fact that we conduct significant operations in China, the legal and regulatory environment of which differs in certain respects from that which prevails in other countries. Our business, financial condition, results of operations and prospects may be materially and adversely affected by any of these risks and the trading price of our Shares may decline as a result. You may lose all or part of your investment.

We believe that there are certain risks involved in our operations, some of which are beyond our control. These risks can be broadly categorised into: (i) risks relating to our business and industry; (ii) risks relating to our operations in China; (iii) risks relating to the Global Offering; and (iv) risks relating to this prospectus.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we are unable to retain our existing concession rights or obtain new concession rights, we may be unable to maintain or expand our operations.

Our ability to generate revenues depends largely upon our ability to provide a large and well-developed advertising network in airports, metro lines, billboards and building solutions. This, in turn, requires that we retain our existing concession rights. As at the Latest Practicable Date, our media resources included: (i) 25 airports where we had exclusive concession rights to mainstream media resources; (ii) one airport where we had non-exclusive concession rights to mainstream media resources; (iii) 10 metro lines where we had exclusive rights to mainstream media resources; and (iv) 360 billboards in Greater China. Our retention and renewal of these concession rights depends upon our performance under the relevant joint venture and contractual arrangements, some of which may require us to achieve certain revenue targets, as well as the results of bidding processes for new or existing concession rights.

We plan to renew our existing joint ventures and concession rights, exercise our first rights of refusal under our concession rights contracts and enter into new arrangements for additional airports, metro lines and billboards. We also expect to participate in bidding processes for new or existing concession rights. However, we cannot assure you that we will be able to retain our existing concession rights or obtain new concession rights on exclusive or satisfactory terms, or at all. In addition, we cannot assure you that we will be able to secure new or existing concession rights through bidding processes. Our joint venture under one of our contracts currently has the right to pre-empt us if they engage new advertiser customers or media resources owners. In particular, the exclusive concession rights for media resources in one airport and the exclusive rights for media resources at four metro line media resources will expire before 31 December 2015. These media resources accounted for approximately HK$306.3 million, or approximately 25.3% of our revenue in the year ended 31 December 2013. If we fail to retain existing or secure new concession rights for whatever reason, or if we are unable to effectively expand our network, our advertiser customers may decide not to use our network, which would have a material adverse effect on our business, results of operations, financial condition and prospects.

In addition, our ability to obtain additional concession rights will depend in part on our reputation as a media solutions provider and the success of our existing operations. Media resources owners may choose not to grant us concession rights if they believe that our current operations do not generate sufficient revenue or are otherwise not effective for whatever reason. Media resources owners that we have not previously worked with may decide not to grant us concession rights if they believe we will not effectively manage their media resources. If these media resources owners do not grant us concession rights, we cannot assure you that we will be able to carry out operations related to these additional airports, metro lines and billboards and building solutions as specified under the relevant joint venture and contractual arrangements, and our business, results of operations and financial condition may be materially and adversely affected. If we fail to maintain or increase our media resources or solidify our brand name and reputation as a quality media solutions provider, media resources owners may not use our media resources or to pay fees that we require to grow our profits.

Furthermore, we cannot assure you that our concession rights will not be terminated or suspended, whether with or without justification. At times, governmental policy changes with respect to our industry or the restructuring or reorganisation of airports may result in airports suspending their operations or the use of our media resources, or terminating their contracts with us. We have also, on occasion, been required to allow PRC government entities to utilise our media resources for their advertisements for certain periods of time. For instance, during the Universiade 2011 in Shenzhen, the relevant airport authorities under the PRC government suspended the use of our media resources at Shenzhen Bao'an International Airport for their events advertising. The termination or suspension of our concession rights due to the occurrence of any of the foregoing may have a material adverse effect on our business, results of operations and financial condition.

If we are unable to maintain exclusivity over our media resources, we may be unable to maintain or expand our operations.

The scope of the exclusivity provisions for our media resources varies from contract to contract. These exclusivity provisions may limit the scope of our exclusivity to specific areas of the airport or metro line or, in certain cases, exclude spaces in areas that an airline has sub-leased for its own use. One of our contracts specifies that retaining exclusivity may be subject to our meeting revenue targets set forth in the contract. Although we have historically been able to meet the minimum revenue target, we cannot assure you that we will be able to continue to do so in the future. We cannot assure you that we will be able to retain these exclusive concession rights, with or without exclusivity provisions, upon their expiration. If we were to lose exclusivity, in particular with major airports and metro lines, we may lose market share if our advertiser customers decide to place their advertisements with our competitors or otherwise decrease their spending on our network.

Our joint ventures have terms ranging from 15 to 30 years, and do not include automatic renewal provisions. As at the Latest Practicable Date, we had exclusive concession rights to mainstream media resources at 21 of 25 airports that were obtained through joint ventures. Renewing these existing exclusive concession rights may depend on the performance of our joint venture. If our joint venture partner, who is typically the media resources owner, believes that our operations do not, or will not, generate sufficient revenue, they may decide not to let us maintain exclusivity with respect to the concession rights. If we are unable to successfully negotiate, obtain or renew our exclusive concession rights, we may not be able to offer media resources to our advertiser customers at our preferred rates or at all. If any of the foregoing were to occur, our business, results of operations and financial condition may be materially and adversely affected.

We face significant competition, and may not be able to successfully compete against existing or new competitors and other forms of advertising.

The advertising industry is highly competitive and fragmented, and is constantly changing. We face significant competition from a variety of competitors and forms of advertising.

We compete with other out-of-home advertising companies in Greater China. We compete for advertiser customers primarily on the basis of network size and coverage, location, price, quality and the range of media resources that we offer, our brand name and value-added services. We also face competition from other advertising companies for access to the most desirable locations in cities in China. Airports, metro lines, owners of individual buildings and other properties may also decide to independently produce, install and maintain their own advertising displays. Certain areas in certain of our airports with exclusive concession rights have been sub-leased by airlines or other vendors. These spaces sub-leased by airlines or other vendors include non-mainstream media resources which they may use for their own purposes, including advertising. While airlines historically have generally used these areas for their own purposes rather than sub-lease to advertiser customers, we cannot assure you that airlines or other vendors will not compete with us by sub-leasing these spaces to advertiser customers in the future.

We also compete against different advertising methods for overall advertising spending by advertiser customers. These methods include, but are not limited to, newspapers, television, direct mail, magazines, radio, Internet-based services, mobile devices/applications, broadband wireless, public/outdoor fixtures, billboard and public transport advertising companies. Some of these forms of advertising may have a broader reach or are more widely disseminated than our media resources. In addition, these forms of advertising may have greater acceptance among advertiser customers who utilise them in their business operations, or by consumers who view these media resources to make purchasing decisions.

In the future, we may also face competition from new entrants in the out-of-home advertising sector or newer advertising methods that are not currently widely-used or utilise technologies that have not yet been developed. We cannot predict whether future regulatory changes with respect to, or new developments and technologies that could be used in, the advertising industry will result in further competition.

Some of our existing and potential competitors may have competitive advantages, such as significantly greater financial, marketing or other resources, or exclusive arrangements with desirable locations, and others may successfully mimic and adopt our business model. In addition, our competitors may develop services or advertising media resources that are equal or superior to those we provide or that achieve greater market acceptance and brand recognition than we achieve. Moreover, increased competition will provide advertiser customers with a wider range of media and advertising service alternatives. Increased competition for advertising spending may also lead to lower advertising rates as we attempt to retain advertiser customers or may cause us to lose advertiser customers to our competitors who offer lower rates that we are unable or unwilling to match. We cannot assure you that we will be able to successfully compete against new or existing competitors, and any increase in competition could materially and adversely affect our business, results of operations and financial condition.

If we do not obtain the outdoor advertisement registration certificates required, we may be subject to administrative sanctions, including discontinuation of our advertisements and financial penalties.

All outdoor advertising in the PRC is subject to the *Measures for the Administration of Registration of Outdoor Advertisements* (戶外廣告登記管理規定) ("Outdoor Advertising Regulations"), which was promulgated by the SAIC on 8 December 1995, amended on 3 December 1998 and 22 May 2006, and became effective on 1 July 2006. Under the Outdoor Advertising Regulations, all outdoor advertisements must be registered with the local AICs at or above county level before display. Failure to register outdoor advertisements may result in forfeiture of income derived from the relevant advertisement, administrative fines, financial penalties, or removal of certain content from the relevant advertisement. All of our outdoor advertisements are subject to the prior registration requirements under the Outdoor Advertising Regulations with the local AICs. We have obtained the outdoor advertisement registration certificates for most of our advertisements as required by the relevant local AICs. However, during the Track Record Period, we had not registered 0.6%, 0.9%, 3.5% and 4.9% of our total number of advertisements for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, that we operated in Yunnan Province, Hangzhou, Zhengzhou, Guangzhou, Yichang, Shanghai and Haikou. The revenue contribution of such non-compliant advertisements was approximately RMB1.7 million, RMB4.7 million, RMB43.6 million and RMB58.6 million for the year ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, representing 0.3%, 0.6%, 4.5% and 12.1% respectively of the Group's revenue for the same periods. As at the Latest Practicable Date, we had rectified all of the non-compliant advertisements and obtained the relevant outdoor advertisement registration certificates and all of our advertisements on display were compliant with the registration requirement.

According to our PRC Legal Advisers, the non-compliance incidents, with respect to the relevant advertisements without outdoor advertisement registration certificates during the Track Record Period, cannot be cured by registration after the display of the advertisement. The relevant local AICs may require us to forfeit our income derived from the advertisements which are deemed in violation of the SAIC requirements or impose administrative fines on us, which may have an adverse effect on our business, results of operations and financial condition. The amount of income liable to be forfeited in relation to the non-compliant advertisements in Hangzhou, Guangzhou, Yichang, Shanghai and Haikou lacking the outdoor advertisement registration certificates are expected to be approximately RMB0.2 million, RMB0.4 million, RMB3.3 million and RMB5.9 million for the years ended 31 December 2011, 2012 and 2013, and the six months ended 30 June 2014 respectively. The amount of income liable to be forfeited in relation to the non-compliance advertisements in Yunnan Province and Zhengzhou lacking the outdoor advertisement registration certificates are expected to be nil, RMB282,000, RMB4.1 million, RMB7.3 million for the years ended 31 December 2011, 2012, 2013 and the six months ended 30 June 2014, respectively. See "Business – Regulatory Compliance" for details of the impact of such incidents of non-compliance.

We may be unable to retain our media resources if the placement permits are not obtained or renewed by the media resources owners as required by PRC law.

Under the *Advertising Law of the PRC* promulgated on 27 December 1994 (the "Advertising Law") and local regulations concerning the exhibition and display of outdoor advertisements, the prior permit from the relevant governmental authorities for the placement of outdoor advertisements must be obtained. The competent governmental authorities may be those in charge of city appearance and management, city planning, construction, transportation and public security, depending on the city or province. Failure to obtain the required placement permits may result in an administrative fine or requirement to dismantle and remove the relevant advertisements.

According to the relevant PRC laws and regulations, persons who set up the outdoor media resources are responsible for obtaining the placement permits from the relevant governmental authorities. Certain of the airport media resource owners from which we have obtained concession rights have failed to obtain placement permits for some of their media resources. During the Track Record Period, 2.8%, 2.6%, 2.5% and 2.6% of our total number of media resources we operated in airports did not have placement permits, and the airports are responsible for obtaining the placement permits from the relevant governmental authorities. The revenue contribution of such non-compliant media resources were approximately RMB49.2 million, RMB51.2 million, RMB47.5 million and RMB24.9 million for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 respectively, representing 8.3%, 6.6%, 4.9% and 5.1% respectively of the Group's revenue for the same periods.

In addition, as the person who sets up the outdoor media resources in certain outdoor areas in Shanghai and Guangzhou, we are responsible for obtaining placement permits in such areas. During the Track Record Period, the placements permits for 0.1%, 0.1%, 0.2% and 0.1% of the total number of media resources we operated in outdoor areas in Shanghai and Guangzhou for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, had not been renewed. The revenue contribution of such non-compliant advertisements were approximately RMB16.5 million, RMB14.1 million, RMB18.6 million and RMB11.0 million for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 respectively, representing 2.8%, 1.8%, 1.9%, and 2.3% respectively of the Group's revenue for the same periods. See "Business – Regulatory Compliance" for details of the impact of such incidents of non-compliance.

The failure to obtain or renew placement permits for our media resources may result in the relevant governmental authorities requiring the removal of the advertisements. If a substantial number of advertisements are removed, our business, results of operations and financial condition would be materially and adversely affected.

Our business is dependent on the demand for air and metro line travel, as well as the continued operation of certain airports in China and the general airport advertising industry in China.

Due to the placement of our media resources, our business, results of operations and financial condition are directly linked to the demand for air and metro line travel. Such demand fluctuates from period to period due to a variety of factors, including but not limited to:

- ***Seasonality***. Holiday seasonal travel, down travel periods and seasonal weather conditions affect the global travel industry, and certain advertiser customers will adjust their spending levels at specific times of the year to account for changes in consumer travel habits.

- ***Downturns in the economy***. Business travel is one of the primary drivers of the air travel industry and it tends to increase in times of economic growth and decrease during an economic slowdown. Similarly, commuter travel is a primary driver to the metro line travel industry and tends to be higher under better economic conditions. Any decrease in air and metro line passengers in China and Hong Kong could lead to lower advertiser spending on the media resources in our network of airports and metro lines.

- ***Terrorist attacks or fear of such attacks***. The terrorist attacks of 11 September 2001 in the United States involving commercial aircraft severely and adversely affected the air travel industry throughout the world. In addition, there have been recent attempted hijackings of PRC domestic flights, including flights to and from Urumqi Diwopu International Airport. There have also been terrorist attacks in various PRC cities, some of which targeted or occurred in metro lines and other public transportation facilities. Additional terrorist attacks or fear of such attacks, even if not made directly on the air or metro line travel facilities, may negatively affect the air and metro line travel industries and reduce the demand for air and metro line travel.

- ***Additional security measures regarding air travel***. As a result of various security incidents, China, the United States and other countries have implemented numerous security measures that affect airport operations and costs. These increasingly stringent security measures at airlines domestically and overseas have led to higher costs for airports and airlines and may cause some air travellers to consider other travel options, which may in turn lead to higher concession fees and reduced advertising demand for us.

- ***Plane crashes, train derailments or other accidents***. A plane crash, train derailment or other accident could create a public perception that certain forms of travel are not safe or reliable, which could result in travellers being reluctant to take such form of transportation.

In addition, nine of the top 30 largest airports in China in terms of passenger throughput in 2013 contributed significantly to our revenue in the year ended 31 December 2013, including: Shenzhen Bao'an International Airport, Kunming Changshui International Airport, Hangzhou Xiaoshan International Airport, Xiamen Gaoqi International Airport, Zhengzhou Xinzheng International Airport, Urumqi Diwopu International Airport, Haikou Meilan International Airport, Fuzhou Changle International Airport and Nanning Wuxu International Airport. We expect these airports to continue to have a material effect on our results of operations and financial condition in the foreseeable future. Any material business disruption, major construction or renovation or natural disaster affecting any of these airports could materially and adversely affect our media resources in such airport, or materially limit where we can place our advertising media, both of which could result in material adverse effect on our business, results of operations and financial condition.

Furthermore, our results of operations will also be affected by the provision of airport media resources, in particular through the display of advertisements in the exterior and interior spaces of the airport and terminals, such as wall spaces, pillars, light box displays, unipole signs, wall stickers and posters. Most of our traditional advertising media platforms, such as billboards and painted advertisements on gate bridges and light box displays, and other displays, such as logo displays, are located in or near airports. A contraction in airport advertising industry in China could have a material adverse effect on our business, results of operations and financial condition.

We may be unable to adapt to changing demands, preferences, advertising trends and technology needs of advertiser customers and consumers to compete effectively.

The advertising industry is characterised by changing preferences, trends and technology needs of advertiser customers and consumers. As the majority of our media resources are located in airports and metro lines, our business growth and prospects primarily depends on advertiser customers continuing to utilise airport and metro line advertising which, in turn, is dependent on consumers continuing to be receptive towards these media resources. Demand for our media resources, and the resulting advertising spending by our advertiser customers, may fluctuate, and our advertiser customers may reduce their advertising spending for a number of reasons, including:

- a period of general economic downturn, recession or a period of increased economic volatility, particularly in the cities where airports, metro lines and billboards in our network are located;

- a general decline in airline and metro line travel;

- a decision to shift their advertising expenditures to other available advertising media; and

- a decline in advertising spending in general.

A decrease in demand for advertising media in general and for our media resources in particular would materially and adversely affect our ability to generate revenues from our media resources, and could result in a material adverse effect on our business, results of operations and financial condition.

Advertiser customers may decide not to use our media resources or media solutions if they believe that they are not effective in conveying advertising messages to consumers or that consumer are not receptive to the advertisements displayed on our media resources. For example, if consumers find some elements of our media resources to be disruptive, intrusive or offensive, or if consumer advertising preferences otherwise change, our advertiser customers may choose other advertising alternatives.

In addition, the market for out-of-home advertising requires us to continuously identify new advertising trends and exercise our creativity to meet the demands and preferences of both advertiser customers and consumers, which may require us to develop new advertising formats, features and enhancements for our media resources. We must be able to quickly and cost-effectively expand beyond traditional formats if advertiser customers begin to prefer these other formats but we cannot assure you that we will be able to do so.

Furthermore, while we currently feature advertisements in airports, metro lines and billboards through a variety of traditional, digital and non-digital media formats, such formats are subject to change and development. In the future, we may use other technologies, such as advanced printing or lighting techniques, social media platforms and mobile applications. Such new measures may result in additional research and development costs, which may increase our cost of sales and expenditures. However, we may not have the financial resources necessary to fund and implement such future technological innovations or to replace obsolete technology. In addition, we may not be able to timely respond, or at all, to these changing technological and advertising preferences to ensure our media resources are responsive and competitive. If we fail to implement such changes to our media resources, or fail to do so in a timely manner, our competitors may have a competitive advantage over us, which could have a material adverse effect on our business, results of operations and financial condition. See "– We face significant competition, and may not be able to successfully compete against existing or new competitors and other forms of advertising."

If we fail to manage our growth effectively, we may not be able to take advantage of market opportunities, execute our expansion strategies or meet the demands of our advertiser customers.

To manage our growth and operations, we must develop and improve our existing administrative and operational systems and our financial and management controls and further expand, train and manage our work force. We may incur substantial costs and expend substantial resources in connection with any such expansion or in order to respond to more challenging market conditions due to, among other things, different technology standards, legal considerations and cultural differences. We also will need to continue to expand, train, manage and motivate our workforce as well as manage our relationships with media resources owners, advertiser customers and advertising agencies. We plan to expand our operations, and increase our marketing and sales staff to better manage our relationships with media resources owners and advertiser customers. As our media resources in our network increase and new and additional technologies are integrated into our media solutions, we will incur greater installation and maintenance costs.

All of these endeavours will require substantial management resources, as well as the incurrence of additional costs and expenditures. We cannot assure you that we will be able to manage our growth effectively. We may not be able to take advantage of market opportunities, execute our expansion strategies or meet the demands of our advertising customers. Furthermore, we cannot assure you that we will be able to efficiently or effectively manage the growth or changes in our operations, recruit top talent, or properly train our personnel. Any failure to efficiently manage our expansion or changes in operations could materially and adversely affect our business, results of operations, financial condition and profitability.

We may suffer losses resulting from damages or injuries arising from the installation and maintenance of our advertising displays.

Our operations involve the installation and maintenance of billboards, wallscapes, light box displays, LED displays and other advertising displays in areas of high traffic. Although we have implemented safety measures, trained the employees responsible for these matters and maintain liability insurance for personal injuries as well as limited property damage for certain of our operations, accidents and safety incidents may occur. Any significant accident or safety incident could disrupt our operations, harm our reputation or, result in substantial uninsured costs or legal proceedings, all of which may divert our management's attention or resources. In addition, the results of any legal proceedings cannot be predicted, and could result in adverse judgments or penalties against us. The occurrence of any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

Our business depends substantially on the continuing efforts of our senior executives, and our business may be severely disrupted if we lose their services.

Our future success heavily depends upon the continued services of our senior executives and other key employees. In particular, we rely on the expertise and experience of our founder, Mr. Lam. We rely on our senior executives, their industry expertise and experience in our business operations and sales and marketing, and their working relationships with our employees, our advertiser customers, airports and metro lines, and relevant government authorities. If Mr. Lam or one or more of our senior executives were unable or unwilling to continue in their present positions, we might not be able to replace them easily or at all. If any of our senior executives joins a competitor or forms a competing company, we may lose advertiser customers, suppliers, key professionals and staff members. Each of our Executive Directors and senior management has entered into an employment agreement with us, which contains non-competition provisions. However, if any dispute arises between our executive officers and us, we cannot assure you the extent to which any of these agreements could be enforced in China, where some of these executive officers reside, in light of the uncertainties with China's legal system. See "– Risks Relating to Our Operations in China – It may be difficult to effect service of process upon, or to enforce judgments against, our Directors or members of our senior management who reside in the PRC in connection with judgments obtained in non-PRC courts."

We had net current liabilities as at 31 December 2011 and 2012.

As at 31 December 2011 and 2012, we had net current liabilities of HK$125.1 million and HK$115.0 million, respectively and had net current assets of HK$8.2 million as at 31 December 2013. These amounts primarily reflected an increase of our trade and other payables, borrowings and current income tax liabilities, which increased primarily due to the growth of our business operations during the period. See "Financial Information – Liquidity and Capital Resources – Working Capital – Net Current Assets and Current Liabilities Overview." Our net current liabilities position exposes us to liquidity risk. Our future liquidity, the payment of trade and other payables, our capital expenditure plans and the repayment of our outstanding debt obligations as and when they become due will primarily depend on our ability to maintain adequate cash generated from operating activities and adequate external financing. Therefore, we may not be able to satisfy our current liabilities, or to expand our operations as anticipated. We may have net current liabilities in the future, which may limit our working capital for the purpose of operations or capital for our expansion plans, and could materially and adversely affect our business, financial condition and results of operations.

An increase in our media resources may cause fluctuations to our gross profit and gross profit margin, and result in net current liabilities.

Our results of operations and profit are significantly affected by our costs of revenues. Our concession fees constitute a significant portion of our costs of revenues. When we acquire concession rights to new media resources, it typically takes one to two years for these media resources to ramp-up, or generate sufficient revenues to cover the concession fees for the relevant media resources. See "Business – Our Operations – Overview." Our concession fees paid to media resources owners typically include a minimum guaranteed amount with an annual concession fee escalation. Therefore, our concession fees will generally increase over the term of the relevant concession rights contracts, and are recognised and accounted for on a straight-line basis over the term of the relevant contract.

As we expand and acquire additional concession rights, we will experience a corresponding increase in our costs of revenues due to additional concession fees paid. However, our revenues for these media resources may not be sufficient to offset the concession fees paid during the ramp-up phase. As such, if a significant portion of our operations are still in their ramp-up phases, our gross profit and gross profit margin may fluctuate. In line with the growth of our operations and our accounting policies, as at 31 December 2011 and 2012, we incurred net current liabilities of HK$125.1 million and HK$115.0 million, respectively. We incurred these net current liabilities for the relevant periods, and may do so in the future, as we reflected and continue to reflect in our balance sheet the relevant non-cash adjustment, which represents the difference between the actual amount paid and the concession fees payable that are calculated on a straight-line basis. See "Financial Information – Factors Affecting Our Results of Operations – Concession Fees for Media Resources" and "Financial Information – Critical Accounting Policies – Concession Fees."

We may not be able to obtain additional capital.

We believe that our current cash and cash equivalents and cash flow from operations will be sufficient to meet our anticipated cash needs including for working capital and capital expenditures for the foreseeable future. However, we may require additional cash resources due to changed business and economic conditions, to take advantage of business opportunities, to expand our operations or as a result of other future developments. If our current sources of liquidity are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financial covenants that would restrict our operations, while the sale of additional equity securities or convertible debt securities would result in dilution to shareholders.

Our ability to obtain additional capital on acceptable terms is subject to a variety of risks and uncertainties, including:

- investors' perception of, and demand for, securities of advertising media companies;
- conditions of the capital markets in which we may seek to raise funds;
- our future results of operations, financial condition and cash flows;
- PRC government regulation of foreign investment in advertising companies in the PRC;
- economic, political and other conditions in the PRC; and
- PRC government policies relating to foreign currency borrowings.

We cannot assure you that financing will be available in amounts or on terms acceptable to us, or at all. Any failure by us to raise additional funds on terms acceptable to us or at all could have a material adverse effect on our liquidity, results of operations and financial condition.

Any future acquisitions may entail certain risks and uncertainties.

We may acquire businesses, technologies, services or products which are complementary to our core media solutions business. Future acquisitions may expose us to potential risks, including:

- the integration of new operations, services and personnel;
- unforeseen or hidden liabilities, including the target's indebtedness and financial condition;
- the diversion of resources and management's attention from our existing business and technologies;
- our potential inability to generate sufficient revenue to offset new costs;
- the expenses of such acquisitions; or
- the potential loss of or harm to relationships with both employees and advertiser customers resulting from our integration of new businesses.

The occurrence of any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

Unauthorised use of our intellectual property by third parties and expenses incurred in protecting our intellectual property rights may adversely affect our business.

We regard our proprietary technology, knowhow and trademarks as critical to our success. Unauthorised use of any of the foregoing intellectual property used in our business operations may adversely affect our business, results of operations and reputation. We are in the process of registering the trademarks used in our business in Greater China. We cannot assure you that third parties will not gain unauthorised access to our proprietary technology or knowhow. In addition, we cannot assure you that any of our trademark applications will ultimately proceed to registration or will result in registration with scope adequate for our business. Some of our pending applications or registrations may be successfully challenged or invalidated by others. If our trademark applications are not successful, we may have to adjust our branding and marketing strategies by using different marks, or enter into arrangements with any third parties who may have prior registrations, applications or rights, which might not be available on commercially reasonable terms, or at all. In addition, monitoring or policing the unauthorised use of our proprietary technology, knowhow, trademarks and other intellectual property is difficult and expensive, and litigation may be necessary in the future to enforce our intellectual property rights. Future litigation could divert our management's attention and resources and disrupt our business. The occurrence of any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

Environmental, health, safety and land use laws and regulations may limit or restrict some of our operations.

The properties where we install our advertising displays are subject to the laws and regulations of the relevant jurisdiction relating to the use, storage, disposal, emission and release of hazardous and non-hazardous substances and employee health and safety as well as zoning restrictions. These may include environment, health, safety and land use laws and regulations. Historically, we have not incurred significant expenditures to comply with these laws. However, additional laws which may be passed in the future, or a finding of a violation of or liability under existing laws, could require us to make significant expenditures to correct any deficiencies and otherwise limit or restrict some of our business operations.

We may be subject to claims relating to the content of the advertisements displayed on our media resources, which may force us to incur legal expenses and, if determined adversely against us, may materially disrupt our business.

We may be subject to civil claims filed for fraud, defamation, subversion, negligence, copyright or trademark infringement or other violations due to the nature and content of the information displayed on our media resources. If consumers find the content displayed on our media resources to be offensive, the media resources owners may seek to hold us responsible for any consumer claims or may terminate their relationship with us. We cannot assure you that the advertisements displayed on our media resources or other aspects of our business do not or will not infringe upon patents, copyrights or other intellectual property rights held by third parties. Although we are not aware of any such claims, we may become subject to legal proceedings and claims from time to time relating to the content of the advertisements displayed on our media resources in the ordinary course of our business. If we are found to have violated the intellectual property rights of others, we may be enjoined from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives. In addition, we may incur substantial expenses and divert management's attention and resources to defend these claims, regardless of their merit. Successful infringement, licensing or other claims against us may result in substantial monetary liabilities, which may materially and adversely affect our business and results of operations.

Furthermore, any such breaches of the relevant PRC or Hong Kong laws and regulations or civil claims made against us may also damage our reputation. If consumers do not believe our content is reliable, accurate or legally compliant, our business model may become less appealing to our advertiser customers who, consequently, may be less willing to place advertisements through our media resources.

Our insurance coverage may not be sufficient to cover all losses.

We maintain insurance policies which cover, among others, physical loss or damage arising out of operating our media resources, employees' compensation and third party liability, as well as a key-man insurance policy. However, there may be circumstances in which we will not be covered or compensated for certain types of losses, damages and liabilities we may incur. We believe we have maintained insurance to protect against certain risks in such amounts we consider to be reasonable and consistent with industry practice. However, our insurance may not cover all potential risks associated with our operations. We may also be unable to maintain insurance to cover these risks at economically feasible premiums and may not be able to pass on any increased costs relating to insurance to our advertiser customers. If such costs exceed the levels which we expect, there could be a material adverse effect on our business, results of operations and financial condition. If we are held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected.

We had certain compliance irregularities which may lead to enforcement actions being taken.

Our subsidiaries incorporated in Hong Kong have on various occasions been involved in a number of non-compliance matters. These include incidents of non-compliance in relation to certain statutory requirements in the Predecessor Companies Ordinance with respect to matters such as the timely adoption of audited accounts and timely filings of company secretarial matters with the Companies Registry of Hong Kong. See "Business – Regulatory Compliance." We cannot assure you that the relevant authorities will not take any enforcement action against our relevant Hong Kong subsidiaries and their respective directors in relation to the non-compliance. In the event that such enforcement action is taken, our reputation, cash flow and results of operations may be adversely affected.

RISKS RELATING TO OUR OPERATIONS IN CHINA

Economic, political and social conditions, as well as government policies in China could have a material adverse effect on our business, results of operations, financial condition and prospects.

A significant portion of our business is conducted in, and over 70% of our revenues are derived from, the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including, among others, the extent of government involvement, level of development, growth rate, allocation of resources, control of foreign exchange and allocation of resources. For example, the PRC government also exercises significant control over economic growth by allocating resources, setting fiscal and monetary policy and providing preferential treatment to particular industries or companies. Therefore, any significant change to the political, economic and social environments, as well as government policies of the PRC may materially and adversely affect our business, financial condition, results of operations and prospects.

Compliance with PRC advertising laws and regulations may be difficult and could be costly, and failure to comply could subject us to government sanctions.

As an out-of-home media company, we are obligated under PRC laws and regulations to monitor the advertising content displayed on our media resources for compliance with applicable law. PRC advertising laws and regulations require advertisers, advertising operators and advertising distributors, including businesses such as ours, to ensure that the content of the advertisements they prepare or distribute is fair and accurate and is in compliance with applicable law in all material aspects. Violation of these laws or regulations may result in penalties, including fines, confiscation of revenue derived from advertisements deemed to be in violation of applicable law, orders to cease display of the offending advertisements and orders to publish advertisements correcting the misleading information. In case of serious violations, the PRC authorities may order us to suspend our advertising operations or even revoke our business licence. In general, the advertisements placed on our media resources have been subject to internal review and verification by the advertiser who produced the content, but we are still required to independently review and verify these advertisements for certain content requirements before displaying them. In addition, if a special government review is required for certain advertisements before they are shown to the public, we are required to confirm that such review has been performed and approval obtained. For advertising content related to certain types of products and services, such as tobacco, food products, alcohol, cosmetics, pharmaceuticals and medical instruments, we are required to confirm that the advertisers have obtained requisite government approvals, including review of operating qualifications, proof of quality inspection of the advertised products, government pre-approval of the contents of the advertisement and filings with local authorities. See "Regulations – PRC Regulations".

We cannot assure you that each advertisement that an advertiser provides to us and which we place in our network of media resources is in full compliance with all relevant PRC advertising laws and regulations or that such supporting documentation and government approvals provided to us are complete. Although we take reasonable measures to review advertising content for compliance with relevant PRC laws and regulations, such as requesting relevant documents and confirmations from the advertisers, the content standards in the PRC are less certain and less clear than those in more developed countries and we cannot assure you that we will always be able to properly review all advertising content to comply with the PRC standards imposed on us with certainty. We include an indemnification clause in most of our contracts with our advertiser customers which provide that, in the event that we are held liable for the non-compliances described above, advertiser customers would have the contractual duty to indemnify us against losses, expenses and costs. However, the resulting damage to our business reputation may be irreversible and the disruption to our business may not be economically compensated.

Changes in laws, rules, regulations or enforcement policies of the PRC government could have a material adverse effect on our business, financial condition and results of operations.

A significant portion of our operations are conducted in China. The PRC legal system is based on written statutes and prior court decisions are not binding. Since 1979, the PRC government has been developing a comprehensive system of laws, rules and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. The laws, rules and regulations, as well as enforcement policies, of the PRC government, including those regulating our industry and business, are evolving and subject to change. Changes in laws, rules, regulations or administrative interpretations, or stricter enforcement policies by the PRC government, could impose more stringent requirements on us, including significant fines or other penalties for violations or non-compliance. Changes in applicable laws, rules and regulation may also cause disruption to our operation or increase our operating costs. In addition, compliance with such requirements could impose substantial additional costs or otherwise have a material adverse effect on our business, financial condition and results of operations. Furthermore, regulatory agencies in China may periodically, and sometimes abruptly, change their enforcement practices. As a result, prior enforcement activity, or lack of enforcement activity, is not necessarily predictive of future actions. Any enforcement actions against us could severely harm our results of operation and financial condition. In addition, any litigation or governmental investigation or enforcement proceedings in China may be protracted and may result in substantial cost and diversion of management resources and attention, negative publicity and damage to our reputation.

Certain advertising content related to certain types of products are subject to government review and may limit the categories of advertiser customers who use our media resources.

Special government review is required for certain product advertisements before they are shown to the public in China. For example, advertising content related to certain types of products and services, such as pharmaceuticals, medical instruments, agrochemicals and veterinary pharmaceuticals, are subject to prior approval from competent authorities. As an advertising operator, we are required to confirm that such review has been performed and approval obtained. We are required to confirm that the advertisers have obtained requisite government approvals, including review of operating qualifications, proof of quality inspection of the advertised products, government pre-approval of the contents of the advertisement and filing with local authorities. See "Regulations – PRC Regulations – Laws and Regulations Governing the Advertising Business". Any significant reduction in advertisements of these product categories due to content-related restrictions could cause a reduction in our direct revenues from such categories of advertiser customers, which could have a material adverse effect on our business, results of operations and financial condition.

The PRC government's anti-corruption campaign may adversely affect consumer spending on luxury brand items and, consequently, luxury brand owners' advertising spending.

In 2013, the PRC government enacted an anti-corruption campaign through policies and regulations focused on corruption at various levels of the PRC government. In particular, these policies target bribery and the gifting of luxury items to government officials and provide a reporting system for formal investigations. The number of investigations and prosecutions has increased since the anti-corruption campaign commenced. Since the anti-corruption campaign commenced in 2013, consumer spending on luxury brands, high-end restaurants, tobacco, wine and travel have also experienced a general slowdown. We cannot assure you that the continued investigation and prosecution of corruption claims against PRC government officials will not materially and adversely affect consumer spending for luxury brand owners, which may in turn lead to decreased advertising spending by luxury brand owners. Some of our advertiser customers are luxury brand owners, and any significant reduction in advertising spending by luxury brand owners may materially and adversely affect our business, financial condition and results of operations.

It may be difficult to effect service of process upon, or to enforce judgments against, our Directors or members of our senior management who reside in the PRC in connection with judgments obtained in non-PRC courts.

One of our Directors resides in the PRC with no permanent address outside the PRC, and the assets of this Director and certain senior management may also be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon this Director or other senior management members, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, the PRC does not have treaties or arrangements providing for the reciprocal enforcement of judgments of courts with the United Kingdom, the United States and many other countries. The PRC and Hong Kong have signed the *Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of Hong Kong Special Administrative Region Pursuant to Choice of the Court Agreements between Parties Concerned* (the "Arrangement", 《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》). According to the Arrangement, the PRC courts would only recognise and enforce final judgments requiring payment of money arising out of a commercial contract with an exclusive jurisdiction clause and granted by Hong Kong courts, subject to the requirements and restrictions set forth in the Arrangement. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments from various jurisdictions are uncertain.

Under the Enterprise Income Tax Law and other PRC tax laws, we may be classified as a "resident enterprise," which could result in unfavourable tax consequences to us and our non-PRC shareholders.

Under the *Enterprise Income Tax Law of the PRC* (the "EIT Law"), an enterprise established outside the PRC with "de facto management bodies" within the PRC is considered a "resident enterprise," meaning that it can be treated as a Chinese enterprise for PRC enterprise income tax purposes. The implementation rules of the EIT Law define "de facto management bodies" as "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. Pursuant to the *Notice on Determination of Tax Resident Enterprises of Chinese-controlled Offshore Incorporated Enterprises in Accordance with Their De Facto Management Bodies* (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), which was issued by the State Administration of Taxation of the PRC (the "SAT") on 22 April 2009 and was implemented retroactively from 1 January 2008, an enterprise controlled by Chinese enterprises or enterprise groups and registered outside China will be regarded as a PRC resident enterprise with "de facto management bodies" located in China (hereinafter referred to as an offshore-registered resident enterprise), provided that all of the following criteria are satisfied: (i) the senior management personnel responsible for the execution of the daily management and operation of production and business of the enterprise and the relevant senior personnel departments performing such duties are mainly located within China; (ii) the decisions of the enterprise in terms of finance (e.g., borrowing, lending, financing, financial risk controls, etc.) and personnel (e.g., appointment, dismissal and remuneration, etc.) matters are made by or subject to approval of organisation(s) or individual(s) located in China; (iii) the main properties, accounting ledger, corporate seal, minutes of the board meetings and shareholders' meetings, etc., of the enterprise are situated or kept in China; and (iv) 50% or more of directors with voting rights or senior management personnel of the enterprise ordinarily reside in China. Moreover, whether or not a Chinese-controlled offshore enterprise is an offshore-registered resident enterprise is subject to preliminary review by the local tax bureau where the "de facto management body" of the Chinese-controlled offshore enterprise or its controller is based and is subject to final confirmation by the SAT.

Pursuant to the above-mentioned laws and regulations, we are of the view that we are not an offshore-registered resident enterprise because our "de facto management bodies" are outside the PRC, but it is possible that the PRC tax authorities will determine that our Company is a "resident enterprise" for PRC enterprise income tax purposes. If we are determined to be a "resident enterprise," we would be subject to enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations. By comparison, there is no taxation on such income in the Cayman Islands. In addition, if we are treated as a PRC "resident enterprise" under PRC law, our foreign corporate Shareholders may be subject to PRC income tax on the capital gains realised from the sale of our Shares, and dividends paid to non-PRC residents with respect to our Shares may be subject to PRC withholding tax as such income may be regarded as income from "sources within the PRC." In each case, our foreign corporate Shareholders may be subject to a 10% income tax rate under the EIT Law, unless any such foreign corporate shareholder is qualified for a preferential tax rate under an applicable tax treaty.

RISKS RELATING TO THE GLOBAL OFFERING

Our Controlling Shareholders may exert substantial influence over us and their interests may conflict with the interests of other Shareholders.

Following completion of the Global Offering (assuming an Offer Price of HK$6.435 per Share, being the mid-point of the indicative Offer Price range of HK$5.85 to HK$7.02 per Share, and assuming that the Over-allotment Option is not exercised), the Controlling Shareholders will own an aggregate beneficial interest of 75% in our issued Shares. Accordingly, subject to the Articles and applicable laws and regulations, the Controlling Shareholders will, should they choose to do so, be in a position to exert significant influence and control over the affairs of our Company, including with respect to the timing and amount of dividend payments and approving significant corporate transactions. The interests of the Controlling Shareholders may not align with those of our other Shareholders. We cannot assure you that the Controlling Shareholders will always take actions that are beneficial to our other Shareholders.

Due to a gap of up to five business days between pricing and trading of our Shares on the Stock Exchange, the initial trading price of our Shares may be lower than the Offer Price.

The Offer Price will be determined on the Price Determination Date by negotiations between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), however the Shares will not commence trading on the Stock Exchange until the Listing Date, which is typically expected to be approximately five business days after the Price Determination Date. Accordingly, you may not be able to sell or otherwise deal in our Shares during such period, and may be subject to the risk that the market price of our Shares could fall below the Offer Price before trading begins as a result of adverse market conditions or other adverse developments occurring during this period. As a result, you may suffer loss when reselling your Shares.

There has been no prior public market for our Shares, and an active trading market for our Shares may not develop or be sustained.

Prior to the Global Offering, there has been no public market for our Shares. The Offer Price will be determined by us after negotiations with the Sole Global Coordinator (for itself and on behalf of the Underwriters) and may differ significantly from the market price of our Shares following the Listing. We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares. However, we cannot assure you that an active and liquid public trading market for our Shares will develop following the Listing or in the future. If an active public trading market for our Shares does not develop, the Shares could be traded at a price lower than the Offer Price, and you may not be able to resell your Shares for an extended period of time or at all.

We may be unable to pay dividends on our Shares.

We are a holding company with no significant operations or material assets other than the equity interests that we hold in our subsidiaries. We conduct all of our business operations through our subsidiaries. As a result, our ability to pay dividends is dependent on the generation of cash flows by our subsidiaries and their ability to make such cash available, by dividend or otherwise. See "Financial Information – Dividends and Dividend Policy."

Future sales or perceived sales of the Shares, or major divestment of Shares by any major shareholder, could adversely affect the market price of our shares.

The sale of or the perception of the sale of a significant number of Shares in the public market after the Global Offering may adversely affect the market price of our Shares. Save as disclosed in the section headed "Underwriting" in this prospectus, there are no major restrictions imposed on the future sale or other disposal of our Shares by our Controlling Shareholder. Any future sales, or perceived sales, of Shares by any of our major Shareholders upon the lapse, waiver or breach of these restrictions may cause the market price of the Shares to fall. In addition, these disposals may make it more difficult for our Group to issue new Shares in the future at a time and price the Directors deem appropriate, thereby limiting our Group's ability to raise capital.

Investors may experience immediate dilution due to the Offer Price being higher than net tangible book value per Share.

As the Offer Price of our Shares is higher than the net tangible book value per Share immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution in pro forma adjusted combined net tangible asset value of HK$1.99 per Share (assuming an Offer Price of HK$6.435 per Share, being the mid-point of the indicative Offer Price range of HK$5.85 to HK$7.02 per Share, and assuming that the Over-allotment Option is not exercised). If we issue additional Shares or equity-related securities in the future, the then-existing Shareholders may experience further dilution in their ownership percentage. Further, such new securities may have preferred rights, options or pre-emptive rights which make them more valuable than or senior to the Shares.

Fluctuations in exchange rates may result in foreign currency exchange losses and may materially and adversely affect your investment.

Certain portions of our revenue and expenditures are denominated in RMB. The PRC government regulates the conversion between RMB and foreign currencies. Over the years, the PRC government has significantly reduced its control over routine foreign exchange transactions under current accounts, including trade and service related foreign exchange transactions and payment of dividends. However, foreign exchange transactions by our PRC subsidiaries under capital accounts continue to be subject to significant foreign exchange controls and require the approval of, or registration with, PRC governmental authorities. In addition, the value of the RMB is affected by, among others, changes in the PRC's political and economic conditions as well as government policies. The conversion of RMB into foreign currencies, including U.S. dollars, has been based on rates set by the PBOC. On 21 July 2005, the PRC government changed its policy of pegging the value of RMB to the U.S. dollar. Under the new policy, RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. Further, from 18 May 2007, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of RMB against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on 21 May 2007. The floating band was further widened to 1.0% on 16 April 2012. These changes in currency policy resulted in RMB appreciating against the U.S. dollar and the H.K. dollar by approximately 30.2% from 21 July 2005 to 30 June 2012. The PRC government may adopt further reforms of its exchange rate system, including making the RMB freely convertible in the future. Any significant changes in the exchange rates of the H.K. dollar against the RMB may adversely affect our cash flow, revenue, financial condition, and the value of and dividends payable on our Shares in H.K. dollars.

The laws of the Cayman Islands relating to the protection of the interests of minority shareholders are different from those in Hong Kong.

We are incorporated in the Cayman Islands and our corporate affairs are governed by our Memorandum and Articles, the Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of minority shareholders' interests differ from those in Hong Kong in certain respects. Accordingly, some remedies available to our Company's minority shareholders may be different from those available to them under the laws of other jurisdictions. A summary of the applicable Cayman Islands laws is set out in Appendix III to this prospectus.

RISKS RELATING TO THIS PROSPECTUS

You should read the entire prospectus carefully and should not rely on any information contained in press articles, other media or research analyst reports regarding us, our business, our industry and the Global Offering.

There has been prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Global Offering, press, media and/or research analyst coverage regarding us, our business, our industry and the Global Offering. Such press, media and/or research analyst coverage may include information that does not appear in this prospectus. We have not authorised the disclosure of any such information in such press, media and/or research analyst coverage and do not accept responsibility for any such press, media and/or research analysts coverage or the accuracy or completeness of any such information, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press, other media and/or research analysts regarding our Shares, the Global Offering, our business, our industry or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this prospectus, we disclaim them. Accordingly, you are cautioned to make your investment decisions regarding our Shares on the basis of the information contained in this prospectus only and should not rely on any other information.

Certain facts and statistics in this prospectus relating to China and Hong Kong and their respective economies in which we operate are derived from a third party market research report and may not be reliable.

We have derived information and statistics in this prospectus relating to Hong Kong and China, their respective economies and industry from a commissioned third party market research report. For more information, see "Industry Overview." We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Sponsor, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy or completeness. Due to possible flawed collection methods, discrepancies between published information, different market practices or other problems, the statistics, projected industry data and other information relating to the economy and the industry derived from the third party market research report may be inaccurate, incomplete or may not be comparable to or consistent with information available from other sources and should not be unduly relied upon. In all cases, you should give careful consideration as to how much weight or importance you should attach or place on such statistics, projected industry data and other information relating to the economy and the industry, and consult your relevant advisers before investing in the Offer Shares.

Forward-looking statements may not be accurate.

This prospectus contains certain statements that are "forward-looking" and uses terminology such as, among others, "aim", "anticipate", "believe", "can", "could", "estimate", "expect", "forecast", "intend", "may", "ought to", "plan", "project", "seek", "should", "will" and "would", or similar expressions or the negative thereof. Those statements include, among others, discussions of our Group's growth strategy and future operations. You are cautioned that relying on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate, and the forward-looking statements made based on such assumptions could also be incorrect. Accordingly, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by our Group that our plans and objectives will be achieved. See "Forward-looking Statements."

CONTINUING CONNECTED TRANSACTIONS

The Group has entered into and is expected to continue with certain transactions which would constitute non-exempt continuing connected transactions of the Group under the Listing Rules after the Listing. The Group has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules for such non-exempt continuing connected transactions. Further information on such non-exempt continuing connected transactions and the waiver are set forth in the section headed "Connected Transactions" of this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules of Hong Kong and the Listing Rules for the purpose of giving information to the public with regard to the Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriter under the terms of the Hong Kong Underwriting Agreement. The International Placing is expected to be fully underwritten by the International Underwriters pursuant to the International Placing Agreement. The Global Offering is managed by the Sole Global Coordinator, and is subject to our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) by Tuesday, 13 January 2015, the Global Offering (including the Hong Kong Public Offering) will not proceed. For information about the Underwriters and the underwriting arrangements, see the section headed "Underwriting" of this prospectus.

RESTRICTIONS ON SALE OF OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and the Application Forms.

No action has been taken to permit an offering of the Offer Shares or the distribution of this prospectus and the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and the Application Forms may not be used for the purpose of, and do not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus, the Application Forms and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee for the granting of the listing of, and the permission to deal in, our Shares in issue, the Shares to be issued pursuant to the Offer Shares to be issued pursuant to the Global Offering and the Shares to be issued upon exercise of the options to be granted pursuant to the Share Option Scheme. No part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list on any other stock exchange is being or proposed to be sought in the near future.

SHARE REGISTER AND STAMP DUTY

All Offer Shares issued or sold under the Global Offering will be registered on our Company's register of members to be maintained in Hong Kong by the Hong Kong Share Registrar.

Our Shares are considered to be Hong Kong stock for the purpose of the Stamp Duty Ordinance and dealings in our Shares which are registered on our register of members through the Hong Kong Share Registrar will be subject to stamp duty in Hong Kong.

ELIGIBILITY FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares on the Stock Exchange and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests. All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposal of or dealing in the Offer Shares. We, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors, officers or representatives or any other person or party involved in the Global Offering do not accept responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding, disposal of or dealing in the Offer Shares.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedure for applying for the Hong Kong Offer Shares is set out in the section headed "How to Apply for the Hong Kong Offer Shares" of this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Further information on the structure of the Global Offering, including its conditions, is set out in the section headed "Structure of the Global Offering" of this prospectus.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail.

ROUNDING

Any discrepancies in any totals, sums of amounts and percentages listed in this prospectus are due to rounding.

EXCHANGE RATE

In this prospectus, unless otherwise stated, amounts denominated in RMB have been translated into HK$ at an exchange rate of RMB$1.00 = HK$1.24 and amounts denominated in US$ have been translated into HK$ at an exchange rate of US$1.00 = HK$7.75 for illustrative purposes only. Such conversions shall not be construed as representations that amounts in HK$ or US$ were or could have been or could be converted into HK$ or US$ (as the case may be) at such rates or any other exchange rates on such date or any other date.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Lam Tak Hing, alias Vincent Lam (林德興)	Flat 67B, Tower 3 Grand Promenade 38 Tai Hong Street Sai Wan Ho Hong Kong	Chinese
Yung Chung Man (翁忠文)	Room 1101, Block 6 Qiangsheng Gubei Garden Huangjincheng Road Lane 717 Shanghai PRC	Chinese
So Chi Man (蘇智文)	Flat A, 58th Floor, Block 7 Banyan Garden 863 Lai Chi Kok Road Kowloon Hong Kong	Chinese
Lam Ka Po (林家寶)	Flat 21D, Block 2 Academic Terrace 101 Pok Fu Lam Road Hong Kong	Chinese
Independent non-executive Directors		
Ma Andrew Chiu Cheung (馬照祥)	No. 6 Price Road Jardine's Lookout Happy Valley Hong Kong	Chinese
Ma Ho Fai SBS JP (馬豪輝)	4th Floor, Fontana Gardens No. 5 Ka Ning Path Hong Kong	Chinese
Chan Chi Fai Andrew SBS JP (陳志輝)	Flat B 10th Floor Kadoorie Mansion 205 Prince Edward Road West Hong Kong	Chinese

See "Directors and Senior Management" for further information about our Directors.

PARTIES INVOLVED

Sole Sponsor	BOCI Asia Limited 26th Floor, Bank of China Tower 1 Garden Road Central Hong Kong
Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager	BOCI Asia Limited 26th Floor, Bank of China Tower 1 Garden Road Central Hong Kong
Legal advisers to the Company	***As to Hong Kong law:*** Baker & McKenzie 14th Floor, Hutchison House 10 Harcourt Road Central Hong Kong
	As to PRC law: Jun He Law Offices 25th Floor, Tower 3, Jing An Kerry Centre 1228 Middle Yan'an Road Shanghai China
	As to Cayman Islands law: Maples and Calder 53rd Floor, The Center 99 Queen's Road Central Hong Kong
Legal advisers to the Sole Sponsor and the Underwriters	***As to Hong Kong law:*** Mayer Brown JSM 16th – 19th Floors, Prince's Building 10 Chater Road Central Hong Kong
	As to PRC law: Commerce & Finance Law Offices 6th Floor, NCI Tower A12 Jianguomenwai Avenue Beijing China

Reporting Accountant	PricewaterhouseCoopers *Certified Public Accountants* 22nd Floor, Prince's Building Central Hong Kong
Compliance adviser	Messis Capital Limited Room 1606, 16th Floor, Tower 2 Admiralty Centre 18 Harcourt Road Hong Kong
Receiving bank	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong

Registered office	Maples Corporate Services Limited PO Box 309, Ugland House Grand Cayman, KY1-1104 Cayman Islands
Headquarters in Hong Kong and principal place of business	Unit 01-03, 17th Floor Kornhill Plaza – Office Tower 1 Kornhill Road Quarry Bay Hong Kong
Company website	www.asiaray.com (Contents of this website do not form part of this prospectus)
Company secretary	Mr. So Chi Man, *HKICPA* Flat A, 58th Floor, Block 7, Banyan Garden 863 Lai Chi Kok Road Kowloon Hong Kong
Authorised representatives	Mr. Lam Tak Hing, alias Vincent Lam Flat 67B, Tower 3 Grand Promenade 38 Tai Hong Street Hong Kong
	Mr. So Chi Man Flat A, 58th Floor, Block 7, Banyan Garden 863 Lai Chi Kok Road Kowloon Hong Kong
Audit committee	Mr. Ma Andrew Chiu Cheung *(Chairman)* Mr. Ma Ho Fai SBS JP Professor Chan Chi Fai Andrew SBS JP
Remuneration committee	Mr. Ma Ho Fai SBS JP *(Chairman)* Mr. Lam Tak Hing, alias Vincent Lam Mr. Ma Andrew Chiu Cheung
Nomination committee	Mr. Lam Tak Hing, alias Vincent Lam *(Chairman)* Professor Chan Chi Fai Andrew SBS JP Mr. Ma Ho Fai SBS JP

Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
	Shanghai Pudong Development Bank, Shanghai Jing'an Sub-branch 669 Beijing Xi Road Jing'an District Shanghai PRC
	Bank of China, Shanghai Changning Road Sub-branch 1170 Changning Road Changning District Shanghai PRC
	HSBC Bank (China) Company Limited, Shanghai Branch L28, HSBC Building, Shanghai IFC 8 Century Avenue Pudong District Shanghai PRC

MILESTONES IN OUR HISTORY

We have achieved the following key milestones in our development into a leading out-of-home media company in PRC and in Hong Kong.

Year	Key milestones
1993.	Mr. Lam established Asiaray Advertising Media in Hong Kong and obtained the exclusive concession rights to airport television advertising in Shanghai, the PRC.
1996.	We started operations with certain advertising media spaces in the Guangzhou Baiyun International Airport.
1997.	We commenced our first Hong Kong out-of-home media business by operating a neon sign for a U.S. automobile company at the Victoria Harbour in Hong Kong.
1999.	We obtained concession rights to some light box displays and banners advertising at Terminal 2 of Beijing Capital International Airport.
	We established Shanghai Asiaray to obtain concession rights to some outdoor advertising media resources of Shanghai Pudong International Airport. We were awarded the concession right to operate 36 unipoles on the Shanghai section of Shanghai-Hangzhou Expressway.
2001.	We were awarded the exclusive advertising rights for all indoor light box displays in Shanghai Pudong International Airport.
2002.	We established Chengdu Asiaray to subsequently obtain concession rights to some airport media resources at Chengdu Shuangliu International Airport and other outdoor media resources in downtown Chengdu, PRC.
2003.	We established Xi'an Asiaray, to subsequently obtain concession rights to five outdoor unipoles at Xi'an Xianyang International Airport.
2004.	We obtained concession rights to the light box displays at the Shenzhen Bao'an International Airport.
	We were awarded the exclusive concession rights for 44 international terminal light box displays in Beijing Capital International Airport.
2006.	In Hong Kong, we obtained concession rights to certain Hong Kong Government billboards in Central and Tsim Sha Tsui, and 109 billboards in Hong Kong Government sports grounds.

Year	Key milestones
2007	We obtained the exclusive rights to operate mainstream media resources for four urban lines (including stations and train bodies but excluding the in-train television channel) by Hong Kong Kowloon Canton Railway. We obtained from the MTR Corporation Limited the exclusive rights to operate mainstream media resources in a number of shopping malls and building facades. We obtained concession rights to operate some key light box displays in Terminal 3 of Beijing Capital International Airport. We established a joint venture, Henan Airport Asiaray, with Henan Zhengzhou Xinzheng Airport Management Company Limited (河南省鄭州新鄭國際機場管理有限公司), to exclusively operate mainstream media resources in Zhengzhou Xinzheng International Airport. We obtained exclusive concession rights to operate mainstream media resources in The Star Ferry Piers and vessels.
2008	We purchased 51% equity interest in Yunnan Airport Asiaray, which exclusively operates the mainstream media resources in Kunming Changshui International Airport. Our Yunnan joint venture company, Yunnan Airport Asiaray, obtained the exclusive concession rights to operate mainstream media resources in Lijiang Sanyi Airport, Dali Airport, Dehong Mangshi Airport, Baoshan Yunduan Airport, Pu'er Simao Airport, Lincang Airport and Zhaotong Airport. We obtained the exclusive concession rights to operate mainstream media resources in Haikou Meilan International Airport and Yichang Sanxia Airport. We obtained the concession rights to operate numerous unipole signs and other advertising spaces in Shenzhen Bao'an International Airport.
2009	Our Yunnan joint venture company, Yunnan Airport Asiaray, obtained the exclusive concession rights to operate mainstream media resources in Tengchong Tuofeng Airport and Deqen Shangri-La Airport.

Year	Key milestones
2010	We purchased 49% equity interest in Fujian Zhaoxiang Asiaray, which exclusively operates mainstream media resources in Xiamen Gaoqi International Airport, Fuzhou Changle International Airport, Longyan Guanzhishan Airport and Wuyishan Airports.
	We obtained the exclusive rights to operate mainstream media resources in Shenzhen Line No. 4 (including stations and train bodies but excluding digital media), which is managed by the MTR Corporation Limited in Hong Kong.
	We obtained the exclusive concession rights to operate mainstream media resources in Urumqi Diwopu International Airport.
	We obtained the exclusive concession rights to operate mainstream media resources in Hangzhou Xiaoshan International Airport.
2011	We obtained the exclusive rights to operate mainstream media resources in Shenzhen Line No. 3 (including stations and train bodies but excluding digital media).
2012	Our Yunnan joint venture company, Yunnan Airport Asiaray, obtained the exclusive concession rights to operate mainstream media resources in Xishuangbanna Gasa Airport.
	We formed a joint venture company, Guangxi Top Source to exclusively operate mainstream media resources in Guilin Liangjiang International Airport, Nanning Wuxu International Airport, Liuzhou Bailian Airport and Beihai Fucheng Airport in Guangxi Zhuang Autonomous Region.
	We developed our first building solution, a building wrap along the façade of One Peking in Hong Kong.
2013	We formed a joint venture company, Shenzhen Airport Asiaray, with Shenzhen Airport Co., Ltd. (深圳市機場股份有限公司) ("Shenzhen Airport Company") to exclusively operate mainstream media resources in Terminal 3 of the Shenzhen Bao'an International Airport. We also obtained a priority right to operate any new media resources in the Shenzhen Bao'an International Airport.
	We obtained the exclusive rights to operate the light box displays for stations along Wuxi Metro Line No. 1.

Year	Key milestones
2014	Shanghai Asiaray was awarded the GB/T19001-2008/ISO9001:2008 International Certificate of Registration by Guardian Independent Certification (Beijing) Co., Ltd.
	We obtained the exclusive rights to operate the light box displays for stations along Wuxi Metro Line No. 2.
	We obtained the exclusive rights to operate mainstream media resources for Ningbo Metro Line No. 1.
	We obtained the exclusive rights to operate mainstream media resources for metro lines in Zhengzhou.

HISTORY AND DEVELOPMENT

The Company was incorporated in the Cayman Islands on 20 May 2014. Upon completion of the Reorganisation, the Company became the ultimate holding company of our Group. Details of the Reorganisation are set out in the paragraph headed "Reorganisation" under this section.

The history of our Group can be traced back to 1993 when it was founded by our chief executive officer and executive Director, Mr. Lam, with his own source of funding.

The following entities are the major subsidiaries of our Group:

Asiaray Advertising Media

Asiaray Advertising Media was incorporated in Hong Kong on 5 August 1993 as a limited liability company with an authorised share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each. On 16 September 1993, two subscribers' shares in Asiaray Advertising Media were transferred to Asiaray Holdings (formerly known as Asiaray Limited) and Mr. Lu Yuen Shun Joseph who held the one share in trust on behalf of Asiaray Holdings, respectively, at a consideration of HK$1.00 each.

On 19 June 1998, Mr. Lu Yuen Shun Joseph quitted the business and transferred one share in Asiaray Advertising Media to Mr. Lam, who held the one share in trust on behalf of Asiaray Holdings.

On 27 April 1999, Asiaray Advertising Media increased its share capital for business development purpose. Asiaray Advertising Media allotted and issued 2,000,000 shares, 499,990 shares and eight shares to Asiaray Holdings, Mr. Lam and Ms. Chan, who held the eight shares in trust on behalf of Asiaray Holdings respectively.

On 6 November 2000, in order to streamline the Group's structure, Mr. Lam transferred a total of 499,991 shares in Asiaray Advertising Media to Asiaray Holdings at a consideration of HK$499,991, which was determined with reference to the nominal value of the shares in Asiaray Advertising Media. Since then and immediately before the Reorganisation, Asiaray Advertising Media was directly held as to approximately 99.99968% by Asiaray Holdings and 0.00032% by Ms. Chan in trust on behalf of Asiaray Holdings.

The above-mentioned allotment and issue and transfers of shares in Asiaray Advertising Media were properly and legally completed and settled.

Asiaray Advertising Media commenced its operation in 1993 and is principally engaged in provision of billboard and building solutions advertising media services in Hong Kong.

Genesis Printing

Genesis Printing was incorporated in Hong Kong on 8 October 2007 as a limited liability company with an authorised share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each, of which one share was allotted and issued to Asiaray Holdings. Since then and immediately before the Reorganisation, Genesis Printing was directly wholly-owned by Asiaray Holdings.

The above-mentioned allotment and issue of shares in Genesis Printing were properly and legally completed and settled.

Genesis Printing commenced its operation in 2007 and is principally engaged in production, installation and dismantlement of advertisement material for all displays at the four MTR lines.

Asiaray Metro

Asiaray Metro was incorporated in Hong Kong on 8 October 2010 as a limited liability company with an authorised share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each. On 26 November 2010, one subscriber's share in Asiaray Metro was transferred to Hong Kong Asiaray at a consideration of HK$1.00. Since then and immediately before the Reorganisation, Asiaray Metro was directly wholly-owned by Hong Kong Asiaray.

The above-mentioned allotment and issue and transfers of shares in Asiaray Metro were properly and legally completed and settled.

Asiaray Metro commenced its operation in 2010 and is principally engaged in the out-of-home advertising business. It has been appointed to exclusively manage all advertising units along four MTR lines and commuter buses under its long-term service agreement with MTR Corporation Limited.

Shanghai Asiaray

On 27 April 1999, Shanghai Asiaray, which was held as to 50% by Beijing Asiaray and 50% by Mr. Lin Yingrao (who is an associate of Mr. Lam and held such 50% interest for and on behalf of Mr. Lam), was established to obtain concession rights to some outdoor advertising media resources of Shanghai Pudong International Airport.

On 29 March 2006, Mr. Lin Yingrao (who is an associate of Mr. Lam and held such 50% interest for and on behalf of Mr. Lam) transferred the 40% interest in Shanghai Asiaray to Beijing Asiaray at a consideration of RMB400,000 and the 10% interest in Shanghai Asiaray to Xi'an Asiaray at a consideration of RMB100,000. Such considerations were determined based on the attributable value of the registered capital of Shanghai Asiaray. Upon completion, Shanghai Asiaray was held as to 90% by Beijing Asiaray and 10% by Xi'an Asiaray.

On 18 February 2008, Beijing Asiaray transferred its 90% interest in Shanghai Asiaray to Hong Kong Asiaray at a consideration of RMB900,000; and Xi'an Asiaray transferred its 10% interest in Shanghai Asiaray to Shanghai Kelefu Advertising Company Limited (上海科樂福廣告有限公司) ("Shanghai Kelefu") at a consideration of RMB100,000. Such consideration was determined based on the attributable value of the registered capital of Shanghai Asiaray. In 2008, Hong Kong Asiaray and Shanghai Kelefu injected RMB13.95 million and RMB1.55 million respectively to Shanghai Asiaray according to their respective shareholdings in Shanghai Asiaray. Upon completion, Shanghai Asiaray, which has registered capital of RMB16.50 million, was held as to 90% by Hong Kong Asiaray and 10% by Shanghai Kelefu. Shanghai Kelefu held such 10% equity interest in Shanghai Asiaray in trust on behalf of Hong Kong Asiaray.

On 9 July 2010, Hong Kong Asiaray transferred its 10% interest in Shanghai Asiaray to Guangzhou Yunwei Advertising Company Limited (廣州市運為廣告有限公司) ("Guangzhou Yunwei") at a consideration of RMB13 million (which was determined based on the audited consolidated net asset value of Shanghai Asiaray as at the end of 2008 and the carry amount of the profit of Shanghai Asiaray for the year 2009). Upon completion, Shanghai Asiaray was held as to 80% by Hong Kong Asiaray, 10% by Shanghai Kelefu and 10% by Guangzhou Yunwei. Guangzhou Yunwei held such 10% equity interest in Shanghai Asiaray in trust on behalf of Hong Kong Asiaray.

On 18 June 2013, the board of directors of Shanghai Asiaray passed resolutions to approve the increase in the registered share capital of Shanghai Asiaray by RMB33.50 million to RMB50 million and the increase in the total investment amount by RMB67 million to RMB100 million. The increase in registered capital and total investment amount were completed on 9 May 2014.

On 9 May 2014, in order to streamline the shareholding structure of the Group, each of Guangzhou Yunwei and Shanghai Kelefu transferred 10% equity interest in Shanghai Asiaray respectively to Hong Kong Asiaray, at a total consideration of RMB5.2 million, which was determined based on appraised value of Shanghai Asiaray. Since then and immediately before the Reorganisation, Shanghai Asiaray was wholly-owned by Hong Kong Asiaray.

The above-mentioned share transfer and increase in registered share capital were properly and legally completed and settled.

Yunnan Airport Asiaray

On 28 July 2008, Shanghai Asiaray purchased 51% equity interest (at a consideration of RMB12.5 million, which was determined based on the appraised value of the equity interest in Yunnan Airport Asiaray) in Yunnan Airport Asiaray, which has exclusive concession rights to operate mainstream media resources in Kunming Changshui International Airport. The remaining 49% interest was held as to 25% by Yunnan Airport Group Limited Liability Company (雲南機場集團有限責任公司) ("Yunnan Airport Company") and 24% by Yunnan Aviation Telecommunications Company Limited (雲南民航電信有限公司) ("Yunnan Aviation Telecommunications").

On 26 May 2011, the shareholders of Yunnan Airport Asiaray passed resolutions to approve the increase in the registered share capital of Yunnan Airport Asiaray by RMB4 million to RMB10 million. The increase in registered share capital was settled by surplus reserves and undistributed profits. The increase in registered capital were completed on 29 August 2011. During the Track Record Period and immediately before the Reorganisation, Yunnan Airport Asiaray was directly held as to 51% by Shanghai Asiaray, 25% by Yunnan Airport Company and 24% by Yunnan Aviation Telecommunications.

The above-mentioned share transfer and increase in registered share capital were properly and legally completed and settled.

Hainan Asiaray

Hainan Asiaray (previously named as Yangpu Asiaray Advertising Company Limited* (洋浦雅仕維廣告有限公司)) was incorporated in the PRC on 10 January 2008 as a limited liability company with registered capital of RMB1 million, the entire amount of which was contributed by Shenzhen Asiaray.

On 20 June 2010, the shareholders of Hainan Asiaray passed resolutions to approve the increase in the registered share capital of Hainan Asiaray by RMB1 million to RMB2 million. The increase in registered capital was completed on 29 June 2010. During the Track Record Period and immediately before the Reorganisation, Hainan Asiaray was directly wholly-owned by Shenzhen Asiaray.

The above-mentioned increase in registered share capital were properly and legally completed and settled.

Hainan Asiaray principally engages in operation of mainstream media resources at the Haikou Meilan International Airport.

Zhejiang Asiaray

Zhejiang Asiaray was incorporated in the PRC on 31 August 2010 as a limited liability company with registered capital of RMB5 million, the entire amount of which was contributed by Shanghai Asiaray. Since incorporation and immediately before the Reorganisation, Zhejiang Asiaray was directly wholly-owned by Shanghai Asiaray.

Zhejiang Asiaray principally engages in the operation of mainstream media resources at the Hangzhou Xiaoshan International Airport.

REORGANISATION

In preparation for the Listing, we have carried out the Reorganisation which involved the following steps:

Incorporation of the Company

On 20 May 2014, the Company was incorporated as an exempted company with limited liability under the laws of the Cayman Islands. The Company is a direct wholly-owned subsidiary of Media Cornerstone. On 25 August 2014, the authorised share capital of the Company was increased from HK$50,000 divided into 500,000 shares to HK$100,000,000 divided into 1,000,000,000 shares by the creation of an additional 999,500,000 shares.

Incorporation of Asiaray Media Holdings

On 20 May 2014, Asiaray Media Holdings was incorporated in the British Virgin Islands as a limited liability company. At the time of incorporation, Asiaray Media Holdings was wholly-owned by Mr. Lam.

Share transfer in respect of Asiaray Advertising Media, Hong Kong Asiaray and Asiaray Media

On 25 August 2014, Ms. Chan transferred eight shares in Asiaray Advertising Media, representing 0.00032% of the total issued share capital of Asiaray Advertising Media, to Asiaray Holdings. Upon completion, Asiaray Advertising Media became legally and wholly-owned by Asiaray Holdings.

On 25 August 2014, Ms. Chan transferred one share in Hong Kong Asiaray, representing 1% of the total issued share capital of Hong Kong Asiaray, to Asiaray Advertising Media. Upon completion, Hong Kong Asiaray became legally and wholly-owned by Asiaray Advertising Media.

On 25 August 2014, Ms. Chan transferred one share in Asiaray Media, representing 10% of the total issued share capital of Asiaray Media, to Asiaray Advertising Media. Upon completion, Asiaray Media became legally and wholly-owned by Asiaray Advertising Media.

Acquisition of Hong Kong Asiaray

On 25 August 2014, Asiaray Advertising Media passed shareholder resolutions to issue 9,900 shares in Hong Kong Asiaray to Asiaray Media Holdings at a consideration of HK$9,900. Such consideration was determined based on the nominal value of shares in Hong Kong Asiaray.

On 25 August 2014, Hong Kong Asiaray and Asiaray Advertising Media entered into a shares buy-back agreement, pursuant to which, Hong Kong Asiaray repurchased from Asiaray Advertising Media the remaining 100 shares in Hong Kong Asiaray at a consideration of HK$100. Such consideration was determined based on the nominal value of the shares in Hong Kong Asiaray.

Upon completion, Hong Kong Asiaray became a wholly-owned subsidiary of Asiaray Media Holdings.

Acquisitions of Asiaray Advertising Media, Asiaray Outdoor, Genesis Printing, Genesis Signmaker and Asiaray Metro

On 25 August 2014, Asiaray Holdings transferred 2,500,000 shares in Asiaray Advertising Media, representing the entire issued share capital of Asiaray Advertising Media, to Asiaray Media Holdings at a consideration of HK$2,500,000, the payment of which was satisfied by allotment of 25,000,000 Shares in the Company to Space Management. Such consideration was determined based on the nominal value of shares in Asiaray Advertising Media. Upon completion, Asiaray Advertising Media became a wholly-owned subsidiary of Asiaray Media Holdings.

On 25 August 2014, Asiaray Holdings transferred 10,000 shares in Asiaray Outdoor, representing the entire issued share capital of Asiaray Outdoor, to Asiaray Media Holdings at a consideration of HK$10,000, the payment of which was satisfied by allotment of 100,000 Shares in the Company to Space Management. Such consideration was determined based on the nominal value of shares in Asiaray Outdoor. Upon completion, Asiaray Outdoor became a wholly-owned subsidiary of Asiaray Media Holdings.

On 25 August 2014, Asiaray Holdings transferred 10,000 shares in Genesis Printing, representing the entire issued share capital of Genesis Printing, to Asiaray Media Holdings at a consideration of HK$10,000, the payment of which was satisfied by allotment of 100,000 Shares in the Company to Space Management. Such consideration was determined based on the nominal value of shares of Genesis Printing. Upon completion, Genesis Printing became a wholly-owned subsidiary of Asiaray Media Holdings.

On 25 August 2014, Asiaray Holdings transferred 10,000 shares in Genesis Signmaker, representing the entire issued share capital of Genesis Signmaker, to Asiaray Media Holdings at a consideration of HK$10,000, the payment of which was satisfied by allotment of 100,000 Shares in the Company to Space Management. Such consideration was determined based on the nominal value of shares of Genesis Signmaker. Upon completion, Genesis Signmaker became a wholly-owned subsidiary of Asiaray Media Holdings.

On 25 August 2014, Hong Kong Asiaray transferred one share in Asiaray Metro, representing the entire issued share capital of Asiaray Metro, to Asiaray Media Holdings at a consideration of HK$1, the payment of which was satisfied by allotment of 10 Shares in the Company to Space Management. Such consideration was determined based on the nominal value of shares in Asiaray Metro. Upon completion, Asiaray Metro became a wholly-owned subsidiary of Asiaray Media Holdings.

Reorganisation Deed

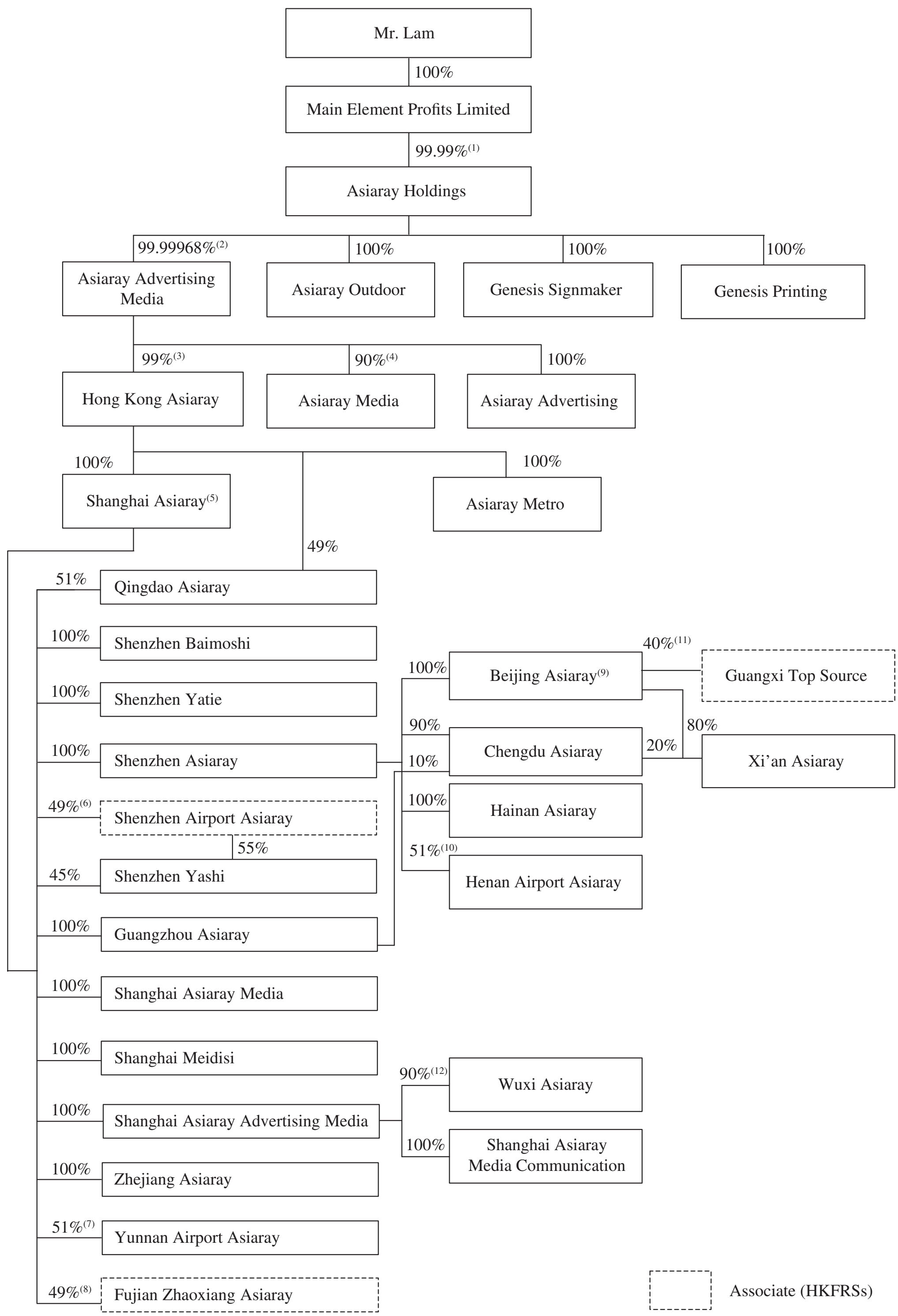
On 25 August 2014, Mr. Lam and the Company entered into the Reorganisation Deed, pursuant to which Mr. Lam agreed to procure the completion of acquisitions by Asiaray Media Holdings of Hong Kong Asiaray, Asiaray Advertising Media, Asiaray Outdoor, Genesis Printing, Genesis Signmaker and Asiaray Metro, and transfer all the issued shares in Asiaray Media Holdings to the Company. As consideration, the Company has allotted and issued 88,000,000 Shares and 241,500,000 Shares to Space Management and Media Cornerstone respectively, pursuant to instructions from Mr. Lam. Such consideration was determined with reference to, among other things, the nominal value of the shares in Hong Kong Asiaray, Asiaray Advertising Media, Asiaray Outdoor, Genesis Printing, Genesis Signmaker and Asiaray Metro.

Establishment of the Family Trust

On 4 September 2014, Mr. Lam, as the settlor, established a family trust with the Trustee. Mr. Lam has transferred his entire interest in Media Cornerstone to Shalom Family Holding, a company controlled by the Family Trust for nil consideration for the settlement of the Family Trust. The sole shareholder of Shalom Family Holding is UBS Nominees Limited, a company which holds the shares in Shalom Family Holding as nominee for the Trustee. Ultimately, the Trustee holds the entire interest in Media Cornerstone on trust for the benefit of Mr. Lam and certain of his family members.

GROUP STRUCTURE

The following chart sets out the shareholding and corporate structure of our Group immediately before the Reorganisation:



Notes:

(1) The remaining 0.01% interest was held by Ms. Chan in trust on behalf of Mr. Lam.

(2) The remaining 0.00032% interest was held by Ms. Chan in trust on behalf of Asiaray Holdings.

(3) The remaining 1% interest was held by Ms. Chan in trust on behalf of Asiaray Holdings.

(4) The remaining 10% interest was held by Ms. Chan in trust on behalf of Asiaray Advertising Media.

(5) Shanghai Asiaray has three branches, which are Xinjiang branch, Changning branch and Ningbo branch.

(6) The remaining 51% interest was held by Shenzhen Airport Company. Save for its interest in Shenzhen Airport Asiaray, Shenzhen Airport Company is not connected to our Group.

(7) Among the remaining 49% interest, 25% interest was held by Yunnan Airport Company and 24% interest was held by Yunnan Aviation Telecommunications. Save for its interest in Yunnan Airport Asiaray, Yunnan Airport Company and Yunnan Aviation Telecommunications are not connected to our Group.

(8) The remaining 51% interest was held by Xiamen Iport Group Co., Ltd. (廈門翔業集團有限公司) ("Xiamen Iport"). Save for its interest in Fujian Zhaoxiang Asiaray, Xiamen Iport is not connected to our Group. On 3 June 2014, Shanghai Asiaray and Xiamen Iport entered into a supplemental agreement, pursuant to which, among other things, Shanghai Asiaray agreed to sell, and Xiamen Iport agreed to purchase, 19% equity interest in Fujiang Zhaoxiang Asiaray according to terms and conditions in the supplemental agreement. Subsequently, Shanghai Asiaray and Xiamen Iport entered into a formal equity transfer agreement dated 20 October 2014 and a supplemental agreement dated 21 October 2014 in relation to the above equity transfer. The above equity transfer has been completed. As at the Latest Practicable Date, Fujian Zhaoxiang Asiaray was held as to 30% by Shanghai Asiaray and 70% by Xiamen Iport.

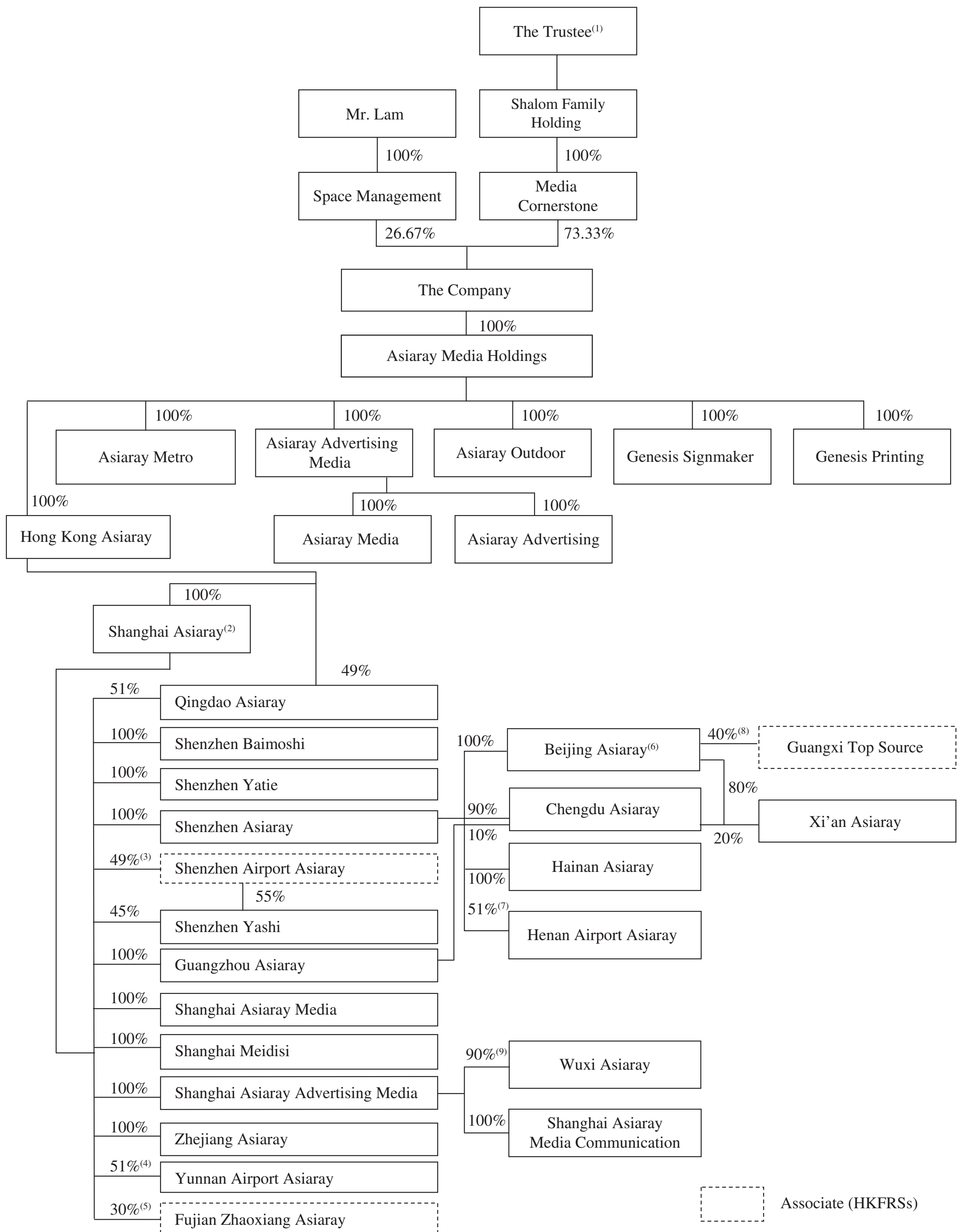
(9) Beijing Asiaray has a branch, namely, Yichang branch.

(10) The remaining 49% interest was held by Zhengzhou Airport Company. Save for its interest in Henan Airport Asiaray, Zhengzhou Airport Company is not connected to our Group.

(11) Among the remaining 60% interest, 40% interest was held by AirMedia Group Company Limited (航美傳媒集團有限公司) ("AirMedia") and 20% interest were held by Guangxi Aviation Industry Development Co., Ltd. (廣西民航產業發展有限公司) ("Guangxi Aviation"). Save for its interest in Guangxi Top Source, AirMedia and Guangxi Aviation are not connected to our Group.

(12) The remaining 10% interest was held by Wuxi Metro Company. Save for its interest in Wuxi Asiaray, Wuxi Metro Company is not connected to our Group.

The following chart sets out the shareholding and corporate structure of our Group immediately after the Reorganisation but before the Global Offering:



Notes:

(1) The Family Trust is set up by Mr. Lam as settlor, with UBS Trustees (BVI) Limited acting as the Trustee, and the beneficiaries of which are Mr. Lam, certain of his family members and other persons who may be added from time to time.

(2) Shanghai Asiaray has three branches, namely, Xinjiang branch, Changning branch and Ningbo branch.

(3) The remaining 51% interest was held by Shenzhen Airport Company. Save for its interest in Shenzhen Airport Asiaray, Shenzhen Airport Company is not connected to our Group.

(4) Among the remaining 49% interest, 25% was held by Yunnan Airport Company and 24% were held by Yunnan Aviation Telecommunications. Save for its interest in Yunnan Airport Asiaray, Yunnan Airport Company and Yunnan Aviation Telecommunications are not connected to our Group.

(5) The remaining 70% interest was held by Xiamen Iport. Save for its interest in Fujian Zhaoxiang Asiaray, Xiamen Iport is not connected to our Group. We used to hold 49% in Fujian Zhaoxiang Asiaray. On 3 June 2014, Shanghai Asiaray and Xiamen Iport entered into a supplemental agreement, pursuant to which, among other things, Shanghai Asiaray agreed to sell, and Xiamen Iport agreed to purchase, 19% equity interest in Fujiang Zhaoxiang Asiaray according to terms and conditions in the supplemental agreement. Subsequently, Shanghai Asiaray and Xiamen Iport entered into a formal equity transfer agreement dated 20 October 2014 and a supplemental agreement dated 21 October 2014 in relation to the above equity transfer. The above equity transfer has been completed.

(6) Beijing Asiaray has a branch, namely, Yichang branch.

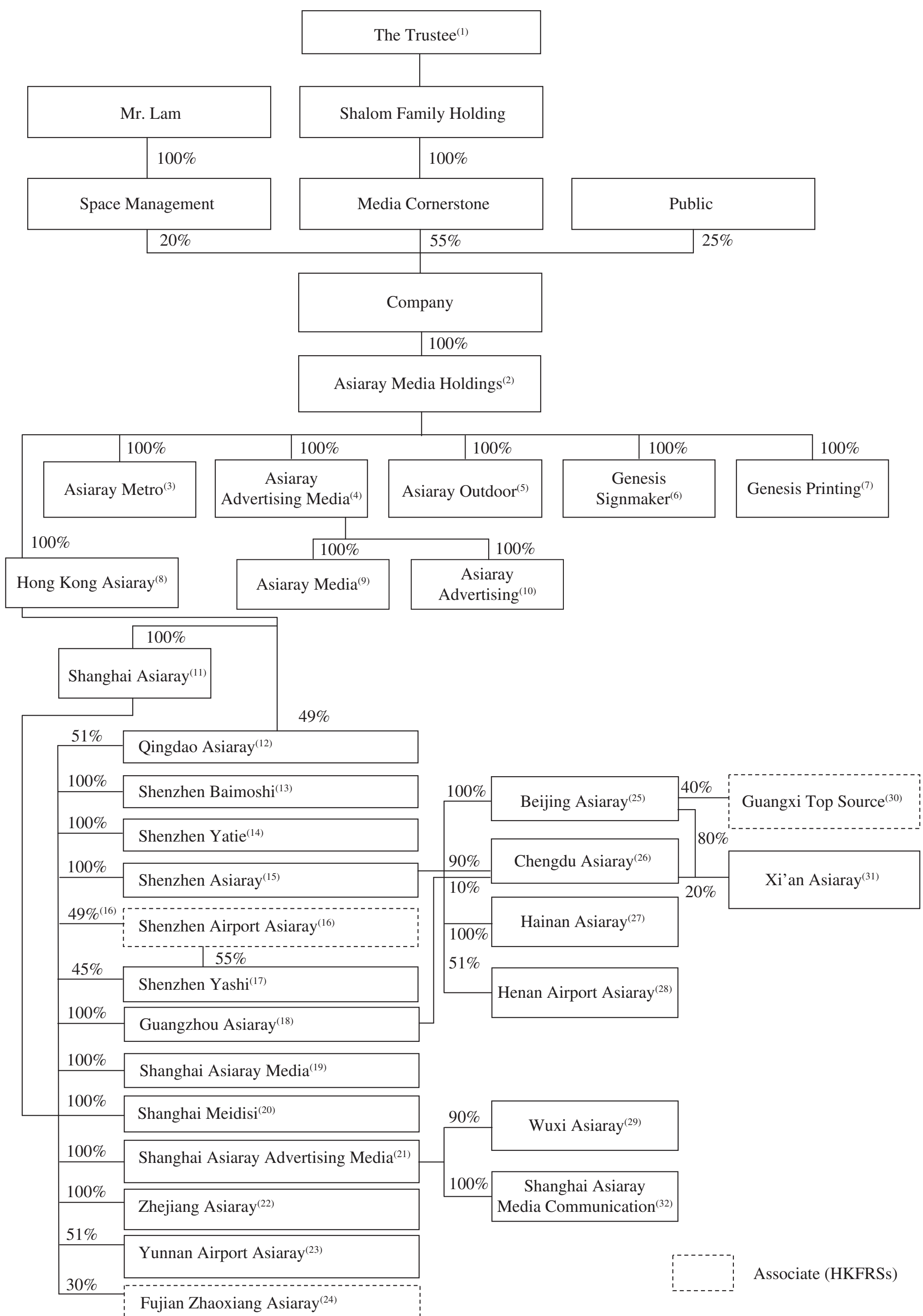
(7) The remaining 49% interest was held by Zhengzhou Airport Company. Save for its interest in Henan Airport Asiaray, Zhengzhou Airport Company is not connected to our Group.

(8) Among the remaining 60% interest, 40% interest was held by AirMedia and 20% interest was held by Guangxi Aviation. Save for its interest in Guangxi Top Source, AirMedia and Guangxi Aviation are not connected to our Group.

(9) The remaining 10% interest was held by Wuxi Metro Company. Save for its interest in Wuxi Asiaray, Wuxi Metro Company is not connected to our Group.

The following chart sets out the shareholding and corporate structure of our Group immediately upon completion of the Global Offering (without taking into account the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme):

Group structure immediately after the Global Offering



Notes:

(1) The Family Trust is set up by Mr. Lam as settlor, with UBS Trustees (BVI) Limited acting as the Trustee, and the beneficiaries of which are Mr. Lam, certain of his family members and other persons who may be added from time to time.

(2) Asiaray Media Holdings principally engages in investment holding.

(3) Asiaray Metro principally engages in provision of out-of-home advertising media services in Hong Kong.

(4) Asiaray Advertising Media principally engages in provision of out-of-home advertising media services in Hong Kong.

(5) Asiaray Outdoor principally engages in provision of out-of-home advertising media services in Hong Kong.

(6) Genesis Signmaker principally engages in provision of design, consultancy, construction and maintenance services in Hong Kong.

(7) Genesis Printing principally engages in provision of advertising, production, installation and dismantling services in Hong Kong.

(8) Hong Kong Asiaray principally engages in investment holding.

(9) Asiaray Media principally engages in provision of out-of-home advertising media services in Hong Kong.

(10) Asiaray Advertising principally engages in billboard advertising and outdoor advertising facilities construction businesses in Hong Kong.

(11) Shanghai Asiaray has three branches, including Xinjiang branch, Changning branch and Ningbo branch. Shanghai Asiaray principally engages in provision of out-of-home advertising media services in the PRC.

(12) Qingdao Asiaray principally engages in provision of out-of-home advertising media services in the PRC.

(13) Shenzhen Baomoshi principally engages in provision of out-of-home advertising media services in the PRC.

(14) Shenzhen Yatie principally engages in provision of out-of-home advertising media services in the PRC.

(15) Shenzhen Asiaray principally engages in provision of out-of-home advertising media services in the PRC.

(16) The remaining 51% interest was held by Shenzhen Airport Company. Save for its interest in Shenzhen Airport Asiaray, Shenzhen Airport Company is not connected to our Group. Shenzhen Airport Asiaray principally engages in provision of out-of-home advertising media services in the PRC.

(17) Shenzhen Yashi principally engages in provision of out-of-home advertising media services in the PRC.

(18) Guangzhou Asiaray principally engages in provision of out-of-home advertising media services in the PRC.

(19) Shanghai Asiaray Media principally engages in provision of out-of-home advertising media services in the PRC.

(20) Shanghai Medisi principally engages in provision of out-of-home advertising media services in the PRC.

(21) Shanghai Asiaray Advertising Media principally engages in provision of out-of-home advertising media services in the PRC.

(22) Zhejiang Asiaray principally engages in provision of out-of-home advertising media services in the PRC.

(23) Among the remaining 49% interest, 25% was held by Yunnan Airport Company and 24% was held by Yunnan Aviation Telecommunications. Save for its interest in Yunnan Airport Asiaray, Yunnan Airport Company and Yunnan Aviation Telecommunications are not connected to our Group. Yunnan Airport Asiaray principally engages in provision of out-of-home advertising media services in the PRC.

(24) The remaining 70% interest was held by Xiamen Iport. We used to hold 49% in Fujian Zhaoxiang Asiaray. On 3 June 2014, Shanghai Asiaray and Xiamen Iport entered into a supplemental agreement, pursuant to which, among other things, Shanghai Asiaray agreed to sell, and Xiamen Iport agreed to purchase, 19% equity interest in Fujiang Zhaoxiang Asiaray according to terms and conditions in the supplemental agreement. Subsequently, Shanghai Asiaray and Xiamen Iport entered into a formal equity transfer agreement dated 20 October 2014 and a supplemental agreement dated 21 October 2014 in relation to the above equity transfer. The above equity transfer has been completed. Save for its interest in Fujian Zhaoxiang Asiaray, Xiamen Iport is not connected to our Group. Fujian Zhaoxiang Asiaray principally engages in provision of out-of-home advertising media services in the PRC.

(25) Beijing Asiaray principally engages in provision of out-of-home advertising media services in the PRC. Beijing Asiaray has a branch, namely, Yichang branch of Beijing Asiaray.

(26) Chengdu Asiaray principally engages in provision of out-of-home advertising media services in the PRC.

(27) Hainan Asiaray principally engages in provision of out-of-home advertising media services in the PRC.

(28) The remaining 49% interest was held by Zhengzhou Airport Company. Save for its interest in Henan Airport Asiaray, Zhengzhou Airport Company is not connected to our Group. Henan Airport Asiaray principally engages in provision of out-of-home advertising media services in the PRC.

(29) The remaining 10% interest was held by Wuxi Metro Company. Save for its interest in Wuxi Asiaray, Wuxi Metro Company is not connected to our Group. Wuxi Asiaray principally engages in provision of out-of-home advertising media services in the PRC.

(30) Among the remaining 60% interest, 40% interest was held by AirMedia and 20% interest was held by Guangxi Aviation. Save for its interest in Guangxi Top Source, AirMedia and Guangxi Aviation are not connected to our Group. Guangxi Top Source principally engages in provision of out-of-home advertising media services in the PRC.

(31) Xi'an Asiaray principally engages in provision of out-of-home advertising media services in the PRC.

(32) Shanghai Asiaray Media Communication principally engages in provision of out-of-home advertising media services in the PRC.

The information presented in this section is derived from the Frost & Sullivan Report. We believe that the sources of the information are appropriate sources for the information and we have taken reasonable care in extracting and reproducing the information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. The information has not been independently verified by us, the Sole Sponsor, Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriters or any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to its accuracy or completeness. The information and statistics may not be consistent with other information and statistics compiled within or outside of China or Hong Kong.

OVERVIEW OF THE ADVERTISING MARKET

Advertising refers to the use of images, sounds and slogans to communicate an advertiser's message to consumers, and it is primarily used for brand building and sales promotion. For example, it may be used to promote products or services, create and maintain the advertiser's image or reputation or advocate for the advertiser's cause. The advertising industry can be broadly divided into: television and broadcast, newspaper, magazines, Internet and out-of-home.

Category	Characteristics
Television & Broadcast	• includes television and radio • television uses a combination of audio and visual elements • television generally limited in time to less than 30 seconds • broadcast is limited to audio media only
Newspapers	• includes display and classified advertising • lower cost than broadcast and television • subscriptions provide guaranteed audience • frequent publication provides more advertising opportunities
Magazines	• good print quality provides better visual effect • subscriptions provide guaranteed audience • less frequent publication than newspapers
Internet	• interactive elements wide reach both in-home and out-of-home
Out-of-home	• includes wide variety of advertising formats • transportation media provides substantial advertising spaces • extensive audience of pedestrians and commuter traffic

Out-of-Home Advertising

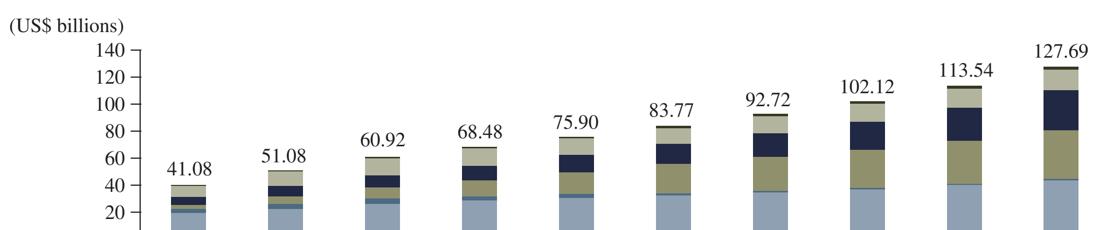
Out-of-home advertising is classified into airport, metro, commercial building, bus and others. In particular, the airport and metro line advertising markets have shown high growth potential in recent years due to the ongoing construction of new airports and metro lines nationwide. Out-of-home advertising is characterised by direct visual impact, various expressions and long release time. The introduction of ink jet printing in the 1990's was a turning point for out-of-home advertising. This new application increased the overall growth potential of the out-of-home advertising market.

Digital technology has increasingly become part of out-of-home advertisements as an innovative development and to communicate the advertisers' messages more effectively. For example, LED screens of various sizes may be used to enhance traditional static displays. Other types of technology used in the advertising include different printing, engraving and cutting techniques as well as LED and other lighting effects. Advertising companies will continue to employ a combination of these technologies as they create more interactive and engaging advertising content in order to help advertisers reach their audiences. Advertising spaces which integrate innovative technology are expected to generate more revenue due to the added value.

CHINA'S ADVERTISING MARKET

The advertising industry in China has experienced rapid growth in recent years and is currently the world's third largest advertising market. China's advertising market increased from US$41.1 billion in 2009 to US$75.9 billion in 2013, and is expected to increase further to US$127.7 billion by 2018, as domestic consumption and government spending continue increasing.

The out-of-home advertising market in China is expected to increase faster than the overall advertising market in China. According to the Frost & Sullivan Report, it is forecast that the out-of-home advertising market in China will increase at a CAGR of 18.4% from 2013 to 2018, while the overall advertising market in China is forecast to increase a CAGR of 11.0% for the same period. The graph below sets forth the historical and forecast growth and the proportion of each type of the advertisement market in China by segment for the years indicated.



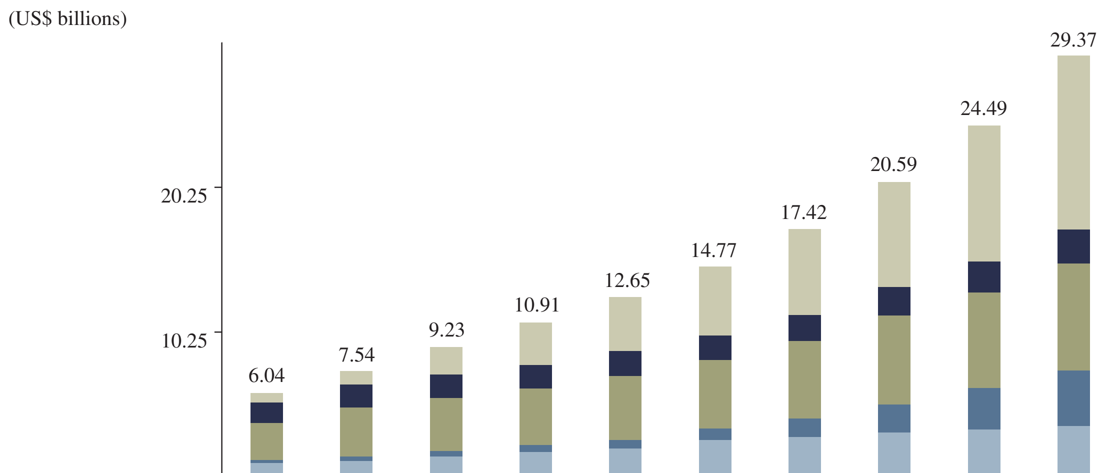
	2009	2010	2011	2012	2013	2014E	2015E	2016E	2017E	2018E
Television & Broadcast	19.60	22.42	26.10	28.53	30.61	32.31	34.58	37.00	40.14	43.58
Newspaper	2.62	3.57	3.89	3.11	2.72	1.47	1.20	1.10	0.87	0.89
Internet	3.05	5.79	8.19	11.64	16.16	21.93	25.12	28.01	31.58	36.18
Out-of-Home	6.04	7.54	9.23	10.91	12.65	14.77	17.42	20.59	24.49	29.37
Magazine	8.94	10.75	12.34	12.99	12.33	11.73	12.69	13.56	14.42	15.40
Others	0.83	1.01	1.17	1.30	1.43	1.56	1.71	1.86	2.04	2.27

Source: Frost & Sullivan Report

Out-of-Home Advertising Market of China

Although advertising is subject to government control and censorship in China, out-of-home advertising is one medium which permits ownership and operation by private and foreign enterprises. This has contributed to the growth of the out-of-home advertising market in China.

The graph below set forth the segments and growth in the out-of-home advertising market in China for the years indicated.



	2009	2010	2011	2012	2013	2014E	2015E	2016E	2017E	2018E
Airport	1.20	1.34	1.65	1.97	2.21	2.80	3.06	3.31	3.52	3.78
Metro	0.22	0.31	0.39	0.48	0.58	0.76	1.26	1.92	2.87	3.84
Commercial Building	2.54	3.37	3.65	3.89	4.43	4.75	5.36	6.17	6.57	7.36
Bus	1.43	1.62	1.61	1.65	1.72	1.70	1.82	1.96	2.17	2.36
Others	0.65	0.90	1.93	2.92	3.71	4.76	5.92	7.23	9.36	12.03

Source: Frost & Sullivan Report

Transportation media advertising, in particular airport and metro line advertising, has experienced the fastest growth in market size. As new infrastructure is constructed, new metro lines have been built throughout China and existing airports have been expanded, improved and renovated, which has stimulated the development of these two segments in the out-of-home advertising market. It is expected that the airport and metro line advertising markets will continue to rapidly develop as air travel and metro line travel continue to develop and become more important and readily available transportation methods. Meanwhile, improved mobile devices/applications and Internet accessibility in airports and metro lines will create more opportunities for advertisers in these two segments.

Market Drivers

The out-of-home advertising market in China is, and will continue to be, driven by the following factors:

- ***Continued growth of the overall economy and increased urbanisation***. As the economy grows and urbanisation progresses, income levels and living standards in China will continue to improve. The urbanisation rate in China increased from 48.3% in 2009 to 53.7% in 2013 and is forecast to increase to 57.9% by 2018, according to the Frost & Sullivan Report. As urbanisation progresses, domestic consumption is expected to increase and consumer preferences to change. Numerous branded domestic consumer goods are marketed on a regional and even national basis, rather than locally. Accordingly, these brands are expected to seek to place their advertisements on platforms that give them nationwide reach. This is expected to increase demand for advertising services overall and in particular in second and third tier cities. As such, advertisers' expenditures on out-of-home advertising is expected to increase as they target more consumers throughout China.

- ***Government support and regulation***. Government spending is expected to increase as the PRC government seeks to improve infrastructure and facilities, such as airports, metro lines and high speed rail. The PRC government regulates the out-of-home advertising market in China through a series of laws and regulations which it expects to support the growth of the market.

- ***Innovative technology***. As technology continues to advance, new media and advanced techniques are integrated into out-of-home advertising, including LED screens and mobile televisions. In order to meet the demands of advertisers and communicate more effectively with consumers, out-of-home advertising companies will continue to develop and implement new technology and techniques.

- ***Changes in consumer lifestyle and preferences***. As the standard of living improves in China, the general population is expected to spend more time out-of-home dining, socialising and entertainment. Advertisers will seek to take advantage of this to reach consumers through the out-of-home advertising channel.

- ***Increased investment in branding and marketing***. Advertisers have begun to recognise the unique advantage of out-of-home advertising, such as the effectiveness of advertisements and wide coverage of desirable locations, and will accordingly invest more in out-of-home advertising.

HONG KONG'S ADVERTISING MARKET

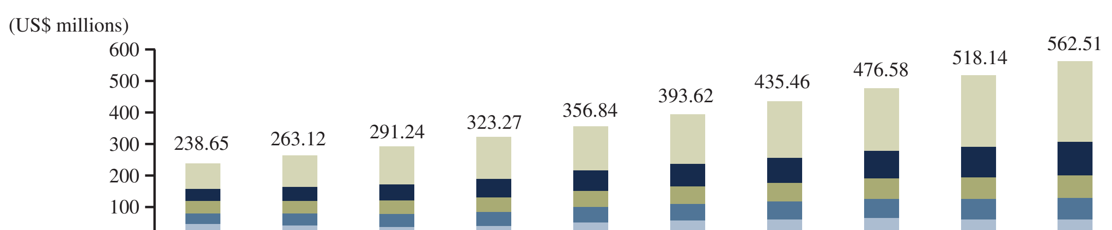
Advertisers in Hong Kong are allocating more resources on marketing and advertising. As the advertising market develops and a greater degree of expertise is needed to keep pace with newer advertising innovations, the revenue generated by the Hong Kong advertising market has increased. Along with the overall economic growth in Hong Kong, growth of the advertising market is expected to remain steady. The advertising market in Hong Kong grew from US$2.0 billion in 2009 to US$2.8 billion in 2013, and is expected to increase to US$3.9 billion by 2018, according to the Frost & Sullivan Report.

Television and broadcasting, newspapers and out-of-home advertising were the most popular media types, representing 34.4%, 28.3% and 12.9% of the total advertising market value, respectively, in 2013, followed by magazines and Internet advertising. Going forward, television and broadcasting, newspapers and magazines are expected to account for smaller proportions of the total market size, whereas the respective proportion of out-of-home and Internet advertising are expected to increase to 14.3% and 11.0%, respectively, of total advertising market value by 2018.

Out-of-Home Advertising Market of Hong Kong

As changes in the management of advertising space has evolved, airport, metro line and bus advertising has become, and is expected to continue accounting for, a large portion of the out-of-home advertising market in Hong Kong. In particular, the advanced metro system in Hong Kong has facilitated the development of metro line advertising. In recent years, the advertising market has become more digitalised and has been enhanced by richer media formats. This has allowed advertisers to create more innovative displays on traditional billboards and commercial building advertising, which is expected to contribute to growth in those segments. Driven by digitalisation and improved space management, the market size of out-of-home advertisement market in Hong Kong is expected to maintain relatively stable growth.

The graph below sets forth the segments and growth of the Hong Kong out-of-home advertising market for the periods indicated.



	2009	2010	2011	2012	2013	2014E	2015E	2016E	2017E	2018E
Metro	80.69	99.37	119.52	135.03	141.45	156.76	179.08	198.40	227.71	256.03
Airport	39.45	44.13	50.54	57.32	64.84	72.18	80.16	88.49	96.87	105.55
Commercial Building	38.81	41.17	44.05	47.44	51.24	55.32	59.51	63.73	68.14	72.57
Bus	33.65	37.04	40.44	44.16	48.39	52.67	56.62	61.00	65.19	69.14
Others	46.05	41.41	36.69	39.32	50.92	56.69	60.09	64.96	60.23	59.22

Source: Frost & Sullivan Report

Historically, transportation media advertising, which include metro lines, airports and buses, accounted for a significant proportion of the total market size. The metro line advertising segment had a market size of US$141.5 million, or 39.6% of the total out-of-home advertising market, in 2013, mainly due to the advanced state of the metro system in Hong Kong. Due to the application of new technologies and use of multiple media formats, commercial building advertising has also shown stable growth, with market size reaching US$51.2 million, or 14.3% of the total out-of-home advertising market, in 2013. Airport advertising, which is primarily dominated by luxury brand advertisers, has experienced strong growth with total advertising value increasing from US$39.5 million in 2009 to US$64.8 million in 2013, and accounted for approximately 18.2% of the total out-of-home advertising market, in 2013.

Market Drivers

The out-of-home advertising market in Hong Kong is, and will continue to be driven by:

- ***Increasing population density***. The high population density and significant number of tourists visiting the city throughout the year provide a large audience of potential consumers for advertisers to market their brands, products and services.

- ***Increased advertising spending***. Advertising is a key part of the marketing strategy for brands and companies competing for market share. In particular, the lower cost of out-of-home advertising compared to other methods of advertising may attract more companies to advertise through out-of-home advertising in Hong Kong.

- ***Increased time spent outside of the home***. Hong Kong's population is spending an increasing amount of time traveling, commuting, shopping or socialising outside of the home. Therefore, out-of-home advertising is considered an effective and impactful means of reaching consumers.

ENTRY BARRIERS TO OUT-OF-HOME ADVERTISING IN CHINA AND HONG KONG

The main entry barriers to the out-of-home advertising markets in China and Hong Kong are:

- ***Access to media resources***. Major market participants in China and Hong Kong's advertising markets have developed long term, stable relationships with owners of advertising spaces, such as airports, metro lines and commercial buildings. This creates a barrier to entry for newer market participants who do not have access to these advertising spaces, in particular in major cities.

- ***Technology***. Existing market participants have invested significant time and resources into developing and implementing technology to meet the demands of advertisers and also to comply with the safety requirements associated with many types of out-of-home advertisements, such as in airports and metro lines. Smaller and newer advertising companies will lack the resources and experience to compete with existing market participants in that regard.

- ***Access to customers***. Many large brands and advertisers have already established relationships with existing advertising agencies or directly with advertising companies. Newer market entrants will have difficulty competing for this market share.

- ***Talent management***. Existing market participants are better able to attract talented employees as they can provide a better platform and more resources.

AIRPORT ADVERTISING

Airport advertising is characterised by large advertising spaces, long waiting times with captive audiences and audiences with purchasing power. This makes airport advertising especially attractive for brand building campaigns by advertisers in various industries. The future development of airport advertising will be supported by its higher end audience comprised of passengers with more purchasing power. Advertisers are expected to continue targeting airport passengers as a desirable audience.

According to the Frost & Sullivan Report, it is expected that there will be a gradual shift away from the "media underwriting" or sub-contracting model, where the airport grants concession rights to its various advertising spaces to multiple advertising companies, towards a business model based on granting exclusive concession rights to all advertising spaces to a single advertising company. The majority of market participants in airport advertising conduct their operations through non-exclusive arrangements with airports and various forms of transportation media. As the market continues to grow and develop, it is expected that the market will consolidate as more airport and metro lines advertising shift towards exclusive management of advertising spaces by a single advertising company.

Market Drivers

Government investment. Growing government investment on infrastructure construction, including airport construction, extension and refurbishment, has driven an increase in number of airports in Greater China. Airport construction and refurbishment typically includes the construction of new airports and terminals as well as the improvement and expansion of existing airports. Investment in civil aviation infrastructure in China increased from RMB59.5 billion in 2009 to RMB72.0 billion in 2013, and it is expected to further increase to RMB78.6 billion by 2018. The aggregate amount of investment in civil aviation infrastructure in China for 2014 to 2018 is expected to total approximately RMB379.7 billion, according to the Frost & Sullivan Report.

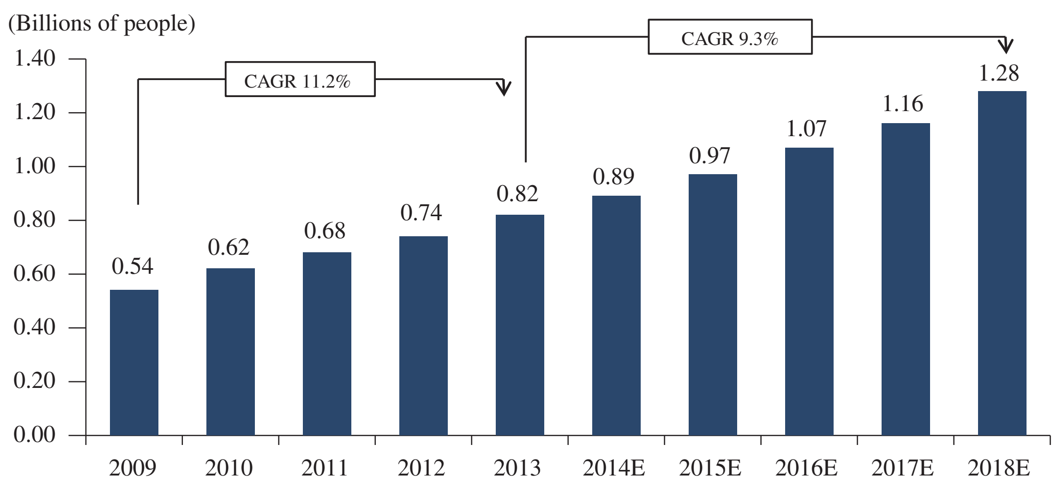
Improving living standards. Due to improving income levels and living standards in China, air travel has become a commonly used means of long distance transportation. The future development of airport advertising will be supported by its higher end, upscale audience comprised of passengers with more purchasing power. In particular, advertisers, especially those in luxury products and cosmetics industries, are expected to continue targeting airport passengers as a desirable audience, and to focus more on airport advertising.

Airport Advertising Revenue

Airport advertising revenue in China increased from US$1.2 billion in 2009 to US$2.2 billion in 2013. According to the Frost & Sullivan Report, airport advertising revenue in China is forecast to further increase to US$3.78 billion by 2018.

Airport Passenger Throughput

Airport passenger throughput in Greater China increased from 540 million in 2009 to 820 million in 2013, representing a CAGR of approximately 11.2%, and is expected to further increase to 1.28 billion by 2018, representing a CAGR of approximately 9.3%. The graph below sets forth the historical and forecast passenger throughout in airports in Greater China for the years indicated.

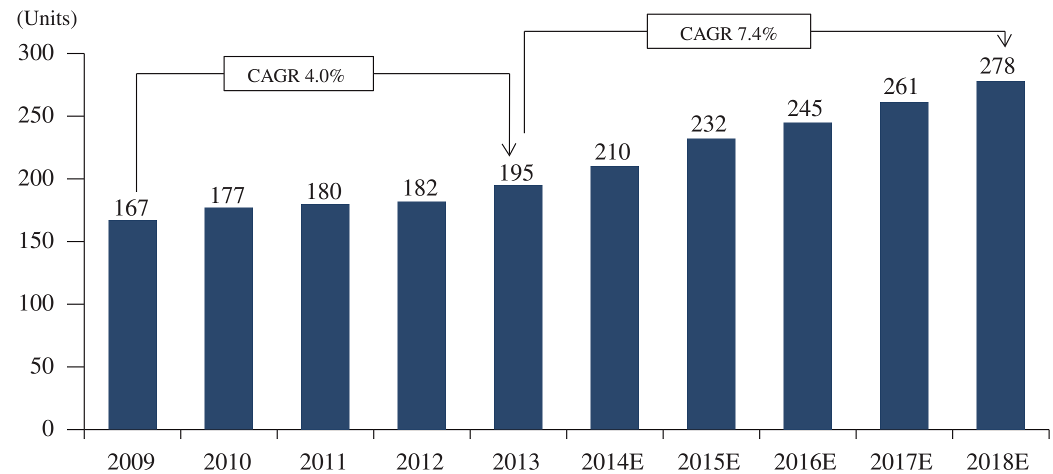


Source: Frost & Sullivan Report

Driven by the increase in passenger throughput and partially funded by government investment, the number of airports and, consequently, the aggregate floor area of airport terminals in China, is expected to increase.

Number of Airports

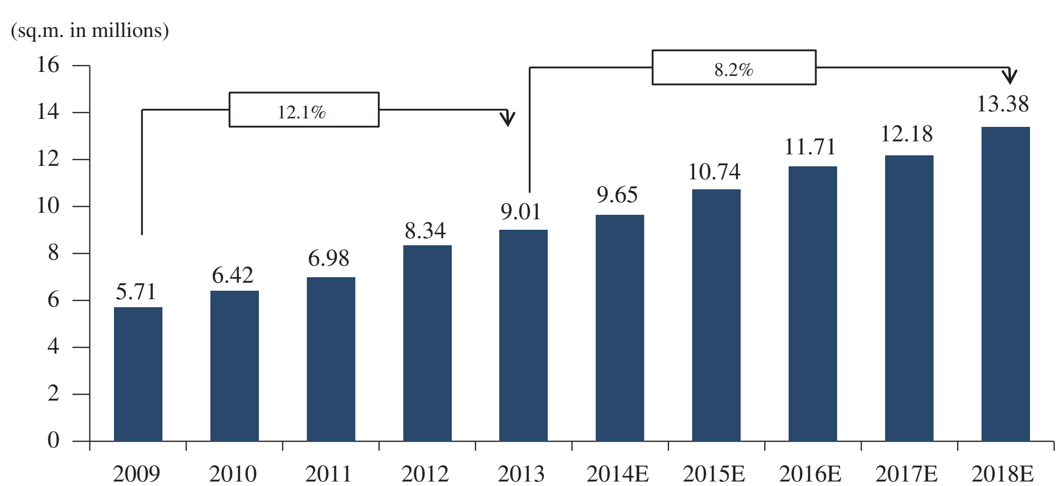
The number of airports in Greater China increased from 167 in 2009 to 195 in 2013, and is expected to further increase to 278 by 2018. The graph below sets forth the historical and forecast number of airports in Greater China for the years indicated.



Source: Frost & Sullivan Report

Floor Area of Airport Terminals

According to the Frost & Sullivan Report, the floor area of the terminals of the top 30 airports in Greater China was approximately 9.01 million square meters in 2013, and is expected to further increase to 13.38 million sq.m. in 2018 as new terminals are constructed and existing terminals are refurbished. As such, available advertising spaces in airports is expected to increase along with the increase in the floor area of airport terminals. The graph below sets forth the historical and forecast growth in the aggregate floor area of airport terminals for the top 30 airports in China for the years indicated.



Source: Frost & Sullivan Report

Entry Barriers

The main entry barriers to the airport advertising market in Greater China include the following:

- ***Airport security measures.*** Airports have high standards of security and safety. Airports need to ensure that advertisements do not interfere with the safety and airport operations. Without sufficient years of experience and standardised operating procedures, it is difficult of new market entrants to comply with these stringent requirements.

- ***Established relationships with airports.*** As major market participants in airport advertising have developed, long-term, stable relationships with owners of airports, and occupied more favourable media resources, new market entrants may have difficulty obtaining advertising spaces in advantageous locations and in forming media networks across multiple cities to compete with existing market participants. In addition, new market entrants will have difficulty competing with current market participants with established media networks for advertisers seeking to extend their geographical reach.

- ***Technology.*** Existing major market participants have the advantage of experience and access to technological capabilities and resources, allowing them to provide more effective airport advertising solutions. They are also supported by their existing operations and greater capital, which allows them to invest in newer technology for the development of more innovative airport advertisement solutions, which newer market entrants may not have.

METRO LINE ADVERTISING

Metro line advertising is characterised by a large and diverse passenger throughput and the interior of trains creating a captive environment. In addition, the metro station and train platform areas provide advertisers with the opportunity to dominate a large space with their advertising message. Metro line advertising also allows advertisers to take advantage of commuters' time spent out-of-home while in transit.

Market Drivers

The metro line advertising market is expect to continue being driven by urbanisation, increased passenger throughput and higher standards of living.

Urbanisation. As urbanisation continues in China, rural populations have migrated to urban areas, which has led to increased use of public transportation systems. The central and regional governments are expected to continue investing in construction and expansion of urban metro systems to meet increased demand. As newly-constructed metro lines open, it will create a large number of advertising spaces, which will drive the development of this segment market.

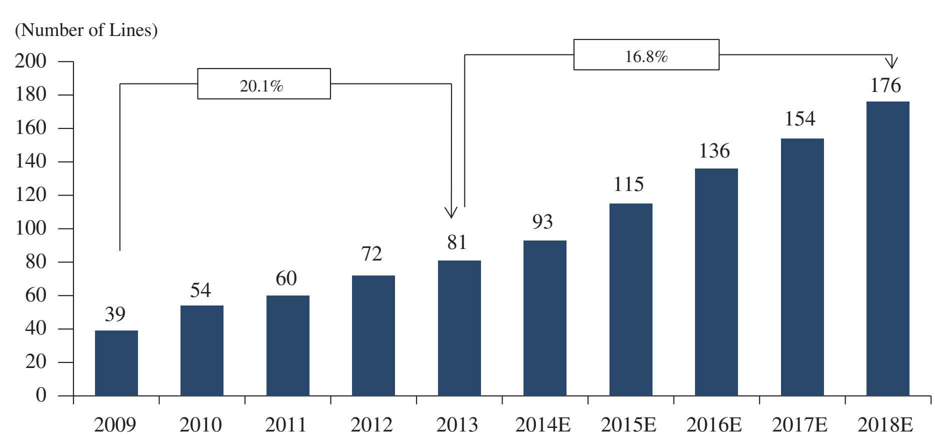
Higher living standards. As living standards in China have increased, travel by metro line has become one of the most common and important methods of public transportation. As the audience of metro advertisement increases, advertisers are expected to focus more on metro advertisement media, which is expected to drive the development of this segment.

Metro Line Advertising Revenue

Metro line advertising has grown, and is expected to continue growing, at a rapid pace. According to the Frost & Sullivan Report metro line advertising revenue in China more than doubled from US$0.2 billion in 2009 to US$0.6 billion in 2013, and it is expected to further increase to US$3.8 billion by 2018.

Number of Metro Lines

Metro lines in the cities usually have a large and steady passenger volume. As a key part of daily routine of customers, metro lines present numerous opportunities for advertising. An increasing amount of metro space being reserved for advertisement, with the income generated from this aspect gradually increasing. As Hong Kong's transportation system expands and improves, new metro lines, such as West Island Line, Shatin to Central Link, South Island Line and Kwun Tong Line Extension in Hong Kong are expected to provide significant development space for out-of-home advertisement. The number of operating metro lines increased quickly from 39 lines in Greater China in 2009 to 81 lines in 2013, representing a CAGR of approximately 20.1%. As various cities in Greater China carry out their infrastructure improvement plans, the number of operating metro lines in Greater China is expected to grow from 81 lines in 2013 to 176 lines by 2018. The graph below sets forth the historical and forecast number of metro lines in Greater China for the years indicated.



Source: Frost & Sullivan Report

Entry Barriers

The main entry barriers to the metro line advertising markets in China and Hong Kong include the following:

- ***Stringent safety standards.*** Metro lines have high safety standards. These safety standards are difficult to comply with due to the large number of advertising units, short display period of advertisements and limited hours when installation, maintenance and dismantlement of advertisements can take place. This is a significant consideration for advertising operators, who must be able to comply with these requirements in order to operate in metro lines. Without sufficient years of experience and standardised operating procedures, it is difficult for new market entrants to comply with these stringent requirements.

- ***Established relationships with metro lines.*** Major players in metro advertising market have already developed long-term and stable relationships with owners of metro lines, and occupy a large proportion of favourable media resources, which makes it difficult for new entrants to compete for media resources in key locations.

- ***Talent management.*** Existing market participants in the metro line advertising market, especially large advertising agencies, are better capitalised and have better quality employees, which provide them with a competitive advantage over new market entrants in terms of experience, organisation and access to resources.

COMPETITIVE LANDSCAPE

Airport Advertising Market Rankings

Exclusive Airports

The table below sets forth the ranking of the top privately-owned media companies in the airport advertising market in Greater China in terms of number of exclusive airports and in terms of revenue from exclusive airports in 2013.

Ranking	Privately-owned media companies	No. of exclusive airports	Ranking	Privately-owned media companies	Revenue[(1)]	Market share
					(RMB billions)	
1	Asiaray	25	1	Asiaray	0.51	3.63%
2	Company A	5	2	Company B	0.36	2.56%
3	Company B	4	3	Company A	0.06	0.43%

(1) Rankings are based on a comparison of out-of-home advertising revenue derived from exclusive arrangements with airports. Revenue consolidation is based on International Accounting Standards and excludes revenue from associates over which the company does not exercise control (i.e. holds less than 50% ownership).

Exclusive and Non-exclusive Airports

The table below sets forth the ranking of the top media companies in the airport advertising market in terms of revenue from exclusive and non-exclusive airports in 2013.

Ranking	All media companies	Number of airports(1)	Ranking	All media companies	Revenue(2)	Market share
					(RMB billions)	
1	Company C(3)	44	1	Company C(3)	1.50	10.68%
2	Company A	31	2	Company A	1.42	10.13%
3	Asiaray	28	3	Company D(3)	1.05	7.47%
4	Company E	24	4	Asiaray	0.59	4.20%
5	Company F(3)	15	5	Company B	0.56	3.99%
5	Company G	15				

(1) Number of airports includes any airport in which the relevant company operates at least one media resource unit in any format.

(2) Rankings are based on a comparison of advertising revenue from airports. Revenue consolidation is based on International Accounting Standards and excludes revenue from associates over which the company does not exercise control (i.e. holds less than 50% ownership).

(3) Company C, Company D and Company F are airport operations companies which also conduct advertising operations in China. They are also state-owned enterprises and/or owners of the land on which the relevant airports are located.

Metro Line Advertising Market Rankings

Exclusive Metro Lines

The table below sets forth the ranking of the top privately-owned media companies in the metro line advertising market in Greater China in terms of number of exclusive metro lines and revenue from exclusive metro lines in 2013.

Ranking	Privately-owned media companies	No. of exclusive metro lines	Ranking	Privately-owned media companies	Revenue(1)	Market share
					(RMB billions)	
1	Company B	37	1	Company B	1.42	31.86%
2	Company J	12	2	Company J	0.58	13.01%
3	Asiaray	6	3	Asiaray	0.23	5.16%

(1) Rankings are based on a comparison of advertising revenue from metro lines. Revenue consolidation is based on International Accounting Standards and excludes revenue from associates over which the company does not exercise control (i.e. holds less than 50% ownership).

Exclusive and Non-exclusive Metro Lines

The table below sets forth the ranking of the top media companies in the metro line advertising market in Greater China in terms of revenue from exclusive and non-exclusive metro lines in 2013.

Ranking	All media companies	Number of metro lines(1)	Ranking	All media companies	Revenue(2)	Market share
					(RMB billions)	
1	Company B	37	1	Company B	1.42	31.86%
2	Company H	32	2	Company J	0.58	13.01%
3	Company I	27	3	Company H	0.31	6.96%
4	Company J	12	4	Asiaray	0.23	5.16%
5	Asiaray	6	5	Company K(3)	0.21	4.71%
5	Company K(3)	6				

(1) Number of metro lines includes any metro line in which the relevant company operates at least one media resource unit in any format.

(2) Rankings are based on a comparison of advertising revenue from metro lines. Revenue consolidation is based on International Accounting Standards and excludes revenue from associates over which the company does not exercise control (i.e. holds less than 50% ownership).

(3) Company K is a state-owned enterprise.

SOURCE AND RELIABILITY OF INFORMATION

In connection with the Global Offering, we have engaged Frost & Sullivan to conduct a detailed analysis and prepare an industry report on the advertising and out-of-home advertising markets in China and Hong Kong. We incurred approximately HK$0.96 million in fees and expenses for the preparation of the Frost & Sullivan Report. The payment of such amount was not contingent upon our successful Listing or on the results of the Frost & Sullivan Report. Except for the Frost & Sullivan Report, we did not commission any other industry report in connection with the Global Offering.

Frost & Sullivan is an independent global consulting company which was founded in 1961 and is based in the United States. Services provided by Frost & Sullivan include market assessments, competitive benchmarking, and strategic and market planning for a variety of industries. We have included certain information from the Frost & Sullivan Report in this prospectus because we believe such information facilitates an understanding of the market in which we operate for potential investors.

Frost & Sullivan's independent research was undertaken through both primary and secondary research obtained from various sources. Primary research involved interviews with leading industry participants. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected total market size was obtained from historical data analysis plotted against macroeconomic data as well as specific industry drivers. Frost & Sullivan's research may be affected by the accuracy of these assumptions and the choice of these parameters.

The Frost & Sullivan Report was compiled based on, among other things, the below assumptions:

- The social, economic and political environment in China and Hong Kong will remain stable during the forecast period.

- Related industry key drivers are likely to drive the market in the forecast period.

See "Risk Factors – Risks Relating to this Prospectus."

OVERVIEW

We are a leading out-of-home media company with a strategic focus on airport and metro line advertising. For Greater China in 2013, we were ranked first among privately-owned media companies in terms of revenue from, and number of, airports with exclusive concession rights to mainstream media resources, and ranked third among privately-owned media companies both in terms of revenue from, and number of, metro lines with exclusive rights to mainstream media resources, according to the Frost & Sullivan Report. For Greater China in 2013, we were ranked fourth among all media companies both in terms of all advertising revenue from airports and in terms of all advertising revenue from metro lines, according to the Frost & Sullivan Report. In the same year, we were ranked third in terms of number of airports where we had advertising operations and fifth in terms of number of metro lines where we had advertising operations, according to the Frost & Sullivan Report. We are also one of the two out-of-home media resources companies operating in the metro lines segment in Hong Kong. We draw upon our deep knowledge of and experience in space management to deliver integrated, creative out-of-home media solutions to advertiser customers, which enable them to develop a more powerful connection with consumers.

Our media resources consist of advertising spaces in airports, metro lines, alongside expressways and on commercial buildings in 33 cities throughout Greater China. All of these media resources are located in metropolitan areas with dense populations. As at the Latest Practicable Date, our media resources included: (i) 25 airports where we have exclusive concession rights to mainstream media resources; (ii) one airport where we have non-exclusive concession rights to mainstream media resources; (iii) 10 metro lines where we have exclusive rights to mainstream media resources; and (iv) 360 billboards in Greater China.

We strategically focus on airports and metro lines. We target the media resources in these transportation means due to the high levels of passenger traffic and generally widespread use and accessibility in Greater China. Airports have large captive audiences due to long waiting times and frequent passenger traffic. Metro lines typically have high levels of passenger traffic on a daily basis. As more airports and metro lines are constructed to accommodate increasing levels of passenger traffic and urbanisation, we believe that advertising opportunities in airports and metro lines will increase, and that media resources in airports and metro lines will continue to be desirable and sought-after. Our media solutions also include billboards and building solutions which have widespread visibility and accessibility in major cities, and also complement our airports and metro lines to provide total, integrated media resources solutions to advertiser customers. We believe we will have increasing opportunities to showcase our creativity and space management by creatively using technologies, applications and techniques in our billboards and building solutions.

Out-of-home advertising in China has experienced steady growth in recent years, driven by the growth in China's economy, increased income levels and higher standards of living, as well as growth in the travel by airplane, metro lines and other modes of transportation as urbanisation progresses. According to the Frost & Sullivan Report, China's out-of-home advertising market is forecasted to grow at a CAGR of approximately 18.4% from 2013 to

2018, making it one of the fastest growing out-of-home advertising markets in the world. Out-of-home advertising is expected to represent an increasingly larger percentage of total advertising spending, as more advertiser customers choose it to effectively target mobile and urbanised target audiences in a cost-effective way. In particular, airport advertising in China is expected to increase from US$2.2 billion in 2013 to US$3.8 billion by 2018, and metro line advertising in China is expected to increase from US$0.6 billion in 2013 to US$3.8 billion by 2018, according to the Frost & Sullivan Report.

Along with the growth in the PRC advertising industry, we have also grown rapidly in recent years. Our revenue increased from HK$717.5 million in 2011 to HK$953.1 million in 2012, or by 32.8%, and from HK$953.1 million in 2012 to HK$1,211.3 million in 2013, or by 27.1%, representing a CAGR of 29.9%. Our revenue was HK$612.1 million for the six months ended 30 June 2014.

Our advertiser customers represent a wide spectrum of industries, including automotive, retail, fashion, food and beverage and real estate. Our advertiser customers generally consist of advertising agencies as well as advertiser customers themselves, which include well-known international and domestic companies, such as Tencent, Samsung Electronics, BMW, Nissin Foods, Ermenegildo Zegna, H&M, The Wrigley Company, Sun Hung Kai Properties and Circle K.

We derive revenue principally by selling advertising spaces. We also provide design or other creative services to our advertiser customers for specific projects. To this end, we view ourselves as the managers of the space with which media resources owners have entrusted to us, which distinguishes us from the traditional "buy wholesale, sell retail" approach. Our space management approach is embodied in two primary objectives that work together in synergy to:

- enhance the overall ambience and optimise the commercial value of airport terminals, metro stations and trains, cityscapes, office buildings and shopping malls through the management and operation of media resources; and

- make creative use of all available space in or on an airport, metro station, train or billboard to enhance the overall impact of the advertisement, for the benefit of our advertiser customers.

COMPETITIVE STRENGTHS

We believe our success and our ability to capitalise on future growth opportunities are indicative of our competitive strengths, which include:

We have exclusive, long-term concession rights to our media resources.

Where possible, we secure our media resources on an exclusive, long-term basis with a view towards having the exclusive rights to all of the advertising spaces in or on the airport or the entire metro line. Our arrangements with the media resources owners generally range from one to 15 years. Many of these arrangements also grant us first rights of refusal to new or additional advertising spaces in the same venue. As at the Latest Practicable Date, we had exclusive concession rights to mainstream media resources in 25 airports and 10 metro lines, and exclusive concession rights to all of our billboards and building solutions in our network. Our exclusive, long-term rights to media resources offers the following competitive advantages to our advertiser customers:

- Our exclusivity over all the mainstream media resources in these airports and metro lines allows us to give our advertiser customers choice and flexibility in locations for placing their advertisements. We are also not limited to traditional advertising formats, but have the ability and capacity to creatively use additional spaces such as floors, ceilings and pillars in a venue.

- Our long-term concession rights allow us to provide our advertiser customers with reliable media resources for a longer term.

In addition, the duration and exclusivity of these arrangements also create effective barriers to entry for potential competitors for the media resources in our network because they:

- give us more control over price determination, as we are not subject to pricing pressures from competitors;

- give us greater control over the overall use of the advertisements;

- allow us to offer more advertising spaces for longer periods of time, which will give us an advantage with larger advertiser customers who require greater advertising coverage; and

- give us the benefit of economies of scale in those exclusive airports or metro lines.

Furthermore, we believe our working experience and relationships with our media resources owners will facilitate and enable us to renew our concession rights, and make it less likely that competitors will be able to obtain the rights to the advertising spaces in our network.

We are a market leader with an extensive nationwide network of media resources.

We had established a nationwide network of media resources in airports, metro lines and billboards in 33 cities in Greater China as at the Latest Practicable Date. Our presence and brand are well-established in these cities, and our distinctive "Asiaray" logo is generally displayed on our media resources which ensures that advertiser customers, consumers and other media resource owners remain aware of our presence and dominance in the out-of-home media industry in Greater China. We had expanded the number of airports and metro lines in our network in recent years from 21 and six as at 31 December 2011 to 26 and 10, respectively, as at the Latest Practicable Date.

Airports. According to the Frost & Sullivan Report, we ranked first among privately-owned media companies in terms of number of airports where we have exclusive rights to mainstream media resources in Greater China in 2013. As at the Latest Practicable Date, we had exclusive concession rights to mainstream media resources in 25 airports and non-exclusive concession rights to mainstream media resources in one airport in Greater China. We have exclusive arrangements with nine of the 30 largest and busiest airports in China. According to the Frost & Sullivan Report, approximately 181.0 million passengers traveled through our 25 exclusive airports in 2013, which represented approximately 22.1% of total passenger throughput of all airports in Greater China in 2013.

Metro Lines. We ranked third among privately-owned media companies in terms of number of metro lines where we have exclusive rights to mainstream media resources in Greater China in 2013. As at the Latest Practicable Date, we had exclusive rights to mainstream media resources for 10 metro lines in Greater China. We are also one of two out-of-home media companies operating in the metro lines segment in Hong Kong. We have a prominent presence in six metro lines in Hong Kong and Shenzhen.

Billboards. Our media resources also include exclusive rights to the advertising spaces in 11 shopping malls and certain buildings developed by the MTR Corporation Limited. In addition, we have premium billboards adjacent to major roads and expressways and commercial buildings in Hong Kong, Shanghai, Chengdu, Qingdao and Guangzhou. As at the Latest Practicable Date, we had concession rights to 360 billboards. These media resources are located near dense populations and generally connected to major transit hubs.

Our well-developed space management approach enables us to create value for our advertiser customers and media resources owners.

We have been providing integrated media solutions to most of our advertiser customers in China and Hong Kong since 1993. We have adopted a space management approach through which we seek to enhance the overall ambience and optimise the commercial and intrinsic value of airport terminals, metro stations and trains, cityscapes, office buildings and shopping malls by making creative use of spaces for advertising purposes. Under this approach, we develop innovative media solutions for our advertiser customers, which allow them to connect with consumers. Our space management approach allows us to extend media solutions beyond traditional advertising formats. In particular, our media solutions:

- provide advertiser customers choice and flexibility in locations for placing their advertisements and make use of non-traditional advertising formats such as floors, ceilings and pillars;
- creatively use all available space, rather than being confined to a single advertising space;
- engage consumers in an interactive experience by the innovative use of technology and digital media; and
- extend beyond the visual to stimulate consumers' sense of smell, touch, hearing and taste.

Our exclusive concession rights enable us to implement our space management since we are able to use all the mainstream media resources in the airport or metro line. The following are key examples of our space management abilities:

- ***Sugus***. We designed an interactive campaign for Sugus in MTR Kowloon Tong Station making use of floor stickers to attract passengers' attention to a wallscape in a less-frequented area of the MTR station where they had the opportunity to collect free magnetic stickers printed with lunar new year messages.

- We maximised usable space at five MTR stations by applying advanced technology. We collaborated with a Hong Kong theme park operator and implemented a mobile application which allowed users to participate in an interactive ghost-hunting game through scanning Halloween-themed stickers, as well as placing advertisements throughout the MTR station, including in second-tier spaces within these facilities.

- ***Old Town White Coffee***. We designed an advertising campaign for Old Town White Coffee in MTR Kowloon Tong Station, making use of a passageway and an area filled with structural pillars to simulate the look and feel of an old-style bazaar, and further enhanced this experience by piping coffee aroma into the area to appeal to consumers' sense of smell.

We have a well-known and diverse advertiser customer base.

Our 20-year track record and reputation for providing innovative media solutions has enabled us to build a strong and diversified advertiser customer base, comprising of leading, well-known international and domestic advertiser customers, representing a variety of industries including automotive, retail, fashion and food and beverage and real estate. Our advertiser customers include 111 of *Fortune* magazine's Global Top 500 companies in 2013 and 88 of *Fortune* magazine's China Top 500 companies in 2013. Our advertiser customers also include eight of the top 10 third-party advertising agencies in the Asia-Pacific region. We have a nationwide sales network with sales offices in 17 cities in Greater China and a marketing and sales team of 331 employees responsible for building and maintaining relationships with our advertiser customers.

Our expertise and proven track record in developing innovative media solutions has been instrumental to our ability to win new advertiser customers and maintain our diverse advertiser customer base. Although we have long-standing relationships with many of our advertiser customers, we do not rely on any particular customer. We believe that our diversified customer base provides us with:

- greater familiarity with the advertising budgets of our customers, which aids us in planning for our operations, facilitating proactive marketing to advertiser customers; and

- the ability to enhance the ambience of an airport or metro line with a selection of different advertisements from a wide range of advertiser customers.

We have a visionary management team with extensive industry knowledge and collaborative connections.

We have an experienced management team led by our visionary founder and chairman, Mr. Lam, who has over 20 years of experience in the out-of-home media industry. Guided by our corporate values of integrity, excellence and benevolence, he has been instrumental in expanding our business from airport and metro line advertising in China to providing media solutions to a vast array of leading international and China branded customers in 33 cities throughout China and Hong Kong. Our experienced senior management team, many of whom have over 10 years of experience in the advertising and out-of-home advertising industries, has a proven track record of identifying airports, metro lines and premium commercial buildings and billboards that are core to our business strategies, and successfully completing the addition of, and building the commercial and intrinsic value of media resources, new airports, metro lines, premium commercial buildings and billboards to expand and further develop our business. Our senior management team is able to build the intrinsic value of our media resources for our media resources owners and advertiser customers by applying their experience and industry knowhow. They also oversee our four main centralised functions of marketing, operations, finance and sales, which support both our day-to-day operations and business expansion. Our central marketing unit spearheads marketing activities and provides strategies, proposals and research. Our central operations unit is responsible for general operations. Our central finance unit ensures our financial reporting, financial management and cost control measures conform to our internal policies. Our nationwide sales network maintains our relationships and connections with our numerous advertiser customers nationwide. Many of our senior management team members have been with our Company for over seven years and have contributed to our continued success throughout the years. Their experience in the industry have forged many valuable connections to both advertiser customers and potential business partners, which benefit us as we continue to expand and increase our media resources.

BUSINESS STRATEGIES

Our objective is to leverage our leading position in the out-of-home media industry and utilise our capability and experience in media space management to maximise profitability and value for our shareholders. In particular, we intend to take advantage of the rapid growth in the airport and metro line advertising markets. We intend to grow our business by implementing the following strategies.

We will maximise the profitability of our existing media resources.

We ranked first among privately-owned media companies in terms of revenue and number of airports with exclusive concession rights to mainstream media resources and third among privately-owned media companies in terms of number of metro lines with exclusive rights in Greater China in 2013, according to the Frost & Sullivan Report. We have been successful in leveraging our leading market position and experience to grow the profitability of our media resources. We believe that we can further optimise and maximise the profitability of our existing media resources by leveraging our strong market position and experience. We intend to do so by:

- ***Increasing the utilisation of our media resources***. We intend to reduce downtime by employing more effective management and tools to enhance work flow. We also intend to reduce vacancy rates of our media resources by making more creative use of existing advertising spaces, implementing more marketing initiatives and enhancing our sales force, thereby attracting more advertiser customers.

- ***Enhancing and increasing available advertising spaces***. We seek to make use of and enhance all available space, rather than the limited area of a single advertising space such as a billboard or light box display. For example, we may make use of floor spaces, pillars and ceiling spaces in metro stations, as well as the interiors and exteriors of trains for our media resources. We may also enhance the advertising spaces by integrating newer technologies, applications and techniques. This increases and enhances our sellable advertising space and provides additional advertising options for our advertiser customers.

- ***Strategically pricing our media resources***. We will adjust the pricing of our media solutions. For example, we may increase prices in line with traffic flow in the airports and metro lines as increased number of passengers enhances the value of the advertising spaces. We may also increase prices for media resources which creatively integrate newer technologies, applications and techniques.

- ***Offering tailor-made advertising solutions***. We continue to emphasise the value-add that we can offer through our media solutions, proactively tailoring advertising solutions to meet the specific needs of our advertiser customers. We believe this will allow us to build advertiser customer loyalty and retain more advertiser customers, while attracting new advertiser customers seeking effective media solutions, thus increasing our revenues and profitability.

We will increase and enhance our media resources, especially in airports and metro lines.

We aim to continue expanding our operations and increasing the number of airports and metro lines and other media resources in our network. We may do so through entering into concession rights contracts with new airports or metro lines, establishing additional joint ventures, acquisitions or exercising our first rights to new or additional media resources under our existing arrangements. Leveraging on our existing nationwide sales network and centralised supporting operations as we continue to expand, we believe we will be able to capture additional market share as cities throughout China continue to develop and grow. Due to our leading market position and many years of experience, we have accumulated a considerable amount of operational data that we can utilise in bidding for new projects. This allows us to perform a realistic revenue projection and cost analysis in order to evaluate the desirability of engaging a new airport or metro line.

Airports. We expect the airport media industry to evolve from the current "media underwriting" business model, where the airport grants concession rights to its various advertising spaces to multiple media companies, towards a business model based on granting exclusive concession rights to all of its mainstream media resources to a single media company. According to the Frost & Sullivan Report, between 2013 and 2018, the number of airports in Greater China is expected to increase from 195 in 2013 to 278 in 2018. We will continue to assess expected profitability, growth potential, geographic location and passenger traffic in deciding what airports to target in our expansion. In 2013, 15 of the top 30 airports in Greater China were operated under exclusive arrangements while the remainder were operated through "traditional media underwriting." We believe that the business model for airport advertising will shift to exclusivity and that we are well-positioned to take advantage of these opportunities. As a leading market participant, we have extensive experience and proven success, as demonstrated by our existing exclusive arrangements with 25 airports including nine of the top 30 airports in Greater China. We believe we are well-positioned to secure concession rights from additional airports. Several of the airports where we already have concession rights are in the process of expanding. As at the Latest Practicable Date, new terminals were under construction at Zhengzhou Xinzheng International Airport, Haikou Meilan International Airport and Urumqi Diwopu International Airport, which will result in the addition of an aggregate of approximately 1.1 million sq.m. of space to those airport facilities.

Metro Lines. As at the Latest Practicable Date, we had increased our number of metro lines to 10 after adding four metro lines to our media network. Many cities will continue to implement or expand urbanisation plans, which typically include the improvement of public transportation. The number of metro lines in Greater China increased from 39 in 2009 to 81 in 2013 and is expected to further increase to 176 in 2018, according to the Frost & Sullivan Report. Accordingly, we will continue to target metro lines which will be part of city-wide transportation networks. In cities where we already have a presence, we can utilise and benefit from our existing local operations team to quickly set up and support new operations.

High Speed Rail. We are well-positioned to expand our operations to the high speed rail network when the opportunity arises and our industry experience will give us advantages. We believe there is a significant degree of similarity in airports and high speed rail transportation networks in terms of passenger traffic and visibility. We also believe high speed rail will be a venue where many of our existing advertiser customers would like to advertise, and we will be able to make use of these existing connections to capture additional opportunities to increase our revenue as we expand.

Billboards and Building Solutions. We will selectively focus on billboards in strategic locations in city centres with dense populations, connected to major transit hubs and have a high-visibility profile to form part of the cityscape. We believe that the strategic locations and high visibility of our billboards give advertiser customers the opportunity to engage in high-profile brand building, for which they are typically willing to set higher budgets. Building on our success in Hong Kong, we will continue to target advertiser customers willing to spend more for unique, creative advertising solutions.

We will focus on adding value to our tailor-made media solutions by utilising our space management approach.

In most of our exclusive arrangements with airports and metro lines, we have been entrusted by the owners of these locations to manage the vast majority of their interior spaces, subject to relevant safety guidelines. We have accumulated a vast amount of experience and gained recognition from our media resources owners. With our space management approach, we are able to build commercial and intrinsic value of media resources to extend beyond the simple provision of advertising space for our advertiser customers' campaigns. Using our innovative and creative means, we believe we have added value for our media resources owners by improving the overall ambience and optimising the commercial value of airport terminals, metro stations and trains, cityscapes, office buildings and shopping malls, which in turn improves the travel experience for passengers and commuters. Accordingly, in 2012, we began providing building solutions under our space management approach, and expect to continue assisting advertiser customers with their projects.

We intend to use our capability and experience in space management to continue to focus on offering comprehensive and tailor-made media solutions to our advertiser customers. In doing so, we intend to:

- leverage our creativity and use of technology to overcome the physical limitations naturally present in the airports, metro lines and buildings;

- use digital media and other technology as tools to enhance our creativity rather than as a solution or replacement for traditional media;

- engage independent research agencies to conduct market research on passenger traffic and profiles to cater to advertisers desiring a more precise, targeted marketing campaign; and

- create a more interactive experience for consumers by appealing to their sense of smell, touch, hearing and taste in addition to vision.

We will further improve our management system and sales network.

In order to facilitate our expansion plans, we have developed and will continue to improve our management and organisational functions and capabilities to ensure our new projects are established in a rapid, orderly manner. Our key centralised functions comprise our centralised marketing, operations and finance units and a nationwide sales network. We currently have 331 employees in 17 cities across Greater China responsible for our marketing and sales activities. As we obtain additional media resources across China, we intend to gradually increase the size of these units accordingly. For example, we will continue to build and develop our local marketing and sales teams in additional cities in China and further strengthen our relationships with advertisers. We will also seek to increase the number of our operations employees so that we can carry out installation and maintenance works more efficiently.

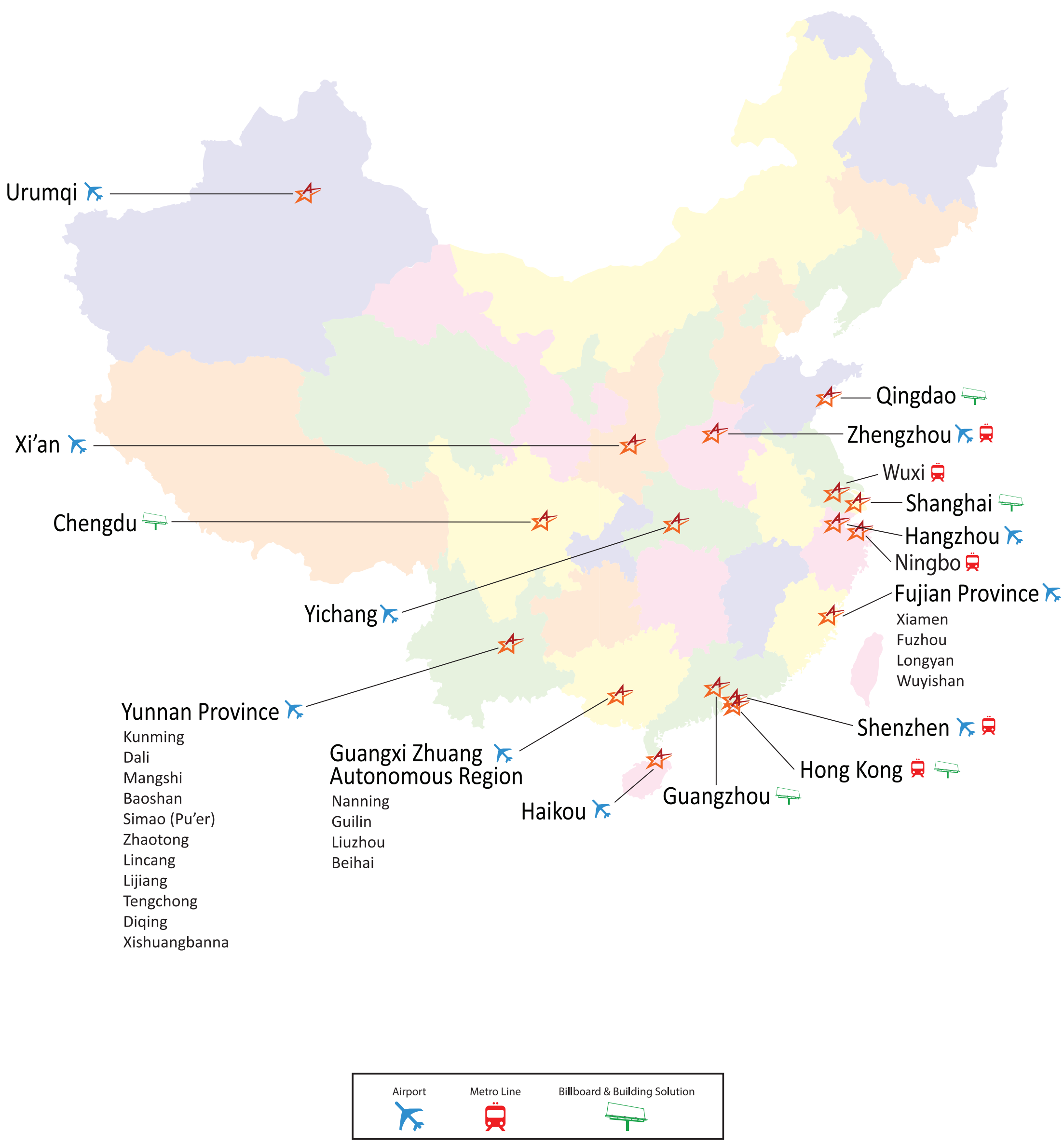
We will continue to improve the efficiency of our internal management by improving our information technology systems. We intend to improve our management information system by further integrating its various functions, including sales management and media resources booking for better information sharing across our operations. In particular, we intend to improve the efficiency of our management information system for metro lines by automating certain functions. We will continue to improve upon our application of new technologies by maintaining our knowledge library and databases. Our centralised marketing unit provides regular systematic training to team members in each region to strengthen their skill sets. We expect to continue regular meetings with our regional managers on relationship management of local media resources owners, in particular metro lines. We also conduct regular sales trainings using case studies to give our sales team a better understanding of and ability to anticipate the needs of our advertiser customers. These continued improvements will help us to streamline our day-to-day operations as well as ensure the efficiency of our expansion.

In addition to our own employees, we often hire sub-contractors to execute specialised aspects of our integrated media solutions. For example, we may engage a mobile technology expert to program a mobile application for use in connection with an advertising campaign or engage a printing company for the production of printed materials. We will continue to work with and maintain our relationships with these sub-contractors in order to remain up-to-date on the latest trends and developments in their area of expertise. We believe this will allow us to offer our customers a wider range of creative media solutions, supported by the latest technologies, applications and techniques.

OUR MEDIA RESOURCES

We had established a wide network of media resources with operations in 33 cities in Greater China, comprising operations at 26 airports, 10 metro lines and 360 billboards as at the Latest Practicable Date.

The following map sets forth the reach of our network of media resources in China and Hong Kong as at the Latest Practicable Date:



The full name of our exclusive airports and metro lines as at the Latest Practicable Date are:

Exclusive Airports[(1)]

- Shenzhen Bao'an International Airport[(2)]
- Kunming Changshui International Airport
- Hangzhou Xiaoshan International Airport
- Xiamen Gaoqi International Airport
- Urumqi Diwopu International Airport
- Zhengzhou Xinzheng International Airport
- Haikou Meilan International Airport
- Fuzhou Changle International Airport
- Nanning Wuxu International Airport
- Guilin Liangjiang International Airport
- Lijiang Sanyi Airport
- Xishuangbannna Gasa Airport
- Dehong Mangshi Airport
- Yichang Sanxia Airport
- Beihai Fucheng Airport
- Wuyishan Airport
- Liuzhou Bailian Airport
- Tengchong Tuofeng Airport
- Deqen Shangri-La Airport
- Dali Airport
- Baoshan Yunduan Airport
- Pu'er Simao Airport
- Lincang Airport
- Zhaotong Airport
- Longyan Guanzhishan Airport

Exclusive Metro Lines

- Hong Kong MTR East Rail Line
- Hong Kong MTR West Rail Line
- Hong Kong MTR Ma On Shan Rail Line
- Hong Kong MTR Light Rail
- Shenzhen Metro Line No. 3
- Shenzhen Metro Line No. 4
- Ningbo Metro Line No. 1
- Wuxi Metro Line No. 1
- Wuxi Metro Line No. 2
- Zhengzhou Metro Line No. 1

(1) Excludes Xi'an Xianyang International Airport, where we have non-exclusive concession rights to media resources.

(2) For more information, see "Financial Information — Description of Selected Components of Our Statements of Comprehensive Income — Revenue."

Airports

As at the Latest Practicable Date, we had exclusive concession rights to mainstream media resources at 25 airports and non-exclusive concession rights to mainstream media resources at one airport in China. The table below sets forth our exclusive airport media resources as at the Latest Practicable Date.

Location	Business Model[1]	Term[2]	Original Commencement Date	Most Recent Renewal/ Supplemental Contract Date	Expiry Date
Yunnan Province	JV (51%)				
Kunming		7 years (with 7 year conditional renewal option)	June 2012	–	June 2019
Dali		7 years (with 2 year conditional renewal option)	October 2008	January 2014	December 2020
Mangshi		5 years (with 5 year conditional renewal option)	October 2008	January 2014	December 2018
Baoshan		7 years (with 7 year conditional renewal option)	October 2008	January 2014	December 2020
Simao (Pu'er)		7 years (with 7 year conditional renewal option)	October 2008	January 2014	December 2020
Zhaotong		7 years (with 7 year conditional renewal option)	October 2008	January 2014	December 2020
Lincang		7 years (with 7 year conditional renewal option)	October 2008	January 2014	December 2020
Lijiang		7 years	October 2008	January 2016	December 2022
Tengchong		5 years	February 2009	February 2014	February 2019
Diqing (Deqen Tibetan Autonomous Prefecture)		7 years (with 7 year conditional renewal option)	July 2009	January 2014	December 2020
Xishuangbanna (Xishuangbanna Dai Autonomous Prefecture)		5 years	November 2012	–	November 2017
Hangzhou	Direct	5 years (with 3 year conditional renewal option)	March 2010	–	February 2015
Zhengzhou	JV (51%)	9 years & 5 months	July 2007	–	December 2016
Haikou	Direct	10 years	January 2008	–	December 2017
Urumqi	Direct	4 years	December 2010	January 2015[5]	December 2018
Yichang	Direct	10 years	January 2009	–	January 2019
Shenzhen[3]	JV (49%)	10 years	November 2013	–	November 2023
Fujian Province	JV (30%)[4]				
Xiamen		15 years	January 2010	–	January 2025
Fuzhou		15 years	January 2010	–	January 2025
Longyan		15 years	January 2010	–	January 2025
Wuyishan		1 year	November 2013	–	October 2014[6]
Guangxi Zhuang Autonomous Region	JV (40%)				
Nanning		8 years (with 8 year conditional renewal option)	July 2012	–	June 2020
Guilin		8 years (with 8 year conditional renewal option)	July 2012	–	June 2020
Liuzhou		8 years (with 8 year conditional renewal option)	July 2012	–	June 2020
Beihai		8 years (with 8 year conditional renewal option)	July 2012	–	June 2020

(1) For our JV business model, our joint venture entered into concession rights contracts with the media resources owner or concession rights owner. For our direct business model, we entered directly into the concession rights contracts with the media resources owner.

(2) Refers to the term of the concession rights for the media resources. We expect that we will be able to satisfy the conditions for renewal of our concession rights.

(3) Prior to the formation of Shenzhen Airport Asiaray in September 2013, we had non-exclusive concession rights to airport media resources in Shenzhen.

(4) We used to hold 49% but currently hold 30% of Fujian Zhaoxiang Asiaray. Per the terms of a supplemental agreement dated 3 June 2014 between Shanghai Asiaray and our joint venture partner, Xiamen Iport Group Co., Ltd. (廈門翔業集團有限公司) ("Xiamen Iport"), a formal equity transfer agreement dated 20 October 2014 and a supplemental agreement dated 21 October 2014 in relation to the above equity transfer, Shanghai Asiaray has transferred 19.0% of its equity interest in Fujian Zhaoxiang Asiaray to Xiamen Iport for a consideration of approximately RMB10.9 million and Shanghai Asiaray is entitled to 49% of the retained earnings of Fujian Zhaoxiang Asiaray as at 30 June 2014 which was declared as dividends. After the completion of the transfer, Xiamen Iport's interest has increased to 70.0%. Approximately RMB15.2 million which represented the retained earnings as at 30 June 2014 and was declared as dividends to Shanghai Asiaray will be loaned to Fujian Zhaoxiang Asiaray through entrusted loan arrangement with commercial bank(s) for funding its business expansion. This loan is interest-free and unsecured, and has a term of six years. Pursuant to the equity transfer, the joint venture was also renamed Fujian Zhaoxiang Advertising Company Limited (福建兆翔廣告有限公司), and we recorded a gain of approximately HK$1.8 million from the above equity transfer.

(5) The concession rights contract will be automatically renewed upon the expiry date on 31 December 2014.

(6) As at the Latest Practicable Date, we had received a confirmation letter from the media resources owner of the Wuyishan Airport, confirming that we could continue to operate the media resources in Wuyishan Airport under the original concession rights agreement upon its expiry from November 2014 until the new concession rights agreement becomes effective. We are currently negotiating with the media resources owner of the Wuyishan Airport and expect to successfully renew the concession rights agreement.

The table below sets forth our non-exclusive airport media resources as at the Latest Practicable Date.

City	Business Model[(1)]	Term	Original Commencement Date	Most Recent Renewal/ Supplemental Contract Date	Expiry Date
Xi'an	Direct	3 years	November 2003	January 2013	December 2015

(1) We entered directly into the concession rights contracts with the media resources owner.

Metro Lines

As at the Latest Practicable Date, we had exclusive rights to mainstream media resources at four metro lines in Hong Kong, two metro lines in Shenzhen, one metro line in Ningbo, two metro lines in Wuxi and one metro line in Zhengzhou. The table below sets forth our metro line media resources in Greater China as at the Latest Practicable Date.

City/Metro Lines	Business Model[(1)]	Term	Original Commencement Date	Most Recent Renewal/ Supplemental Contract Date	Expiry Date
Hong Kong (MTR East Rail Line, MTR West Rail Line, MTR Ma On Shan Rail Line and MTR Light Rail). .	Direct	2 years	January 2008	January 2014	December 2015

City/Metro Lines	Business Model[(1)]	Term	Original Commencement Date	Most Recent Renewal/ Supplemental Contract Date	Expiry Date
Shenzhen (Metro Line No. 3).	Direct	7 years & 2 months (with 3 year automatic renewal option)	October 2010	–	December 2017
Shenzhen (Metro Line No. 4)	Direct	3 years	July 2010	June 2014	June 2017
Ningbo Metro Line No. 1	Direct	10 years	May 2014	–	April 2024
Wuxi (Metro Lines No. 1 and No. 2)[(2)].	JV	8 years	July 2014 and January 2015	–	June 2022 and January 2023
Zhengzhou[(3)]	JV	Approximately 10 years	In or about January 2015	–	December 2025

(1) We entered directly into the contracts with the media resources owner. For our JV business model, our joint venture entered into concession rights contracts with the media resources owner or concession rights owner. For our direct business model, we entered directly into the concession rights contracts with the media resources owner.

(2) Our operation of Wuxi (Metro Line No. 1) commenced in July 2014 and our operation in Wuxi (Metro Line No. 2) is expected to commence in January 2015. The joint venture agreement between Shanghai Asiaray Advertising Media and Wuxi Metro Advertising Media Company Limited will expire in February 2034.

(3) Henan Daily Newspaper Group (河南日報報業集團) obtained the exclusive concession rights to the media resources in the metro line in Zhengzhou from Zhengzhou Railway Transport Co., Ltd. (鄭州市軌道交通有限公司) in 2013 for 12 years and subsequently entered into a cooperation agreement with our Group on 13 February 2014. We expect to form a joint venture with an operating period of 20 years with Henan Daily Newspaper Group in January 2015. In accordance with the clauses of the cooperation agreement, upon the establishment of the joint venture, Henan Daily Newspaper Group will sign a licence agreement with the joint venture, in which Henan Daily Newspaper Group will release and transfer the concession rights to the media resources in the metro line in Zhengzhou to the joint venture. The licence agreement will terminate in December 2025 upon the expiry of the original concession rights agreement entered into between Henan Daily Newspaper Group and Zhengzhou Railway Transport Co., Ltd.. The term of the licence agreement will be extended in the event that the original concession rights agreement is renewed upon its expiry.

Billboards and Building Solutions

As at the Latest Practicable Date, we had exclusive concession rights to 360 billboards. The table below sets forth our billboards as at the Latest Practicable Date.

City	Number of Billboards	Term	Expiry Date[(1)]
Hong Kong.	298	2 months to 5 years	December 2014 to October 2017
Shanghai	54	1 to 30 years	October 2014 to January 2030
Guangzhou	1	9 years	December 2020
Chengdu.	2	1 year and 9 months	August 2016
Qingdao	5	1 year	January 2015

(1) Expiry date accounts for renewal options which have already been exercised under the relevant contract.

We began providing building solutions in 2012. We had one and two building solutions in the year ended 31 December 2012 and 2013, respectively. From 2012 to the Latest Practicable Date, we had completed a total of six building solutions.

See "Financial Information – Capital and Operating Lease Commitments – Operating Lease Commitments" for further information about fluctuation of our operating lease commitments over the Track Record Period.

Advertising Faces and Formats

Our media resources include over 40 different advertising formats, such as billboards of varying types, light box displays of varying types, unipole signs, escalator crown panels, LED display and features ads (which may combine multiple advertising formats). In addition, our media resources also include unquantifiable spaces such as stickers on wall, ceiling, floor spaces and pillars and other media resources available which are used on a project basis. Each of the airports and metro lines where we have operations has a variety advertising formats. For example, Haikou Meilan Airport has approximately 130 media resources, comprising more than 10 different formats, which can be further grouped into over 60 categories by size.

The table below sets forth our number of advertising faces that incurred sales during the Track Record Period, which include all of our light box displays, unipole signs, escalator crown panels, LED displays and billboards, and exclude media resources which cannot be quantified, such as stickers on wall, ceiling, floor spaces and pillars as at the dates indicated.

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
Airports	1,240	1,548	1,716	1,723
Metro lines	7,696	7,690	7,707	7,696
Billboards	321	320	346	139
Total	**9,257**	**9,558**	**9,769**	**9,558**

OUR BUSINESS MODEL

Our media resources can be classified into three major categories: airports, metro lines and billboards and building solutions. The key elements of our business model are: (i) to secure exclusive long-term rights to media resources; and (ii) to optimise the commercial value of our media resources through effective marketing and management. We may secure these concession rights either by directly contracting with the media resources owners or through joint ventures. In addition to airports, metro lines and billboards, we also provide creative building solutions on a shorter term project-basis to advertisers.

Securing Concession Rights

We and major market participants secure concession rights to media resources through: negotiation or bidding. Negotiation may be conducted directly or through a joint venture. We secured our concession rights for 19 of our 25 exclusive airports and one non-exclusive airport, Xi'an Xianyang International Airport, through negotiation, four of our exclusive airports through open bidding, and two of our exclusive airports through invited bidding. During the Track Record Period, we did not participate in any bidding process for obtaining airport media resources. We secured seven of our 10 exclusive metro lines through bidding and three of our exclusive metro lines through negotiation. During the Track Record Period, our average success rate for obtaining metro line media resources through bidding was approximately 33.3%. We secured our concession rights to billboards and building solutions through either bidding or negotiation. During the Track Record Period, our average success rate for obtaining concession rights to billboards and building solutions through bidding was approximately 80.0%.

We are typically invited to present our business plan and terms to the media resources owners for their consideration. When using joint ventures to secure concession rights, we negotiate and determine the terms of the joint venture arrangement, including the concession rights and concession fees prior to establishing the joint venture. The major benefit of forming joint ventures is the availability of concession rights of a longer duration and exclusivity to media resources, as our joint venture partners are the media resources owners themselves. Concession fees paid by the joint venture to the media resources owners are negotiated based on the amount and location of the advertising spaces, passenger throughput in the airport or on the metro line. Our joint venture partners may also take into consideration future business opportunities that we may be able to provide when negotiating the concession fees. Through the joint ventures, we collaborate with the media resources owners and provide input on the management of advertising space, which we believe increases the potential for longer-term cooperation and development.

We may be invited by media resources owners to present bids or we may submit bids through open bidding for available media resources. The invited bidding process is limited to a smaller number of bidders at the invitation of the media resources owners, compared to open bidding which allows any qualified party to submit a proposal to the media resources owners.

Concession Rights in the PRC

As advised by our PRC Legal Advisers, except for (i) Guangdong Province; (ii) Zhejiang Province; (iii) Hainan Province; and (iv) Xinjiang Uyghur Autonomous Region, the local governments of all the other Provinces in the PRC where the Group operates have not laid down specific requirements relating to the method of obtaining concession rights to media resources. See "Regulations – PRC Regulations – Laws and Regulations Governing the Advertising Business – Concession Rights."

Shanghai Asiaray has obtained the concession rights to the media resources of Shenzhen Bao'an International Airport in Guangdong Province through negotiation. As advised by the PRC Legal Advisers, the Measures of Guangdong Province for Implementing the Tendering and Bidding Law of the PRC (《廣東省實施<中華人民共和國招標投標法>辦法》) is not applicable to the Group's concession rights to the media resources in Shenzhen Bao'an International Airport on the basis that the Shenzhen Bao'an International Airport does not fall into the scope of "trading sites" as interpreted by the Guangdong Development and Revolution Committee. Therefore, the Measures of Guangdong Province for Implementing the Tendering and Bidding Law of the PRC is also not applicable to the granting of concession rights in Shenzhen Bao'an International Airport by Shenzhen Airport Co., Ltd. to Shenzhen Airport Asiaray. Furthermore, the Guangdong Development and Revolution Committee gave an official written confirmation in November 2014 directly confirming that the Measures of Guangdong Province for Implementing the Tendering and Bidding Law of the PRC is not applicable to the Group's concession rights to the media resources in Shenzhen Bao'an International Airport. We have fulfilled all the requirements set out in the negotiation documents and the transfer method, scope of transfer and pricing standards of the concession rights were approved by Shenzhen Airport Co., Ltd. (深圳市機場股份有限公司) which was confirmed verbally by an officer of Shenzhen Airport Co., Ltd. during an interview conducted in August 2014. Shenzhen Airport Co., Ltd. operates Shenzhen Bao'an International Airport, including the advertising spaces in Shenzhen Bao'an International Airport. It is a joint stock company listed on the Shenzhen Stock Exchange (stock code: 000089). The *Administrative Measures of Shenzhen Municipality on Bao'an International Airport* (《深圳市寶安國際機場管理辦法》), published by the Shenzhen Municipal People's Government in 2006, is not applicable to the granting of concession rights of the media resources in Shenzhen Bao'an International Airport, as confirmed by the official of the Airport Division of the Transport Committee of Shenzhen Municipality (深圳市交通運輸委員會深圳空港處) in an interview with our PRC Legal Advisers in September 2014. According to the Airport Division of the Transport Committee of Shenzhen Municipality, the basis of this inapplicability is because: (i) Shenzhen Airport Co., Ltd.'s decision to choose Shanghai Asiaray as its joint venture partner, with the joint venture being the sole media resources operator of Terminal 3 of Shenzhen Bao'an International Airport; (ii) the transfer of concession rights in Shenzhen Bao'an International Airport from the Shenzhen Airport Co., Ltd. to the joint venture, Shenzhen Airport Asiaray, the majority equity of which is owned by Shenzhen Airport Co., Ltd., are considered legitimate business decisions; and (iii) Shenzhen Airport Co., Ltd. has the discretion to determine its business methods, including the operation of the media resources in Shenzhen Bao'an International Airport through a joint venture subsidiary. The PRC Legal Advisers are of the opinion that the officer interviewed from Airport Division of the Transport Committee of Shenzhen Municipality is a competent officer with the authority to provide the foregoing verbal confirmation and that the Airport Division of the Transport Committee of Shenzhen Municipality is a competent governmental authority capable of providing the relevant confirmations.

Shanghai Asiaray has also obtained the concession rights to the media resources of Hangzhou Xiaoshan International Airport in Zhejiang Province through negotiation. Apart from the examination and approval of the Hangzhou Xiaoshan Airport Company Limited, we are not required to go through other examination or obtain other approval. The *Notice on Strengthening the Collection Management of Income for the Use of Outdoor Media Resources* (《關於加強戶外廣告資源有償使用收入徵收管理的通知》) and the *Supplemental Notice on the Relevant Rules on the Collection Management of Income for the Use of Outdoor Media Resources* (《關於戶外廣告資源有償使用收入徵收管理有關規定的補充通知》), published by the Zhejiang Provincial Department of Finance and Department of Construction in 2006 and 2007 respectively, is not applicable to the granting of concession rights of the media resources in Hangzhou Xiaoshan International Airport, as confirmed by the official of Comprehensive Division of the Zhejiang Department of Finance (浙江省財政廳綜合處) and the City Construction Office of the Zhejiang Department of Construction (浙江省建設廳城建處) during interviews with our PRC Legal Advisers in August and September 2014, respectively. The Zhejiang Department of Finance advised that these regulations require that the concession rights to media resources in publicly-owned spaces to be transferred through a bidding or auction process, and since the Hangzhou Xiaoshan International Airport owns its own media resources in the airport, the advertisements therein do not occupy publicly-owned spaces and these regulations are not applicable. As at the Latest Practicable Date, our media resources in Zhejiang Province were all located in the Hangzhou Xiaoshan International Airport. The PRC Legal Advisers are of the opinion that the officer interviewed from Comprehensive Division of the Zhejiang Department of Finance is the competent officer with the authority to provide the foregoing verbal confirmation and the Comprehensive Division of the Zhejiang Department of Finance is the competent governmental authority capable of providing the relevant confirmations.

Hainan Asiaray has obtained the concession rights to the media resources of Haikou Meilan International Airport in Hainan Province through invited bidding, in accordance with the *Advices to the Management of Tenders and Bids of Outdoor Media Resources in Hainan Province* (《海南省戶外廣告資源實施招標拍賣管理的意見》), published by the Finance Department of Hainan Province in 2006.

Shanghai Asiaray has obtained the concession rights to the media resources of Urumqi Diwopu International Airport in Xinjiang Uyghur Autonomous Region through invited bidding, in accordance with the *Management of Occupancy Fee Collection of Outdoor Media Resources in Urumqi* (《烏魯木齊市戶外廣告設施空間資源佔用費徵收管理辦法》), published by the Urumqi Municipal People's Government in 2007.

Our PRC Legal Advisers are of the view that, as far as the Group's activities are concerned, all the concession rights awarded to the Group in the PRC are in full compliance with all relevant laws and regulations in all material respects. As at the Latest Practicable Date, we had not received any notice of penalty regarding the transfer of media resources rights from any government authorities in the PRC.

Airports

We were ranked first among privately-owned media companies in terms of revenue and number of airports with exclusive concession rights to mainstream media resources in Greater China in 2013, with exclusive media resources in nine out of the top 30 airports in Greater China. We had exclusive concession rights to mainstream media resources at 25 of 26 airports in our network as at the Latest Practicable Date. Mainstream media resources in airports include light box displays and unipole signs. We also have concession rights to additional advertising spaces, such as billboards and LED displays, under certain contracts. Airports provide a captive environment and unique ambience for advertisers to build and enhance the perception of their brands large advertising spaces and passengers often have long waiting times before boarding flights. In addition, passengers in airports have generally higher than average disposable income, which makes them a desirable target audience for advertiser customers. In this regard, our advertising displays are typically located in high-traffic locations where passengers spend significant waiting time, such as arrival and departure halls, security check areas, boarding gates, boarding bridges, baggage claim areas and the exteriors of the terminal buildings.

In selecting these airports, we primarily consider the following factors:

- the geographic location of the airport;
- the level of passenger traffic at the airport;
- cost of media resources;
- the amount of media resources and advertising spaces at the airport;
- synergies offered by any of our existing operations in the region; and
- growth potential and future opportunities.

Joint Ventures

In order to secure exclusive concession rights to advertising spaces in airports, we have formed joint ventures with the media resources owner. Our joint venture partners are typically the airport, which may run one or more airports in a province. Our joint venture agreements in Yunnan and Fujian Provinces and Guangxi Zhuang Autonomous Region each cover multiple airports in their respective regions. As at the Latest Practicable Date, we operated joint ventures for 21 out of the 26 airports where we had concession rights.

The table below sets forth a summary of our joint venture arrangements as at the Latest Practicable Date:

Joint Venture Entity	Our Percentage Interest	Joint Venture Partner(s)	Term[(1)]	Year of Expiry	Airports Covered
Yunnan Airport Asiaray	51%	Yunnan Airport Group Limited Liability Company (雲南機場集團有限責任公司) ("Yunnan Airport Company") (25%); Yunnan Aviation Telecommunications Company Limited (雲南民航電信有限公司) (24%)	30 years	2037	Kunming Changshui Lijiang Sanyi Dali Dehong Mangshi Baoshan Yunduan Pu'er Simao Zhaotong Lincang Tengchong Tuofeng Deqen Shangri-La Xishuangbanna Gasa
Henan Airport Asiaray	51%	Henan Zhengzhou Xinzheng International Airport Management Company (河南省鄭州新鄭國際機場管理有限公司) ("Zhengzhou Airport Company") (49%)	20 years	2027	Zhengzhou Xinzheng
Fujian Zhaoxiang Asiaray[(2)]	30%	Xiamen Iport Group Co., Ltd. (廈門翔業集團有限公司) (70%)	30 years	2036	Xiamen Gaoqi Fuzhou Changle Longyan Guanzhishan Wuyishan
Guangxi Top Source	40%	AirMedia Group Company Limited (航美傳媒集團有限公司) ("AirMedia") (40%); Guangxi Aviation Industry Development Co., Ltd. (廣西民航產業發展有限公司) ("Guangxi Aviation") (20%)	30 years	2042	Nanning Wuxu Guilin Liangjiang Liuzhou Bailian Beihai Fucheng
Shenzhen Airport Asiaray	49%	Shenzhen Airport Co., Ltd. (深圳市機場股份有限公司) ("Shenzhen Airport Company") (51%)	15 years	2028	Shenzhen Bao'an International Airport

(1) This refers to the term of the joint venture. The concession rights granted to us by the media resources owner or concession rights owner may vary from contract to contract and ranges from seven to 15 years.

(2) Per the terms of a supplemental agreement dated 3 June 2014 between Shanghai Asiaray and our joint venture partner, Xiamen Iport, a formal equity transfer agreement dated 20 October 2014 and a supplemental agreement dated 21 October 2014 in relation to the above equity transfer, Shanghai Asiaray has transferred 19.0% of its equity interest in Fujian Zhaoxiang Asiaray to Xiamen Iport for a consideration of approximately RMB10.9 million and Shanghai Asiaray is entitled to 49% of the retained earnings of Fujian Zhaoxiang Asiaray as at 30 June 2014 which was declared as dividends. Our equity interest has decreased to 30.0% and Xiamen Iport's interest has increased to 70.0%. Approximately RMB15.2 million which represented the retained earnings as at 30 June 2014 and was declared as dividends to Shanghai Asiaray will be loaned to Fujian Zhaoxiang Asiaray through entrusted loan arrangement with commercial bank(s) for funding its business expansion. This loan is interest-free and unsecured, and has a term of six years. Pursuant to the equity transfer, the joint venture was also renamed Fujian Zhaoxiang Advertising Company Limited (福建兆翔廣告有限公司), and we recorded a gain of approximately HK$1.8 million from the above equity transfer.

Concession Rights Contracts

We and our joint ventures have entered into concession rights contracts with media resources owners for media resources at airports. As at the Latest Practicable Date, we had entered into concession rights contracts with:

- five media resources owners through our joint ventures for exclusive concession rights to all the mainstream media resources in 21 relevant airports;
- four media resources owners directly for exclusive concession rights to all the mainstream media resources in four relevant airports; and
- one media resources owner directly for non-exclusive concession rights to mainstream media resources in the one airport.

In addition to exclusive concession rights to mainstream media resources granted to us under the concession rights contracts, we may also have rights to additional advertising spaces such as digital screens, pillars, exhibition areas, boarding bridges and unipole signs. In certain cases, we also have first rights of refusal to additional advertising spaces. These additional advertising spaces include existing advertising spaces currently operated by other parties and new advertising spaces constructed as the airport expands.

Our and our joint ventures' exclusive concession rights have terms ranging from one to 15 years, subject to renewal upon further negotiation. We have generally been successful in renewing or extending these contracts upon expiry. Our non-exclusive concession rights generally have terms of three years. During the Track Record Period, we successfully renewed all 11 of our concession rights contracts for exclusive airports upon expiry and one out of three of our concession rights contracts for non-exclusive airport upon expiry. The media resources owners have the rights to terminate our concession rights agreements for reasons specified in the concession rights agreements, including without limitation, failure to pay agreed fees within a prescribed time, and other material breaches. Some of our concession rights agreements include automatic renewal clauses where the term of the contract extends automatically if there is no material breach and that the media resources owners are satisfied with our performance. We have priority rights of renewal in certain of our concession rights agreements. During the same period, we decided to early terminate one of our concession rights contracts for a non-exclusive airport and did not renew one of our concession rights contracts for a non-exclusive airport after re-evaluating the concession fees charged by the media resources owner and the financial performance for those media resources.

We or our joint venture pays a yearly concession fee to the airport for the rights to the advertising spaces in the airports. Concession fees are either: (i) fees under the concession rights contracts with escalation, meaning increases over each year of the agreement; or (ii) variable fees based on the percentage of revenue earned by the joint venture company, subject to fixed minimum guaranteed fees with escalation over the term of the concession rights contract. Depending on the contract, concession fees are generally paid quarterly in advance. See "Financial Information — Critical Accounting Policies — Concession Fees" for the accounting treatment of concession fees. The concession fees for each airport are negotiated between us, or our joint venture, and the media resources owner, or agreed upon during the bidding process, taking into consideration factors such as passenger volume, future growth potential and the city where the airport is located.

Our primary responsibilities under these arrangements typically include:

- sales, marketing and promotion of the advertising spaces;
- screening the content of proposed advertisements;
- nominating key management members, including the general manager of the joint venture, who oversees the overall business of the joint venture with our support;
- making available our advertising resources, such as software or knowhow, to the joint venture for the purpose of carrying out advertising activities;
- providing training to the joint venture's employees;
- providing consultancy services to the airport regarding advertising activities; and
- the installation, maintenance and removal of the advertisements while adhering to the airport's safety standards.

The primary responsibilities of a media resources owner under these arrangements typically include:

- providing the advertising spaces in the airport to us;
- improve and maintain the media resources of the airport; and
- promptly review and approve our advertising plans and provide appropriate support for implementation of approved plans.

We and the media resources owner discuss our advertising plans and pricing regularly. For example, a media resources owner may have preferences regarding specific types of advertisements being placed in certain sections of an airport.

In the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, our airport media resources (excluding revenue from our associate companies, Shenzhen Airport Asiaray, Fujian Zhaoxiang Asiaray and Guangxi Top Source) generated HK$418.3 million, HK$566.0 million, HK$738.8 million and HK$338.3 million, respectively, which accounted for 58.3%, 59.4%, 61.0% and 55.3% of our total revenue for those periods.

Metro Lines

According to the Frost & Sullivan Report, we are ranked third among privately-owned media companies in terms of revenue and number of metro lines with exclusive rights to mainstream media resources in Greater China in 2013. We are also one of two out-of-home media companies operating in the metro lines segment in Hong Kong. Our experience and success with our metro line media resources in Hong Kong has helped us to secure additional metro line resources in China. According to the Frost & Sullivan Report, an increasing number of cities in China are developing metro lines in line with the spread of urbanisation and rapidly-growing populations.

We had exclusive rights to the interior spaces inside the metro stations, and in most cases the trains themselves, for 10 metro lines in Hong Kong, Shenzhen, Ningbo, Wuxi and Zhengzhou as at the Latest Practicable Date. We believe that our advertiser customers advertise on metro lines due to the high levels of passenger traffic and diverse demographics. Metro line passengers represent a wide spectrum of individuals in terms of age, income level, profession and other characteristics, including professionals, families and tourists. This allows advertisers to utilise advertising campaigns in metro lines to either target a large general audience or a specific demographic. Our metro line advertising displays, like our airport advertising displays, are located in high-traffic locations, such as walkways, entrances and exits, train platforms and inside the trains themselves. In addition, metro stations are good locations for "point of sales" advertising since they run through city centres, and provide an effective means for advertisers to promote specific products or services.

We enter into concession rights agreements with the media resources owners, who are typically the metro line owner or operator, for exclusive rights to the advertising spaces owned by them. The term of these agreements ranges from two to 10 years. During the Track Record Period, we successfully renewed all of our exclusive rights for metro line media resources upon expiry. The advertising spaces provided to us include spaces in the metro stations, such as light box displays, panels, wall spectaculars, escalator crown displays and in-train tube cards. We may separately negotiate for the rights to additional advertising spaces, such as train interiors and exteriors, train door and window stickers, screen doors, station pillars, posters, staircases and other designated areas in the metro stations. The media resources owners have the rights to terminate our concession rights agreements for reasons specified in the concession rights agreements, including without limitation, failure to pay agreed fees within a prescribed time and other material breaches. Some of our concession rights agreements include automatic renewal clauses where the term of the agreement extends automatically if there is no material breach and we have fulfilled our duties in achieving revenue targets and paying all concession fees. We have priority rights of renewal in certain of our concession rights agreements. Under only one of our contracts, if we are unable to meet a specified yearly revenue target, we may not be able to maintain exclusivity. However, failure to meet the yearly revenue target does not result in the termination or non-renewal of the contract. During the Track Record Period, we successfully met our revenue targets.

We generally pay the media resources owner: (i) the higher of a minimum guaranteed amount or a fixed percentage of the revenues earned from our advertising activities; (ii) a fixed percentage; or (iii) a fixed sum. The minimum guaranteed amount is generally fixed with escalation, meaning increases over each year of the agreement.

Our primary responsibilities under a concession agreement typically include:

- sales, marketing and promotion of the advertising spaces;
- screening the content of proposed advertisements;
- the installation, maintenance and removal of the advertising spaces while adhering to the metro line's safety standards; and
- providing consultancy services to the media resources owner regarding advertising activities.

The primary responsibilities of a media resources owner under a concession rights contract typically include:

- providing the metro line's advertising spaces to us; and
- constructing and maintaining the relevant advertising spaces.

In the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, our metro line media resources generated HK$143.3 million, HK$203.1 million, HK$275.3 million and HK$141.5 million, respectively, which accounted for 20.0%, 21.3%, 22.7% and 23.1% of our total revenue, respectively.

Billboards and Building Solutions

In addition to our media solutions for airports and metro lines, we also provide media solutions in the form of billboards and building solutions. We began providing high-end unique building solutions in 2012, as part of our space management approach. These projects have widespread visibility and accessibility in major cities, and also complement our airports and metro lines to provide total, integrated media resources solutions to our advertiser customers. In selecting these billboards and the locations for these building solutions, we consider:

- their strategic location and visibility;
- fees and other terms of the concession rights agreements;
- technical feasibility; and
- demand from advertiser customers for the type of advertising space.

For building solutions, we take into account the creative potential of the specific projects in order to determine whether it is a good opportunity for us to showcase our creativity or use certain technologies, applications and techniques.

Billboards

Our billboards consist of digital and non-digital billboards in high-visibility areas adjacent to major roads and expressways, commercial buildings and in shopping malls, which are located in Hong Kong, Shanghai, Chengdu, Qingdao and Guangzhou. The high visibility of these commercial buildings allow advertisers to reach a wide audience of city residents. We had 360 billboards in five cities as at the Latest Practicable Date.

We lease the advertising space from the media resources owner and offer the advertising space to advertisers. These advertising spaces consist of billboards on the commercial buildings or at the transportation interchanges owned or managed by the media resources owner. The terms of these leases range from approximately two months to 30 years. During the Track Record Period, we successfully renewed 60.8% of our concession rights for billboards. We pay the media resources owner either: (i) a fixed fee; or (ii) the higher of (a) a minimum guaranteed amount, or (b) a percentage of the revenues received from our advertising activities.

Our primary responsibilities under a concession agreement typically include:

- sales, marketing and promotion of the advertising spaces;

- screening the content of proposed advertisements, which may be subject to the media resources owner's additional review and approval; and

- the installation, maintenance and removal of the advertising spaces while adhering to relevant safety standards.

The media resources owner's primary responsibility under the agreement is to provide us with the advertising space, and in certain cases, construct and maintain the relevant advertising spaces, including bearing related overhead costs.

Building Solutions

We began providing building solutions in 2012 as part of our space management approach. From 2012 to the Latest Practicable Date, we had completed six building solutions for various advertiser customers, including Nike, Ermenegildo Zegna, H&M, a large global financial institution and two leading automotive manufacturers. Our building solutions primarily consist of the standalone or combined use of building wraps, dismountable LED and other lighting displays on commercial building façades in Hong Kong. These building wraps are large scale displays, and may combine multiple media formats. As they are generally installed on highly visible commercial buildings in city centres, we exercise our space management to improve the building's appearance and maximise the visual impact of the advertisement on consumers. At the same time, we also try to minimise interference with the cityscape and avoid obstructing the windows for people working inside the commercial buildings. For examples of our building solutions, see "– Space Management."

We do not enter into concession rights agreements for the media resources used for our building solutions. Instead, we locate suitable media resources for our advertiser customers' advertising campaigns and enter into project-specific agreements with the building owner. We enter into agreements with building owners for the use of their advertising spaces for specific projects for advertiser customers. Generally, these advertising spaces comprise the entire façade of the relevant commercial building. Most of these projects are for advertising campaigns ranging from three to six months. However, in certain cases, the advertiser customer may decide to continue the campaign and accordingly, we may renew the agreement term for an additional three to five months. Because our buildings solutions projects are specific to each advertiser and its designated campaign, the term for these agreements is relatively shorter than for our other media resources. We pay the media resources owner a fixed fee for the advertising spaces. The agreement may provide for payment in instalments over the term of the agreement. Our responsibilities under these agreements vary according to the requirements of the advertiser customer and may include design or other creative services.

In the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, our billboards and building solutions generated HK$129.6 million, HK$140.4 million, HK$155.5 million and HK$78.8 million, respectively, which accounted for 18.1%, 14.7%, 12.8% and 12.9% of our total revenue, respectively.

SPACE MANAGEMENT

We view ourselves as the managers of the space with which the media resources owners have entrusted us, which distinguishes us from the traditional "buy wholesale, sell retail" approach. Our space management approach is embodied in two primary objectives that work together in synergy to:

- enhance the overall ambience and optimise the commercial value of airport terminals, metro stations and trains, cityscapes, office buildings and shopping malls through the management and operation of media resources; and

- make creative use of all available space in or on an airport, metro station, train or billboard to enhance the overall impact of the advertisement, for the benefit of our advertiser customers.

With our space management approach, we create media solutions which:

- make use of all the media resources provided, including traditionally less valuable advertising spaces;

- creatively use all available space, rather than being confined to a single advertising space;

- engage consumers in an interactive experience by the innovative use of technology and digital media; and

- extend beyond the visual to stimulate consumers' sense of smell, touch, hearing and taste.

These media solutions are integrated to enhance the overall design and architecture of airport terminals, metro stations, cityscapes and office buildings and shopping malls. This, in turn, improves the travel experience for airport and metro line passengers and the day-to-day living of city residents and professionals. Our media resources include a wide range of advertising spaces in different formats, such as light box displays, wall spaces, exhibition spaces and digital screens. Accordingly, we are often able to combine several of these media formats into an advertisement for greater exposure and a stronger impact on consumers. Due to our exclusive concession rights, we are not limited to the expanse of a single advertising space, but have the ability to develop additional available spaces including floor spaces, ceilings inside trains, pillars and other wall spaces. This contributes to our goal of increasing sellable advertising space as well as giving our customers more options and flexibility for their advertising campaigns. We also enhance the value of our media solutions by integrating new technology or digital media. In this manner, we are able to maximise the impact of our advertising campaigns.

The following are key examples of our space management:

- ***Sugus***. We initiated and implemented an interactive campaign for Sugus in MTR Kowloon Tong Station making use of floor stickers to attract passengers' attention to a wallscape in a less frequented area of the MTR station where they could collect free magnetic stickers printed with lunar new year messages. We believe we provided an interactive and engaging experience for consumers but also increased the effectiveness of the advertising message and created a longer lasting impact. This demonstrates our ability to use second-tier advertising spaces as well as provide innovative means for our advertiser customers to deliver their messages to consumers.

- We collaborated with a theme park operator in Hong Kong and placed Halloween-themed stickers and advertisements throughout MTR Kowloon Tong, East Tsim Sha Tsui, Mong Kok East, Hung Hom and Sha Tin Stations. Passengers were able to download a mobile application which allowed them to scan these images as part of an interactive ghost-hunting game played by consumers. This enabled us to optimise the usable space, including second-tier spaces, in these MTR stations, and demonstrated our successful application of advanced technology to create an interactive experience for consumers.

- We also initiated and implemented an advertisement on the exterior wall of a carpark building near the major interchange for the Cross Harbour Tunnel using visual effects to create an optical illusion to promote a new attraction at a theme park in Hong Kong.

- ***Old Town White Coffee***. We initiated and implemented an advertising campaign for Old Town White Coffee, making use of the pillars in the MTR Kowloon Tong Station to simulate the look and feel of an old-style bazaar, making use of a passageway and an area filled with structural pillars. We further enhanced the experience by piping coffee aroma into the area. We believe this demonstrates our design creativity by providing a more engaging experience, while appealing to consumers' sense of smell rather than only using traditional visual effects.

- We initiated and implemented an advertisement for a major automotive manufacturer that integrated a wallscape with the luggage carousel in the baggage claim area of the Hangzhou Xiaoshan International Airport. In addition to ultra-thin electroluminescent lighting effects, we positioned the vehicle such that the conveyor belt delivered passengers' baggage through the trunk of the vehicle for a dynamic effect.

- ***Ermenegildo Zegna***. We developed a building wrap along the façade of One Peking, a commercial building located along Victoria Harbour on the Tsim Sha Tsui-side of Hong Kong. The design had the effect of dressing the curvilinear façade of One Peking in the iconic fashion of the designer. We used a special perforated building wrap in order to allow people working inside the office building to still be able to see outside the windows with minimal obstruction.

- ***H&M***. We developed the use of and installed an LED animated building wrap, which allowed fashion images and other messages, such as holiday greetings during Christmas and the western and lunar new year seasons, to be showcased along the entire existing façade of CITIC Tower, a commercial building located along Victoria Harbour on the Admiralty District-side of Hong Kong. The LED lighting used for this project was completely dismountable and allowed LED lighting to be used without the need for built-in LED technology.

OUR OPERATIONS

Overview

Our operations involve media resources at airports and metro lines, and we measure the growth and development of these media resources in a particular manner. According to our management's experience and our performance during the Track Record Period, the growth and development of these segments can be divided into three phases: ramp-up, stable growth and scale-up.

Ramp-up occurs from when we acquire the concession rights to the media resources from airport or metro line and begin operations to when our operations for that particular airport or metro line become profitable. Generally, the ramp-up period is one to two years. After ramp-up, our operations reach a phase of stable growth, at which point our customer base and operations are well-established for the relevant airport or metro line. This phase of our operations has generally been characterised by a steady increase in revenue. The ability to ramp-up and reach stable growth and profitability is dependent on the development and management of the media resources, as well as the negotiation of a competitive concession fee with the media resources owner.

As passenger throughput increases over time, we are typically able to increase our selling prices and the media resources owner may renovate or build new terminals to accommodate the increased passenger volume. Upon an increase of media resources at the relevant airport or metro line, which is generally due to the opening of a new terminal at an airport or significant expansion of the metro line or station, our operations will enter the scale-up phase. During the scale-up phase, revenue and profit typically experience a sharper increase than during the stable growth phase. As these new operations become more established, our performance will also stabilise and our revenue and profit growth will return to stable growth phase.

The table below sets forth the number of airports and metro lines (excluding the airports operated by our associate companies Fujian Zhaoxiang Asiaray, Guangxi Top Source and Shenzhen Airport Asiaray) by phase of development for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	(number of airports/metro lines)				
Phase of development					
Ramp-up					
Airports	3	2	–	–	–
Metro lines	2	2	1	1	3
Stable growth					
Airports	17[1]	7	9	9	18[1]
Metro lines	4	4	5	5	5
Scale-up					
Airports	–	11[1]	11[1]	11[1]	–
Metro lines	–	–	–	–	–

(1) Includes 11 airports operated by Yunnan Airport Asiaray.

Utilisation of Media Resources

Our media resources in each airport and metro line comprise a wide spectrum of media formats, including billboards of varying sizes, light box displays of varying sizes, unipole signs, escalator crown panels, wall, floor and ceiling spaces of varying dimensions, LED display and features ads. Each of these media formats may be further categorised by sizes and grades, determined primarily with reference to the location of a media resource.

Our local management monitors the utilisation of each specific format, grade and category of media resources at each of our airports and metro lines. Due to the numerous types of media formats included in our media resources and the varying characteristics of each airport and metro line, our management would not monitor the overall or average utilisation of all of our media resources. We focus on increasing our revenue by maximising utilisation for our higher grade mainstream media resources, which generally comprise advertising spaces in prime locations in an airport or metro line which can command high selling prices. For our lower grade media resources with lower selling prices, we focus on increasing our revenue by offering different packages instead of only maximising utilisation.

Pricing Strategy

We formulate and adjust our pricing policy in accordance with industry information and market trends. We take into account several factors when pricing our media resources, including the attractiveness of our network to advertiser customers, amount of available advertising space, number and scale of airports and metro lines in our network, the level of demand for advertising spaces, and the perceived effectiveness by advertisers of their advertising campaigns placed on our network. We also consider the concession fees and the pricing of our competitors.

Consistent with industry practice, we devise rate cards which effectively provide quotes for standard advertising packages depending on the amount and type of advertising space required. These prices quoted on these rate cards are based on data collected from our industry experience and market information. The selling price for the advertising format of our media resources ranges widely depending on its location. For example, the annual selling price of a similar-sized light box display ranges from approximately RMB400,000 to RMB2,500,000 across different airports. The selling price for the same advertising format may also vary within the same airport or metro line depending on its location. For example, the annual selling price of a similar-sized light box display ranges from approximately RMB600,000 to RMB2,500,000 in Hangzhou Xiaoshan International Airport.

In order to suit the needs of our advertiser customers, we also offer tailored advertising packages which include several types of media resources and additional services such as production, installation and dismantlement services. In those cases, we adjust the price according to the services provided, taking into account the following factors:

- the city in which the airport, metro line or other advertising space is located;
- the number of light box displays and the extent of other advertising space coverage required;
- the duration of the advertising contract; and
- technology, labour and maintenance and other costs required to develop and set up the required media.

We may also be required to confer and agree with the media resources owners regarding the prices we charge our advertiser customers for their use of the media resources. We re-evaluate our pricing and rate cards at the end of each year, considering any adjustments necessary to reflect inflation factors, the industry and market for each type of media resource and adjustments or changes in pricing by our competitors. We may also make pricing adjustments throughout the year as needed upon major market developments.

Industry Knowhow

We maintain a knowledge library, built on our years of experience and research, is a valuable company asset. We build our knowledge library by:

- adding our project files as we complete new projects; and
- adding case studies of recent advertising campaigns after discussion among our media management, planning and development, and marketing and sales teams.

These teams have collaborative meetings every two to three weeks to discuss market trends and technology. They review and evaluative advertising campaigns and projects that we have launched in the past and also study recent advertising campaigns by other local and overseas media companies. After these meetings, we add our case studies of these campaigns to our knowledge library so that we may easily access them for reference on our future projects.

As at the Latest Practicable Date, we had 35 employees in Hong Kong, Shenzhen, Shanghai and Beijing responsible for exploring and testing the integration of different technologies and techniques in our media solutions, such as LED and other lighting applications, mobile applications, new printing materials, simulated 3D printing effects and colour management. For example, they may explore the option of using mobile phone technology and applications to create a more interactive experience for mobile phone users, which can quickly spread the advertiser's message to a wider audience through various messaging or social media platforms. In order to stay updated with the latest technology, we also communicate frequently with contractors whom we regularly work with regarding recent technologies and applications.

We have printing facilities in Shenzhen where we test and develop new printing processes and techniques to allow us to improve the colour management process and produce higher quality printed advertisements. We believe this technique will attract new customers who seek higher quality printed advertisements with better visual effects.

With the support of our extensive industry knowhow, we are able to deliver creative, comprehensive media solutions to not only meet the unique advertising needs of our advertiser customers but also proactively provide them with creative suggestions.

Centralised Functions for Operations

In order to standardise our operating procedures and facilitate our expansion plans in a rapid, orderly manner and streamline our operations, we have centralised four of our key functions (i.e., marketing, operations, finance and sales).

Our centralised functions ensure that we are able to maintain our standards of operations consistently at the local level across our new and existing operations in China and Hong Kong. As we expand, our centralised units can provide training and transfer the relevant skills and knowledge to the local operations and finance teams. In this manner, we are able to implement our risk management policies and maintain the quality of our operations and services from central management downwards. Our marketing unit provides market research and support, utilising our extensive experience to assemble feasible and attractive marketing proposals for our sales unit to pitch to customers. Our sales unit can share their customer network with our new and existing operations in China and Hong Kong so that we can capture opportunities as they arise. See "– Marketing and Sales". During the ramp-up period for our newly added media resources, we must quickly and efficiently replicate our business and operations and transfer our operational knowledge and skills.

Installation and Maintenance

After an advertiser customer decides to use our media resources for their advertising campaign, we work together to produce the advertisement for display. While some of our advertiser customers provide us with their advertisements, we may also provide design and other value-added services to our advertiser customers. Our creative team works with the relevant marketing and sales team to create proposals and mock-ups for the advertiser customer's consideration. We then revise the design of the advertisement according to the advertiser customer's further specifications or requests. During this process, we also review the advertisement for compliance with censorship and other requirements, and if necessary, complete the applications of the relevant authorities. We have compiled a list of relevant laws and regulations under the laws of Hong Kong and the PRC, which may be applicable to the products or services advertised by the advertisements displayed on our media resources. Our media management team, headed by our Chief Marketing Officer in Hong Kong and the director of the media management team in the PRC, reviews and examines all advertisements before publication and ensures that the contents of the advertisements comply with the applicable legal and regulatory requirements in the jurisdiction in which they are published. We check and verify that the images and logos which appear on the advertisements do not violate any intellectual property rights, and that the overall designs and messages of the advertisements do not suggest or provoke discrimination. We monitor the status of the registration of the relevant permits. As at the Latest Practicable Date, we had not received any complaints regarding the contents of the advertisements displayed on our media resources. After we approve and finalise the advertisement with the advertiser customer, we will either print the advertisements at our printing facilities or outsource to a third party printing house depending on the specifications of the advertisement. We then coordinate with the media resources owner to arrange the timing of installation.

Our front-line operations unit is responsible for setting up local teams to handle installation, maintenance and removal of advertisements. They handle the advertisements displayed in airports and metro stations. They also ensure that the appropriate safety standards are applied and followed consistently at the local level. During the display period, we perform maintenance checks and repair or clean the advertisement displays as needed up until dismantlement. Our centralised operations units provides overall training and support to our local front-line operations team to maintain our high standards as we continue to expand. Our central operations unit is also responsible for ongoing quality control. We have designated employees who inspect our advertisements to ensure that they are properly and securely installed in the correct location for the correct period of time and that they are consistently kept clean and in good working order. If any problems are detected, our employees make a written report with photographs, which is kept in our central records, and our front-line operations make the relevant repairs. After installation of the advertisement, we provide a report back to the advertiser customer which details the type, quantity, display period and other details about the advertisement.

We liaise with qualified, third party engineering companies and contractors to complete installation, maintenance and removal of advertisements for some of our media resources in airports. We also contract with these third parties for installation, maintenance and removal of advertisements for our metro line media resources other than light box displays and posters and our billboards and building solutions. However, our own operations unit employees supervise and oversee the work done by these sub-contractors.

Information Technology

Our information technology ("IT") systems assist us in managing contract administration, sales, customer management, media resources inventory and media resources bookings. We utilise a proprietary IT-based workflow platform and systems developed by our in-house software team in conjunction with external software developers with ongoing input from our business and operations departments. We had 11 employees dedicated to the operation and maintenance of our IT systems who also work with third party service providers as at the Latest Practicable Date.

Our IT system integrates our key processes and controls and is capable of handling our key business transactions in China and Hong Kong. Through our sales and customer management systems, our employees are able to share information on our advertiser customers and their preferences as well as keep track of recent meetings. Customers are able to request and reserve advertising spaces through our media resources booking system. We intend to improve the efficiency of our IT systems. For instance, we aim to further automate our management information system for our metro line operations so that media resources and sales information can be shared across our operations. We believe this will enable us to replicate our operations more efficiently as we implement new media resources in additional cities.

SUPPLIERS

Our suppliers include media resources owners who provide us with advertising space, as well as suppliers for materials for the construction of advertisements and installation and maintenance of the advertisements in our media network. During the Track Record Period, our top five suppliers, who were the media resources owners from whom we obtained our concession rights to advertising spaces, accounted for 57.0%, 55.6%, 56.8% and 61.3% of our cost of revenue in the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively. Our single largest supplier accounted for 20.6%, 20.6%, 19.4% and 17.5% of our cost of revenue in the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively.

Our top five suppliers in the year ended 31 December 2013 were:

- MTR Corporation Limited, from which we obtained exclusive rights for four metro lines and 11 shopping malls and three buildings managed by the MTR Corporation Limited in Hong Kong;
- Hangzhou Xiaoshan Airport Company Limited, from which we obtained concession rights for one airport in Zhejiang Province;
- Yunnan Airport Company, from which we obtained concession rights for 11 airports in Yunnan Province;
- Shenzhen Airport Company, from which we obtained concession rights for one airport in Guangdong Province; and
- Henan Zhengzhou Xinzheng Airport Management Company Limited, from which we obtained concession rights for one airport in Henan Province.

To the knowledge of our Directors, none of our directors, their respective associates or any shareholders holding more than 5.0% of our issued share capital had any interest in any of our five largest suppliers as at the Latest Practicable Date.

CUSTOMERS

Our advertiser customers purchase advertising spaces from us either directly or through third-party advertising agencies. As such, our advertiser customers include third-party advertising agents and international and domestic brand owners. We have strong, established relationships with many major brand owners and advertising agents in China and Hong Kong. We believe that we attract and retain our advertiser customers on the basis of:

- our exclusive concession rights, which provides long-term reliability and flexibility for advertisers;
- the desirable locations of our media resources in major metropolitan areas of Greater China; and
- our expertise and experience in providing media solutions.

We have worked with a variety of advertiser customers in different industries. Our advertiser customers generally consist of advertising agencies as well as advertiser customers themselves, which include well-known international and domestic companies, such as Tencent, Samsung Electronics, BMW, Nissin Foods, Ermenegildo Zegna, H&M, The Wrigley Company, Sun Hung Kai Properties, Circle K, Nike, Old Town White Coffee and Refresh. These customers accounted for an aggregate of 1.2%, 2.4%, 3.5% and 2.8%, respectively, of our total revenues in the years ended 31 December 2011, 2012 and 2013 and the six months ended 30

June 2014. While these are not among our top five customers, we believe that the well-recognised brand names of these customers demonstrates our strong position in the out-of-home media industry and enhances our brand for the benefit of our long-term development. Our advertiser customers include 111 of *Fortune* magazine's Global Top 500 companies in 2013 and 88 of *Fortune* magazine's China Top 500 companies in 2013. We also maintain good relationships with major advertising agents who are able to recommend us to their extensive customer base, including eight of the top 10 third-party advertising agencies in the Asia-Pacific region. These advertising agencies, especially those we have previously worked with, refer customers to us.

Our advertising contracts generally relate to a particular advertising campaign, which may be short-term campaigns of less than a month, medium-term campaigns of one to four months or long-term campaigns of up to three years. The average term of our advertiser customer contracts during the Track Record Period was approximately six months. In many cases, our customers consecutively renew their contracts with us for their short-term campaigns. We use standard advertising contracts for which typically specify the advertising spaces reserved, the unit, prices and other services provided. Content may be supplied by the advertiser customer or developed in conjunction with our marketing team depending on the advertiser customer's requirements. We may offer a standard advertising package or a tailored plan designed specifically to address a particular advertiser's need for a creative advertising solution. We generally require our advertiser customers to pay a deposit in advance. Our advertiser customers typically pay us on an instalment basis as specified under the relevant contract.

In 2013, we had approximately 1,627 advertiser customers, which included 589 third party advertising agencies, advertised using our media resources. During the Track Record Period, our top five customers accounted for 7.7%, 7.6%, 9.0% and 10.4% of our revenues in the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively. Our single largest customer accounted for 2.1%, 2.0%, 2.8% and 3.3% of our revenues in the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively. Five, four, four and four of our top five customers were third party advertising agencies in the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively.

To the knowledge of our Directors, none of our directors, their respective associates or any shareholders holding more than 5.0% of our issued share capital had any interest in any of our five largest customers as at the Latest Practicable Date.

MARKETING AND SALES

We have experienced marketing and sales teams comprising over 300 employees in China and Hong Kong who are responsible for developing our marketing plans and serving as the contact points for our customers.

Marketing

We take a marketing-driven approach to marketing and sales as we believe the groundwork performed by our marketing team provides the platform for our sales team to present our media resources and added-value services to our advertiser customers. Our marketing team is responsible for promoting our products and services and maintaining our brand to our advertiser customers, media resources owners and consumers. We promote our products and services via our regular newsletters and other updates, media workshops, press releases advertisements and sponsorships in media magazines and other special promotion activities. In order to enhance our brand reputation, we also participate in industry events, such as forums and conferences with advertiser customers and media resources owners in attendance. We maintain an Internet presence through our website and various social media platforms.

Our central marketing unit based in Hong Kong spearheads our marketing and sales activities and is responsible for the overall supervision and training of our local marketing teams. Our central marketing unit provides guidance to our local teams and draws from the databases in our information management system to refer advertiser customers to our local marketing teams to develop further business opportunities. They also conduct feasibility studies, including research on practical or safety concerns and market research on passenger traffic and profiles. They engage independent third party research agencies to conduct market research so that we can maintain the most current information on the out-of-home media industry, passengers and consumers. This background work enables us to prepare researched proposals for further use by our sales team. It also assists in the establishment of local marketing and sales teams for new cities in our media network and provides training and assistance on technical skills in executing our media solutions. Our local teams work with sales teams to devise rate cards, proposals and routinely conduct market research at the local level. See "– Our Operations – Pricing Strategy" for information on our rate cards.

Sales

Our nationwide sales network includes our key accounts unit based in Shanghai and our 16 local sales offices throughout China. Our key accounts unit focuses on third party advertising agencies and is responsible for cross-selling our media resources to our key accounts and other advertiser customers in different cities. They are also responsible for maintaining good relationships with our key accounts customers (both advertisers and agencies) and assisting local sales teams in presenting and exploring creative options with key accounts customers. Our sales teams are organised by industry and as such, are familiar with the practices, budgets and demands of our advertiser customers in that particular industry. They work closely with our marketing team, making use of our marketing research and strategies to present our advertiser customers with thoroughly-researched proposals that demonstrate our strengths, experience and abilities. They devise our rate cards and develop and follow sales leads. As the main contact points with our advertiser customers, our sales team is able to provide direct feedback from our advertiser customers which can then be used to improve our ongoing and future campaigns.

In order to comply with the requirements under the *Regulation on Clear Pricing of Advertising* (《廣告服務明碼標價規定》), our sales teams send updated rate cards to our existing advertiser customers every year and circulate them to potential customers and advertising agencies from time to time. We will also provide our rate cards to members of the general public upon request through email or telephone inquiry.

We believe our years of experience and established relationships with our advertiser customers, including advertising agencies with a broad network of end-customers, allows us to retain existing customers' loyalty as well as to obtain new advertiser customers. For the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, we spent approximately HK$44.2 million, HK$59.5 million, HK$75.0 million and HK$33.9 million, respectively, on selling and marketing expenses, which represented 6.2%, 6.2%, 6.2% and 5.5%, of our revenue for the same periods.

INTELLECTUAL PROPERTY

Our Asiaray trademarks are critical to our business and we rely on trademark laws to protect them. As at the Latest Practicable Date, we had two registered trademarks in China. We believe the following selected trademarks, which we had applied for registration in China and Hong Kong, are material to our business operations and competitive position:

Trademark	Application Dates
Asiaray	28 May 2014 (Hong Kong) and 5 June 2014 (PRC)
Asiaray Media Group 雅仕维传媒集团	28 May 2014 (Hong Kong) and 5 June 2014 (PRC)
Asiaray Inspiration Everywhere	28 May 2014 (Hong Kong) and 5 June 2014 (PRC)
Asiaray Media Group 雅仕維傳媒集團	28 May 2014 (Hong Kong) and 5 June 2014 (PRC)

See "Appendix IV Statutory and General Information – 8. Intellectual property rights of our Group."

AWARDS AND RECOGNITIONS

Our Group has earned numerous awards and recognitions throughout our operating history, which we attribute to the reputation of the Group and the quality of our services and products. The following table sets out the major awards and recognitions we have received:

Awards	Year	Associations
The Spark Awards for Media Excellence, Best Media Campaign – Out of Home.	2014	Marketing Magazine
The 7th ROI Festival Awards, Best Media Company of the Year	2014	Market Builder Media
The 7th ROI Festival Awards, OOH Media Category, Gold	2014	Market Builder Media
GB/T19001-2008/ISO9001:2008 International Certificate of Registration (Shanghai Asiaray)	2014	Guardian Independent Certification (Beijing) Co., Ltd
Famous Trademark in Shanghai (Shanghai Asiaray)	2014	Shanghai Administration for Industry and Commerce
The 6th ROI Festival Awards, Best Media Company of the Year	2013	Market Builder Media
China Most Influential OOH Media Resources	2013	China Advertising Association
The 20th China International Advertising Festival – China Advertising Great Wall Awards, Creative Awards, Bronze	2013	China Advertising Association
The 5th China Creative Communication International Awards, Service Industry Category & Small Budget Category, Gold	2013	21st Century Marketing Multimedia Platform
The 6th ROI Festival Awards, OOH Media Category, Gold	2013	Market Builder Media
The 9th China Advertising Forum, Winner of 2012 China Most Influential Creative Advertising Award	2013	China Advertising Association
2012 China Advertising Outdoor Annual Awards, Skyscraper Category, Gold	2013	China Advertising Magazine
The 4th Tiger Roar China Classical Communication Awards, Corporate Image & Events Promotion Category, Gold	2013	China Advertising Trends Forum
First-class Advertising Agency of China (Media Service) (Shanghai Asiaray)	2011	CAA Certificate Committee for Class-qualified Advertising Agencies of China

COMPETITION

The advertising industry is highly competitive and fragmented, and is constantly changing. We face significant competition. We compete for advertiser customers on the basis of, among other things, the location of our media resources, the amount of media resources we have to offer, the value-add that we offer with our creativity, price and the range of services provided. We believe we are able to compete effectively based on our distinct space management and creativity as well as the wide reach of our media network.

We compete with other out-of-home advertising companies in China and Hong Kong. According to the Frost & Sullivan Report, our direct competitors include advertising companies that operate in airports and metro lines, such as JCDecaux, Balintimes, TOM Group, Vision China Media and AirMedia. We compete for advertiser customers primarily on the basis of network size and coverage, location, price, quality and the range of media resources that we offer and our brand name. We also face competition from other advertising companies for access to the most desirable locations in cities in China. Airports, metro lines, owners of individual buildings and other properties may also decide to independently produce, install and maintain their own advertising displays.

We also compete against different advertising methods for overall advertising spending by advertiser customers. We compete with newspapers, television, direct mail, magazines, radio, public/outdoor fixtures, billboards, Internet-based services, mobile devices/applications, broadband wireless and public transport advertising companies. Some of these forms of advertising may have a broader reach or are more widely disseminated than our media resources. In addition, these forms of advertising may have greater acceptance among advertiser customers who utilise them in their business operations, or by consumers who view these media resources to make purchasing decisions.

In the future, we may also face competition from new entrants in the out-of-home advertising sector or newer advertising methods that are not currently widely-used or utilise technologies that have not yet been developed. We cannot predict whether future regulatory changes with respect to, or new developments and technologies that could be used in, the advertising industry will result in further competition.

However, we believe that major market participants in China's advertising market have already developed long term, stable relationships with media resources owners. This creates a barrier to entry for newer market participants who do not have access to the advertising spaces, in particular in major cities. Many large brands and advertisers have established relationships with existing advertising agencies or directly with advertising companies. Therefore, smaller and newer market entrants may lack the resources and experience to compete with the existing market participants to meet the demands of advertiser customers.

EMPLOYEES

As at the Latest Practicable Date, we and our associate companies, had 767 employees, including 105 in Hong Kong, and 662 in China. The following table sets forth the breakdown of our employees by department as at the Latest Practicable Date:

Function	No. of employees
Management	28
Marketing and Sales	331
Finance	86
Operations Management	117
Front-line Operations	75
Creative Team and Research and Development	27
Others	103
Total	767

We believe we have good relations with our employees and aim to foster a strong sense of loyalty and dedication in our employees. We strive to motivate our employees with a clear career path which provides them with opportunities to improve their skills. We provide mandatory training to our employees upon hiring and on an ongoing basis as appropriate for their assigned duties and to enrich their skills sets. In particular, we have regular trainings for our marketing and sales teams. We provide regular safety training for our front-line operations employees. We appoint safety officers, who have undergone the relevant safety training courses, to oversee the work performed in the course of installing, maintaining and dismantling the advertisements displayed on our media resources to ensure that safety requirements are properly implemented. In addition, our safety officers conduct random checks on the work performed by our front-line operations team to ensure compliance with safety requirements. Any safety incidents or injuries are reported to our management for their further handling and recordkeeping.

Compensation for our employees typically comprises basic salaries and discretionary bonuses. We also provide incentives for employees based on sales and other performance targets. We provide a defined contribution to the Mandatory Provident Fund as required under Hong Kong law for our eligible employees in Hong Kong. We provide our employees in China with benefits as required under the relevant laws. We believe our relations with our employees are good, and have not had any material labour disputes or work stoppages during the Track Record Period.

PROPERTIES

As at the Latest Practicable Date, we rented five properties in Hong Kong, owned 12 properties in China and rented 33 properties in China, which we used for office premises and other facilities. Our rental expenses for our rented properties were HK$8.3 million, HK$9.7 million, HK$12.4 million and HK$6.0 million for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively.

All our owned properties are held for our own use. For the purpose of Chapter 5 of the Hong Kong Listing Rules, according to our latest audited combined balance sheets in the Accountant's Report in Appendix I to this prospectus, the total carrying amount of our owned property interests and of our total assets as at 30 June 2014 were approximately HK$1 million and approximately HK$1,000 million, respectively, and that as of that date no single property interest that formed part of our non-property activities had a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Chapter 5 of the Listing Rules to value or include in this prospectus any valuation report of our property interests.

Accordingly, pursuant to section 6(2) of the *Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice*, this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the *Companies (Winding Up and Miscellaneous Provisions) Ordinance* in relation to paragraph 34(2) of the *Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance*, which requires a valuation report with respect to all our Company's interests in land or buildings.

INSURANCE

Our Group's operations are covered by insurance policies which cover, among other things, third party liability, public liability and employee compensation. We carry insurance as required under the terms of our agreements with the media resources owners to cover the activities conducted by us and our sub-contractors.

We believe that our insurance coverage is consistent with industry and regional practice and are adequate for our business operations. From time to time, we review and assess our risk and adjust our insurance coverage as appropriate. For more information, see "Risk Factors – Risks Relating to Our Business and Industry – Our insurance coverage may not be sufficient to cover all losses".

LEGAL PROCEEDINGS

Our Group has been involved in legal proceedings or other disputes that arise in the ordinary course of our business from time to time, which primarily comprise small claims filed against us by employees for minor injuries or claims filed by us against our advertiser customers upon their failure to pay amounts due to us for our advertising. We have not incurred significant legal costs and expenses in connection with these legal proceedings. We are not currently party to, or aware of, any material legal or administrative proceedings, claims or disputes pending or threatened against us.

REGULATORY COMPLIANCE

Our Directors confirm that, as at the Latest Practicable Date, the Company had obtained all material licences and permits required to operate its business in the PRC and Hong Kong. During the Track Record Period, our Group had failed to comply with certain applicable laws and regulations in the PRC and Hong Kong respectively. A summary of such non-compliance incidents is set out below.

PRC

No.	Name of subsidiary involved	Summary of non-compliance incidents and reasons	Legal consequences and maximum potential fine	Remedial measures, and current status and provisions
1.	(1) Shanghai Asiaray (2) Guangzhou Asiaray	Failure to renew placement permits for setting up outdoor media resources in Shanghai and Guangzhou, involving 12, 12, 16, 12 media resources, for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014. As at the Latest Practicable Date, the permits had not been renewed because the respective local governmental authorities of city appearance and management of Shanghai and Guangzhou no longer processed or approved applications for the permits. The local governmental authority of city appearance and management of Shanghai issued a notice in April 2008, suspending the approving process of all applications and renewals for permits until further notice. Mr. Yung Chung Man, our Executive Director and Chief Operations Officer, is involved in the above non-compliance incidents.	According to the Advertising Law of the PRC (《中華人民共和國廣告法》), and relevant local regulations, permits for setting up outdoor media resources must be obtained from the competent local governmental authorities. Without a valid permit, the local governmental authorities in charge of the set-up of outdoor media resources may order the removal of unauthorised outdoor media resources within a specified time limit. If the Company fails to comply with the order, such media resources will be subject to forced removals. A certain amount of penalties will also be imposed. The estimated maximum potential fines for the non-compliance incidents in Shanghai and Guangzhou are approximately RMB550,000, RMB550,000, RMB750,000 and RMB550,000 for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively.	As at the Latest Practicable Date, the relevant permits had not been obtained as the relevant local governmental authorities of city appearance and management of Shanghai and Guangzhou had not resumed the approving process. Subsequently, we had stopped using the 12 relevant media resources without renewed placement permits. One of our Controlling Shareholders, Mr. Lam, agreed to indemnify our Group in respect of the potential fines for the lack of the 12 renewed placement permits pursuant to the Deed of Indemnity.

Our PRC Legal Advisers have advised us that there is only a remote possibility that we would be penalised for these non-compliance incidents for the lack of renewed placement permits due to suspension by local authorities in handling thereof because: (i) as confirmed by us, the relevant advertisements have been exhibited and displayed without renewing the permits for more than five years; and (ii) as at the Latest Practicable Date, we had not received any notice from the respective city authorities ordering the removal of the relevant advertisements. Our Directors also believe that it is unlikely that there will be, individually or in the aggregate, any material adverse effect on our business, financial condition and results of operations primarily because: (i) as at the Latest Practicable Date, no government authority had imposed any penalty against us; (ii) the maximum potential fine to all the non-compliance incidents is not expected to be material to our Group as a whole; and (iii) the revenue generated by the relevant media resources without permits were approximately RMB16.5 million, RMB14.1 million, RMB18.6 million and RMB11.0 million for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 respectively, representing 2.8%, 1.8%, 1.9%, and 2.3% respectively of the Group's revenue for the same periods, which are insignificant and not material to our Group as a whole.

No.	Name of subsidiary involved	Summary of non-compliance incidents and reasons	Legal consequences and maximum potential fine	Remedial measures, and current status and provisions
2.	(1) Hainan Asiaray (2) Beijing Asiaray (Yichang Branch) (3) Yunnan Airport Asiaray (4) Henan Airport Asiaray (5) Xi'an Asiaray (6) Zhejiang Asiaray	Lack of placement permits for some of the outdoor advertisements which we have obtained concession rights from their media resources owners, involving 270, 259, 248, 248 media resources, for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 respectively, in Hainan, Hubei, Yunnan, Henan, Shaanxi and Zhejiang Provinces. The media resources owners, who set up these media resources, are responsible for obtaining the placement permits from the relevant local governmental authorities. Our management is given to understand that the relevant media resources owners involved interpret the Advertising Law of the PRC differently. Mr. Yung Chung Man, our Executive Director and Chief Operations Officer, is involved in the above non-compliance incidents.	According to the Advertising Law of the PRC (《中華人民共和國廣告法》), and relevant local regulations, permits must be obtained from the competent local governmental authorities. Without a valid permit, the local governmental authorities in charge of the set-up of outdoor media resources may order the removal of unauthorised outdoor media resources within a specified time limit. If the Company fails to comply with the order, such media resources will be subject to forced removals. A certain amount of penalties will also be imposed. The estimated maximum potential fines imposed on the relevant media resources owners for the non-compliance incidents in Hainan, Hubei, Yunnan, Henan, Shaanxi and Zhejiang Provinces are approximately RMB5,325,000, RMB4,995,000, RMB4,665,000 and RMB4,665,000 for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively. The Company is not liable for such fines as we are not the relevant media resources owners.	We attempted to reconcile the differences in interpretation on the relevant regulatory requirement with the relevant media resources owners of the airports and sent out notices in November 2014 urging them to review and comply with the relevant laws and regulations that apply to their operations. As at the Latest Practicable Date, the placement permits of the relevant media resources had not been obtained as the relevant media resources owners had not given any response to the Company. One of our Controlling Shareholders, Mr. Lam, agreed to indemnify our Group in respect of any loss that the Group may suffer as a result of the lack of the relevant placement permits.

Our PRC Legal Advisers have advised us that there is only a remote possibility that we would be penalised for these non-compliance incidents because as at the Latest Practicable Date, we had not received any notice from the relevant departments managing the set-up of outdoor media resources imposing fines against us.

Furthermore, the media resources owners, who set up the outdoor media resources in the airports and metro lines, are responsible for obtaining the placement permits from the relevant governmental authority, and a fine, if any, shall be imposed on them. Our Directors also believe that it is unlikely that there will be, individually or in the aggregate, any material adverse effect on our business, financial condition and results of operations primarily because: during the Track Record Period, the revenue generated by the relevant 270, 259, 248 and 248 and advertisements without placement permits was approximately RMB49.2 million, RMB51.2 million, RMB47.5 million and RMB24.9 million for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 respectively, representing 8.3%, 6.6%, 4.9% and 5.1% respectively of the Group's revenue for the same periods.

Our Directors are of the view that we have taken all reasonable steps to enhance our proper internal control system to prevent future recurrence of non-compliance incidents. The Sole Sponsor is given to understand that (i) as advised by the PRC Legal Advisers, the responsibility lies on the media resources owners of the airports to obtain the relevant placement permits; and (ii) the Company has attempted to reconcile the differences in interpretation on the relevant regulatory requirement with the relevant media resources of the airports and reminded them of such regulatory requirement that apply to their operation. As such, our Directors and the Sole Sponsor are of the view that our enhanced internal control measures are adequate and effective in significantly reducing the risk of future non-compliance with legal and regulatory requirements in the PRC.

In addition, having considered the above non-compliance incidents and our enhanced internal control measures, our Directors and the Sole Sponsor are not aware of any matter that would affect the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules, or would render us not suitable for listing under Rule 8.04 of the Listing Rules.

No.	Name of subsidiary involved	Summary of non-compliance incidents and reasons	Legal consequences and maximum potential fine	Remedial measures, and current status and provisions
3.	(1) Yunnan Airport Asiaray (2) Zhejiang Asiaray (3) Henan Airport Asiaray (4) Guangzhou Asiaray (5) Beijing Asiaray (Yichang Branch) (6) Shanghai Asiaray (7) Hainan Asiaray	Lack of outdoor advertisement registration certificates for the advertisements in Yunnan Province, Hangzhou, Zhengzhou, Guangzhou, Yichang, Shanghai and Haikou, involving 60, 88, 349 and 463 advertisements for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 respectively. Both the provincial and local AICs are authorised to formulate specific rules and procedures regarding outdoor advertisement registration. As the governmental authority actually processing applications for the outdoor advertisement registration certificates, the local AICs set special or local procedures in practice with respect to the registration requirement. During the Track Record Period, we followed the guidance and established practice of the relevant AICs in order to comply with any special or local procedures with respect to the registration requirement. The Yunnan Provincial AIC had confirmed in an interview that they had established a practice of pre-vetting where we submitted advertisements provided by each advertiser customer to the relevant local AICs for their initial review. We only displayed an advertisement after it had received verbal confirmation from the AIC. The Zhengzhou AIC Airport Branch, through a written confirmation, and Haikou AIC Airport Branch, through a telephone interview, had confirmed that we conducted pre-communications with them and obtained verbal confirmations, in accordance with their respective local practices, prior to the display of advertisements. We also conducted pre-communications with the Hangzhou and Yichang AICs and obtained verbal confirmations from them, prior to the display of advertisements. We have attempted to obtain confirmations from them but as at the Latest Practicable Date, we had not received any response from them. We were unable to obtain the outdoor advertisement registration certificates for the advertisements displayed on the non-compliant media resources in Shanghai and Guangzhou as the relevant media resources did not have renewed placement permits. For details of the relevant non-compliant media resources without renewed placement permits in Shanghai and Guangzhou, please see p.135. Mr. Yung Chung Man, our Executive Director and Chief Operations Officer, is involved in the above non-compliance incidents.	According to the Measures for the Administration of Registration of Outdoor Advertisements (Order of the State Administration for Industry and Commerce) (戶外廣告登記管理規定), outdoor advertisements must be registered with local AIC before exhibition and display. Advertisements inside and outside of the airport terminal are regarded as outdoor advertisements for registration purpose. Further, in relation to the units or individuals which publish outdoor advertisements without registration, the local AICs may forfeit the income generated from such advertisement and impose a maximum fine of RMB30,000 per outdoor advertisement and set out a specific timeframe in which the registration procedure has to be completed. If the registration procedure is not completed within the specified timeframe, the Company will be ordered to cease exhibition or display of such advertisement. According to our PRC Legal Advisers, these non-compliance incidents cannot be cured by obtaining the outdoor advertisement registration certificates after the display of advertisements. The estimated maximum potential fine for the non-compliant advertisements in Yunnan Province and Zhengzhou are nil, RMB1.3 million, RMB7.9 million and RMB12.0 million for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 respectively. The amount of income liable to be forfeited in relation to the non-compliant advertisements in Yunnan Province and Zhengzhou lacking the outdoor advertisement registration certificates are expected to be approximately nil, RMB282,000, RMB4.1 million and RMB7.3 million for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively, in accordance with the Measures for the Administrative Authorities for Industry and Commerce to Determine Illegal Proceeds in Administrative Punishment Cases (工商行政管理機關行政處罰案件違法所得認定辦法). The Yunnan Provincial AIC has confirmed that it will not impose fine on the Company in relation to the past non-compliant advertisements. According to our PRC Legal Advisers, the possibility that the Henan Provincial AIC will impose fine on the Company's past non-compliant advertisements is extremely remote. The estimated maximum potential fine for the non-compliant advertisements in Hangzhou, Guangzhou, Yichang, Shanghai and Haikou are RMB1.8 million, RMB1.4 million, RMB2.6 million and RMB1.9 million for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 respectively. The amount of income liable to be forfeited in relation to the non-compliant advertisements in Hangzhou, Guangzhou, Yichang, Shanghai and Haikou lacking the outdoor advertisement registration certificates are expected to be approximately RMB0.2 million, RMB0.4 million, RMB3.3 million and RMB5.9 million for the years ended 31 December 2011, 2012 and 2013, and the six months ended 30 June 2014 respectively, in accordance with the Measures for the Administrative Authorities for Industry and Commerce to Determine Illegal Proceeds in Administrative Punishment Cases (工商行政管理機關行政處罰案件違法所得認定辦法). The local AICs of the relevant Provinces in which the non-compliance incidents occured have all issued to us compliance letters, confirming that our subsidiaries and their operations were in compliance with the applicable laws and regulations and that they had not previously imposed any penalty on our subsidiaries.	As at the Latest Practicable Date, we had rectified all of the non-compliant advertisements and obtained the relevant outdoor advertisement registration certificates. The Yunnan Provincial AIC has confirmed in an interview that it will not penalise the Company in relation to the past non-compliant advertisements. The Henan Provincial AIC and Zhengzhou AIC Airport Branch, through written confirmations, and Haikou AIC Airport Branch, through a telephone interview, have acknowledged that we are a legally-compliant company. According to the PRC Legal Advisers the above authorities are competent authorities in charge of managing our relevant advertisements and capable of providing the above confirmations, and the interviewed officers are competent officers of the relevant authorities to provide the foregoing verbal confirmations. We have attempted to obtain additional confirmations from the Hangzhou and Yichang AICs but as at the Latest Practicable Date, we had not received any response from them. We had discontinued the display of advertisements on the relevant non-compliant media resources without renewed placement permits in Shanghai and Guangzhou as at the Latest Practicable Date. One of our Controlling Shareholders, Mr. Lam, agreed to indemnify our Group in respect of any loss or penalty that the Group may suffer as a result of the lack of the relevant outdoor advertisement registration certificates.

Our PRC Legal Advisers have advised us that there is a remote possibility that we would be penalised for these non-compliance incidents or our income generated from such advertisements would be forfeited because: (i) as at the Latest Practicable Date, we had not received any notice from the relevant local AICs imposing fines against us; (ii) the Yunnan Provincial AIC has confirmed that displaying advertisements after pre-vetting and upon receiving their verbal confirmation is considered compliant with the registration requirement in accordance with their practice and that they will not impose penalties on the past non-compliances; and (iii) the possibility that Henan Provincial AIC will impose penalties on the Company's past non-compliances is extremely remote. Our Directors also believe that it is unlikely that there will be, individually or in the aggregate, any material adverse effect on our business, financial condition and results of operations, primarily because: (i) as at the Latest Practicable Date, no government authority had imposed any penalty against us; and (ii) the above registration issues were being rectified under the routine procedures under the applicable laws and regulations.

The aggregate revenue contribution of all the non-compliant advertisements without outdoor advertisement registration certificates is approximately RMB1.7 million, RMB4.7 million, RMB43.6 million and RMB58.6 million for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, representing 0.3%, 0.6%, 4.5% and 12.1%, respectively, of the Group's revenue for the same periods.

The aggregate revenue contribution for all three types of non-compliance incidents as mentioned above sums up to the amount of RMB67.3 million, RMB68.8 million, RMB100 million, and RMB71.7 million for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, representing 11.3%, 8.9%, 10.3% and 14.8% of the Group's revenue for the same periods.

Internal Controls

Our management have been and will continue to actively assess and monitor the associated business risks to ensure that the risk is kept at an acceptable level.

We have designated our media management department, comprising 117 members and headed by our Executive Director and Chief Operations Officer, Mr. Yung Chung Man, to implement the rectification measures and to ensure ongoing compliance. Mr. Yung and the relevant staff have attended training on the relevant laws and regulations relating to our Group's operations in the PRC. Mr. Yung, with over 19 years of experience working in the PRC advertising media field, has received adequate legal training and is assisted by an experienced supervisor of our legal and compliance team after the occurrence of the non-compliance incidents. Our Directors and the Sole Sponsor are therefore of the view that he is considered competent to perform his duties in monitoring the rectification and ensuring future compliance.

We have since September 2014 appointed a supervisor of our legal and compliance team, who directly reports to our Executive Director and Chief Operations Officer, Mr. Yung Chung Man and is responsible for reporting material matters to the Board of Directors. Our supervisor has 16 years of working experience in legal and compliance work and is a holder of the Enterprise Legal Adviser Qualification Certificate of the PRC (中國企業法律顧問執業資格證書). Our supervisor oversees all legal and compliance matters for our Group's operations in the PRC. In particular, our supervisor, together with the legal and compliance team, are responsible for (i) ensuring the required permits and registration certificates are duly obtained by the media management department for all media resources and advertisements; (ii) carrying out regular checks on the record book documenting all of our advertisements' compliance with the applicable laws and regulations; (iii) taking appropriate remedial measures to resolve any non-compliances; (iv) drafting and monitoring the implementation of our internal control policies and procedures; and (v) submitting compliance risk assessment and management reports to the senior management of the Company. We have a legal and compliance team comprising 3 members under our supervisor. The legal and compliance team will cooperate with our media management department to implement compliance risk management procedures and report emergent and material matters to the Board of Directors.

We adopted the following internal control procedures in September 2014 to ensure ongoing compliance with all applicable laws and regulations and to prevent the recurrence of the above non-compliance incidents:

Renewal of placement permits . .	We will ensure that we do not display any advertisement on media resources without renewed placement permits. Our media management department is responsible for applying for the placement permits for our media resources. They are required to maintain records of the validity periods and the expiry dates of the placement permits for our media resources. They report regularly to our legal and compliance team, which is responsible for monitoring the status of existing placement permits and the permit renewal process. In the event that any placement permits for our media resources have not been properly renewed, we will remove any advertisements displayed thereon until the placement permits have been renewed.

Obtaining placement permits . . . We will ensure that we do not display any advertisement on media resources without valid placement permits.

The media resources owners are responsible for obtaining these placement permits. Our legal and compliance team is responsible for monitoring the status of these placement permits. In the event that any of our media resources do not have the required placement permits, we will remove any advertisements displayed thereon until the media resources owners provide us with evidence that the placement permits have been obtained.

Prior to entering into any new concession rights contracts, we will use our best endeavours to ensure that (i) the media resource owners have obtained or is required to obtain the relevant placement permits and have undertaken to renew these permits upon their expiry; and (ii) all new concession rights contracts will contain indemnity clauses whereby the loss or penalty suffered by the relevant member of our Group as a result of the lack of placement permits will be indemnified or otherwise compensated by the media resource owner.

Obtaining outdoor advertisement registration certificates . . . . . . We will ensure that we do not display any advertisement without valid outdoor advertisement registration certificates.

Our media management department is responsible for obtaining the outdoor advertisement registration certificates. They obtain the relevant documentation and information from the advertiser customer. After collecting all the relevant information and review by our legal and compliance team, our media management department submits the registration certificate application to the relevant local AIC.

Our media management department maintains records documenting all advertisements' compliance with the registration requirement. Our legal and compliance team monitors the status of the outdoor advertisement registration certificates to ensure ongoing compliance. In the event that there are any non-compliant advertisements on display, they will be removed unless and until the relevant outdoor advertisement registration certificates have been obtained.

In order to ensure that our media management department and legal and compliance team remain informed and updated on the regulatory requirements under the local laws and regulations, we have provided and will continue to provide regular trainings and updates to our employees. Our Group has also retained external legal advisers to advise on compliance matters as and when necessary.

The Company has engaged an internal control consultant in September 2014 to review the remedial measures taken by the Company to address the non-compliance incidents with respect to the renewal of placement permits and obtaining outdoor advertisement registration certificates and the additional measures put in place to prevent recurrence of these non-compliance incidents.

The review procedures performed by the internal control consultant constitute a long form report engagement pursuant to the relevant technical bulletin AATB 1 issued by the Hong Kong Institute of Certified Public Accountants. The scope of work and the review procedures performed by the internal control consultant were agreed between the Company, the Sole Sponsor and the internal control consultant. The internal controls review was conducted based on information provided by the Company. The internal control consultant raised no further recommendations.

Our Directors are of the view that we have taken all reasonable steps to enhance our proper internal control system to prevent future recurrence of non-compliance incidents. As such, our Directors and the Sole Sponsor are of the view that our enhanced internal control measures are adequate and effective in significantly reducing the risk of future non-compliance with legal and regulatory requirements in the PRC.

In addition, having considered the above non-compliance incidents and our enhanced internal control measures, our Directors and the Sole Sponsor are not aware of any matter that would affect the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules, or would render us not suitable for listing under Rule 8.04 of the Listing Rules.

One of our Controlling Shareholders, Mr. Lam, has provided an indemnity in favour of our Group from and against, among other things, all losses, penalties or forfeiture of income which we may suffer, directly or indirectly, that may arise from or in connection with non-compliance incidents as disclosed above.

Hong Kong

Non-compliance in relation to the Predecessor Companies Ordinance

No.	Name of subsidiary	Non-compliance incidents	Cause of non-compliance	Legal consequences, maximum potential fine (if any)	Measures in place to prevent recurrence of non-compliance incidents
1.	1. Asiaray Advertising 2. Asiaray Advertising Media 3. Asiaray Media 4. Asiaray Outdoor 5. Asiaray Metro 6. Genesis Printing 7. Genesis Signmaker 8. Hong Kong Asiaray	Our Hong Kong subsidiaries failed to present their respective audited accounts at certain of their respective annual general meetings held in previous years, and certain of their audited accounts so presented at such annual general meetings were as at a date falling more than nine months prior to the date of the relevant annual general meetings.	The omission was not wilful due to absence of timely and professional advice to our subsidiaries to ensure compliance with the Predecessor Companies Ordinance.	Pursuant to Section 122 of the Predecessor Companies Ordinance, the directors of a Hong Kong company must cause the profit and loss account and balance sheet of the company to be prepared and presented before the company at its annual general meetings. Such accounts are required to be as at a date not more than nine months prior to the date of the relevant annual general meeting. Directors who fail to take reasonable steps to comply with Section 122 of the Predecessor Companies Ordinance are subject to imprisonment for 12 months and a fine of HK$300,000.	We have established and implemented the following internal measures: • our executive Director, chief financial officer and company secretary, Mr. So Chi Man, a qualified accountant in Hong Kong with over 18 years of accounting and finance experience and a member of the Hong Kong Institute of Certified Public Accountants, will oversee the accounting matters of our Group and to oversee the company secretarial matters for our Hong Kong subsidiaries; • we have recently retained a senior company secretarial officer, who is a member of the Hong Kong Institute of Chartered Secretaries, to assist Mr. So with the company secretarial matters of the Company and the Hong Kong subsidiaries; and • our Group will retain external legal adviser(s) to advise on compliance matters when necessary.

Mr. Alan C. Y. Yung, a Hong Kong barrister, was engaged to issue a legal opinion on the issue relating to non-compliance with sections 122 of the Predecessor Companies Ordinance. He advises that there is no risk of prosecution against the relevant Hong Kong Subsidiaries or their directors for breach of section 122 once three years has expired since the date by which they should have taken relevant steps to lay the financial statements at the annual general meetings. On the other hand, as at the Latest Practicable Date, there remained a risk of prosecution against the directors of the relevant Hong Kong Subsidiaries in relation to the failure to lay those financial statements that are of the year ended 31 December 2011 onwards. He is of the view that (i) the breaches of section 122 of the Predecessor Companies Ordinance are very minor in terms of gravity; (ii) in the event of conviction, the likelihood of the imposition of a maximum sentence would be extremely remote; (iii) it would be unlikely that custodial sentences would be imposed on any directors of the subsidiaries; and (iv) with mitigating factors being put forward in favour of the directors, the potential fines that may be imposed by the sentencing magistrate would also be reduced.

Our Directors confirm that as the breaches were not directly related to the management of the licences necessary for the operation of the Group's business, the aforesaid breaches would not adversely affect the operations of the Group's business.

No.	Name of subsidiary	Non-compliance incidents	Cause of non-compliance	Legal consequences, maximum potential fine (if any)	Measures in place to prevent recurrence of non-compliance incidents
2.	1. Asiaray Advertising 2. Asiaray Advertising Media 3. Asiaray Media 4. Asiaray Outdoor 5. Aisaray Metro 6. Genesis Printing 7. Genesis Signmaker 8. Hong Kong Asiaray	Failure on our Hong Kong subsidiaries to file required notices with the Registrar of Companies in Hong Kong upon certain changes to their corporate particulars within the prescribed timeframe.	The omission was not wilful due to absence of timely and professional advice to our subsidiaries to ensure compliance with the Predecessor Companies Ordinance.	Under Sections 92, 107, 109 and 158 of the Predecessor Companies Ordinance (the "Relevant Sections"), a Hong Kong company must file a notice with the Registrar of Companies in Hong Kong upon certain changes to its corporate particulars within the timeframe specified in the Relevant Sections. Our Hong Kong subsidiaries and every officer of our Hong Kong subsidiaries who is in default may be subject to fines for such previous non compliance of level 3 (HK$10,000) or level 5 (HK$50,000) (as the case may be) and a daily default fine of HK$300 (for level 3) or HK$700 (for level 5) (as the case may be) for each late filing under the Relevant Sections.	We have established and implemented the following internal measures: • our Hong Kong subsidiaries have filed all relevant and necessary prescribed forms and notices with the Hong Kong Companies Registry, and no notification of any possible prosecution of the Group or any officer of the relevant subsidiaries or penalties imposed on the Group or any officer of the relevant subsidiaries in relation to those late filing incidents has been received by the Group or any officer of the relevant subsidiaries; • our executive Director, chief financial officer and company secretary, Mr. So Chi Man, a qualified accountant in Hong Kong with over 18 years of accounting and finance experience and a member of the Hong Kong Institute of Certified Public Accountants, will oversee the accounting matters of our Group and to oversee the company secretarial matters for our Hong Kong subsidiaries; • we have recently retained a senior company secretarial officer, who is a member of the Hong Kong Institute of Chartered Secretaries to assist Mr. So with the company secretarial matters of the Company and the Hong Kong subsidiaries; and • our Group will retain external legal adviser(s) to advise on compliance matters when necessary.

Our Hong Kong Legal Advisers are of the view that (i) the breaches are minor in terms of gravity; (ii) in the event of conviction, the likelihood of the imposition of a maximum sentence would be remote; (iii) it would be unlikely that custodial sentences would be imposed on any directors of the subsidiaries; and (iv) with mitigating factors being put forward in favour of the subsidiaries and their directors, the potential fines that may be imposed by the sentencing magistrate would also be reduced. However, there remains a risk of prosecution against the relevant Hong Kong subsidiaries and their respective directors for the breaches and the discretion lies with the Companies Registry.

Our Directors also confirm that as the breaches were not directly related to the management of the licences necessary for the operation of the Group's business, the aforesaid breaches would not adversely affect the operations of the Group's business.

Our operations are subject to the following laws and regulations in Hong Kong and the PRC.

HONG KONG REGULATIONS

Our operations in Hong Kong are subject to regulations governing certain areas including, among others, installation of advertisement signboards and occupiers liability.

Business Operations

In respect of the operations of the Group in Hong Kong, the Group is required to obtain business registration certificates issued by the Inland Revenue Department of the Hong Kong Government under the *Business Registration Ordinance* (Chapter 310 of the Laws of Hong Kong).

Installation of Advertisement Signboards

The Group is responsible for installation, maintenance and removal of the advertising spaces (including billboards and signboards) in Hong Kong. We also appoint registered structural engineers and registered contractors to design and construct advertising structures and install signboards.

Building Works

Signboards which are permanently attached, fixed, annexed or secured to a building normally falls within the definitions of "building" or "building works". According to the *Buildings Ordinance* (Chapter 123 of the Laws of Hong Kong) which regulates the planning, design and construction of buildings and building works in Hong Kong, the installation of signboards requires the written approval of plans and consent to the commencement of works by the Building Authority. Signboards which are erected in, over, under or upon any street must not be:

- a danger to the structure of a building;
- a hazard to traffic;
- a fire hazard;
- an obstruction of traffic signs, traffic light signals, road markings or other equipment or facilities for the monitoring or control of traffic conditions;
- an obstruction of lighting or ventilation of any building so as to reduce the quality of light and air below that required under the regulations; or
- a danger to the public.

Under the Minor Works Control System set out in the *Building (Minor Works) Regulations* (Chapter 123N of the Laws of Hong Kong) ("B(MW)R"), certain signboards which are relatively small in size (e.g., wall signboards with light-emitting diodes with display area of not more than 20 sq.m.) may be erected, altered or removed without the prior approval and consent from the Building Authority so long as designated registered contractors (and, depending on the class of minor works, prescribed building professionals) are engaged to carry out the works. "Designated Exempted Works", which include signboards that are less complex and pose less of safety risk than minor works (e.g., wall signboards with display area of not more than one sq.m.), do not require prior approval or consent from the Building Authority nor the appointment of building professionals and registered contractors for carrying out the works.

The *Guide on Installation and Maintenance of Advertising Signs* and *Practice Note for Authorised Persons and Registered Structure Engineers 269*, published by the Buildings Department, sets forth the structural, fire and traffic safety requirements for the installation of signboards.

Liability for Personal Injury or Property Damage

Any person directly concerned with building works who authorises or permits such works to be carried out in a way that is likely to cause risk of injury to any persons or damage to any property is liable to fines and imprisonment. As we arrange for the installation and construction of signboards, we may potentially be liable for authorising or permitting potentially dangerous building works to be carried out.

Fire Safety Requirements

Under the relevant guidelines issued by the Fire Services Department of Hong Kong, signboards should comply with certain safety requirements, which include, among others:

(i) conforming to specified structural requirements (e.g., horizontal clearance for signboards projecting over a street, headroom/vertical clearance for signboards projecting over a carriageway, etc.);

(ii) not obstructing fire safety access points (e.g., roof exits or windows that may be opened), and guy wires that secure signboards must not obstruct access to upper floors by fire services ladders; and

(iii) signboards must be made of non-combustible material and must not have neon light tubing, electrical circuits or lamps on combustible material.

Electricity Supply and Lights on Advertisement Signboards

Certain advertisement signboards managed by the Group are equipped with lighting effects. According to the *Electricity Ordinance* (Chapter 406 of the Laws of Hong Kong) and the *Electricity (Wiring) Regulations* (Chapter 406E of the Laws of Hong Kong), a neon signboard or sign with current-using equipment should comply with the electrical safety requirements under the *Electricity (Wiring) Regulations of the Electricity Ordinance* and technical guidelines under the *Code of Practice for the Electricity (Wiring) Regulations*. These include, among others, that:

(i) the electrical installation of the current-using sign must be undertaken by a registered electrical contractor or worker;

(ii) the current-using equipment must be free from contact with inflammable materials and exposure to mechanical damage; and

(iii) advertisement signboards forming part of the building communal fixed electrical installation must be subject to periodic (varying from 12 months to five years, depending on the types of electrical installation and premises) inspection, testing and certification.

Exhibition of Advertisements on Lands in Hong Kong

According to the *Public Health and Municipal Services Ordinance* ("PHMSO") (Chapter 132 of the Laws of Hong Kong) and *Advertisements Regulation* (Chapter 132B of the Laws of Hong Kong) ("Advertisements Regulation") which regulate the exhibition of advertisements, decorations and signs on private and public land in Hong Kong. The Secretary for Food and Health of Hong Kong may enact similar regulations.

Permission required for the display of bills or posters

Any person who displays or affixes a bill or poster:

(i) on private land without the written permission of the owner or occupier; or

(ii) on Hong Kong government land without the written permission of the Director of Lands or other relevant Hong Kong government authority

commits an offence and is liable to fines.

A "bill or poster" includes any sign, placard, board or notice but does not include any structure, apparatus or hoarding used for the display of a bill or poster. For the purpose of determining the party liable for displaying or affixing the bill or poster, any person who "uses" another to display or affix the bill or poster is treated as though he had personally done so. Although we do not install a signboard on our own but arrange for construction under a third party contract, we would not be precluded from potential liability under this section.

The bill or poster must be maintained in a clean and tidy condition to the reasonable satisfaction of the Secretary for Food and Health of Hong Kong. A person who contravenes this section commits an offence and is liable to a monetary fine. Where a poster or bill is displayed without permission or is not maintained in a clean and tidy condition, the Secretary for Food and Health may remove the bill or poster and recover the cost of removal from the person displaying it.

Other Requirements under the Advertisements Regulation

Our creative team may engage in the designing of the advertisements in some of our projects, while most of the advertisement designs are provided by our customers. Advertisement designs must go through our internal censorship procedures before display.

According to the Advertisements Regulation, an advertisement must not, among others:

(i) disfigure the natural beauty of scenery or affect injuriously the amenities of a locality;

(ii) interfere with road traffic; or

(iii) bear any neon, electric or light sign that is a source of serious fire. In such a case, the Director of Fire Services will serve a notice on the person by or for whom the sign was erected and is maintained, requiring the removal of the sign.

A person who contravenes the above provisions is liable to fines and imprisonment. An order may also be made for the removal of the advertisement.

Advertisement Signboards Displayed on Roads in Hong Kong

The Group operates a few advertisement signboards on or near the roads in Hong Kong. The *Road Traffic Ordinance* (Chapter 374 of the Laws of Hong Kong) and *Road Traffic (Expressway) Regulations* (Chapter 374Q of the Laws of Hong Kong) regulate road traffic and the use of vehicles and roads in Hong Kong. Accordingly, the Secretary for Transport and Housing may make regulations concerning the affixing of any poster, placard, bill, advertisement or other matter on, over or under an expressway or beneath the physical structure of an expressway. The Transport Department has also issued guidelines on the use of signboards.

Under the regulations, it is an offence to affix or cause or permit to be affixed any poster, placard, bill or advertisement on or over an expressway without the written permission of the Commissioner for Transport. Any person who fails to comply is liable to a monetary fine and a custodial sentence.

Content Requirements of Advertisements

The *Control of Obscene and Indecent Articles Ordinance* (Chapter 390 of the Laws of Hong Kong) ("Content Ordinance") controls articles which consist of or contain material that is obscene or indecent. This includes material that is violent, depraved or repulsive. The Content Ordinance stipulates that it is an offence to publicly display any indecent matter. A matter is indecent if by reason of indecency it is not suitable to be published to a juvenile (person under 18 years of age). Even if the Group is not responsible for designing the advertisement, the Content Ordinance provides that "any person causing or permitting the display to be made" commits an offence and is liable to a monetary fine and a custodial sentence.

Any person who publishes an obscene article commits an offence and is liable to fines and imprisonment. A person publishes an article containing material to be looked at if he shows or projects that article to the public or a section of the public. A thing is obscene if by reason of obscenity it is not suitable to be published to any person.

Occupiers Liability

The *Occupiers Liability Ordinance* (Chapter 314 of the Laws of Hong Kong) ("OLO") amends the common law on occupiers' liability for injury or damage to persons or property from dangers arising from the state of property or things done or omissions therein. The OLO regulates the duty owed by an occupier to his visitors. An occupier is a person who has sufficient control of the premises arising from his presence in and use of or activity in the premises.

We typically only arrange for the construction of signboards on premises, and would not likely have sufficient control of the premises to constitute an occupier. Nonetheless, we may potentially be liable to third parties for faulty execution, maintenance or repair of building works by virtue of contract with the occupiers.

Government Rates

The Group is under contractual obligation to pay government rates in some of the advertising spaces we manage in Hong Kong. Properties in all parts of Hong Kong are liable to be assessed to rates under the *Rating Ordinance* (Chapter 116 of the Laws of Hong Kong) ("RO"). The RO provides that where the right to use land for the purpose of exhibiting advertisements is let, reserved or otherwise granted to a person other than the occupier of the land, that right shall be deemed for rating purposes to be a separate tenement in the occupation of the person for the time being entitled to the right. The rateable value of a tenement shall be an amount equal to the rent at which the tenement might reasonably be expected to let, from year to year, if the tenant undertook to pay all usual tenant's rates and taxes; and the landlord undertook to pay Hong Kong Government rent, the costs of repairs and insurance and any other expenses necessary to maintain the tenement in a state to command that rent. The owner and occupier of a tenement shall both be liable for payment of the rates assessed, but the same shall be deemed to be an occupier's rate and, in the absence of any agreement to the contrary, shall be paid by the occupier.

Film Censorship

The Group operates seven units of digital displays in five MTR stations and outside a commercial building in Hong Kong for the broadcast of television advertisements of our customers. The Film Censorship Ordinance (Chapter 392 of the Laws of Hong Kong) (the "FCO") regulates and imposes restrictions on the exhibition of films, grants approvals and determines the classification of films. We submit the films to the Film Censorship Authority of Hong Kong (the "Authority") before exhibition, along with a statement as to the classification of the film and a declaration as to whether the film has been classified under the Control of Obscene and Indecent Articles Ordinance. Any person who, knowingly or recklessly, makes a declaration which is false or misleading in a material particular, commits an offence and is liable to a fine and imprisonment. A film may be exempted under the FCO subject to such conditions, if any, relating to the suitability or unsuitability of the film for exhibition:

(a) to the public in general;

(b) to any class of the public;

(c) at a particular place or a place of a particular class or description;

(d) at a particular time;

(e) for a particular purpose;

(f) on one occasion; or

(g) on more than one occasion,

as the Authority thinks fit, and shall be subject to a condition that the film shall not be exhibited with:

(i) any additions to; or

(ii) any excisions from,

the film in the form in which it was submitted.

Where a film is exempted under the FCO, the Authority shall issue a certificate of exemption. The Authority may require for the applicant to deposit a copy of the film within a prescribed time. Failure to do so without reasonable excuse commits an offence and is liable for a fine. The Authority may revoke a certificate of exemption by notice in writing served on the applicant. We have obtained a certificate of exemption for all of our television advertisements which are classified as Class I, approved for exhibition to persons of any age subject to the condition that any advertising material which relates to the film shall display prominently the appropriate symbol applicable under subsection.

PRC REGULATIONS

Our operations in China are subject to regulations of the PRC government governing a wide range of areas including, among others, advertising and publication. In addition, our operations are subject to a number of general regulations in the PRC, such as regulations in relation to foreign investments, foreign exchange control and taxation.

Laws and Regulations Governing the Advertising Business

The principal regulations governing advertising businesses in China include:

- the Advertising Law;
- *The Advertising Administrative Regulations* (《廣告管理條例》), promulgated by the State Council on 26 October 1987 and became effective on 1 December 1987 (the "Advertising Regulations"); and
- *The Detailed Rules for the Implementation of the Advertising Administrative Regulation* (《廣告管理條例施行細則》), last amended on 30 November 2004 and became effective on 1 January 2005 (the "Advertising Implementation Rules").

Participants of Advertising Industry

The Advertising Law classifies the participants in the PRC advertising industry as: (i) advertiser, which means a legal person, an economic entity or an individual that designs, produces and publishes advertisements, either through its own efforts or through an entrustment to others, in order to promote sales of goods or services; (ii) advertising operator, which means a legal person, an economic entity or an individual that engages in advertising operational activities and provides services in designing and producing advertisements or related agency services on a commissioned basis; and (iii) advertising distributor, which means a legal person or an economic entity that publishes advertisements for advertisers or for advertising operators entrusted by advertisers.

Business Licence and Operation Licence

According to the applicable regulations, an advertising company (including an advertising operator and an advertising distributor) may only engage in the advertising business after it has obtained from the SAIC or its local branches a business licence which specifically includes in its business scope the operation of an advertising business. A company conducting advertising activities without such a business licence may be subject to penalties including fines, confiscation of illegal income and orders to cease advertising operations. The business licence of an advertising company is valid for the duration of its existence, unless the licence is suspended or revoked due to a violation of any relevant law or regulation.

The *Advertising Implementation Rules and the Measures on Administration of Advertising Operation Licences* (《廣告經營許可證管理辦法》), promulgated by the SAIC on 30 November 2004 and effective on 1 January 2005 (the "Measures on Operation Licence"), stipulate that certain entities are obliged to obtain an operation licence from a branch of SAIC at the county level or above prior to its engagement in advertising activities and to confine its business within the scope stipulated in the operation licence. Such entities, as defined by the Measures on Operation Licence, include radio stations, television stations, newspaper or magazine publishers, non-enterprise entities, and any other entities otherwise specified in relevant laws or regulations.

Advertising Content

The advertisers, advertising operators and distributors are liable for the truthfulness of the content of the advertisements. The advertisers who entrust advertising operators and distributors to design, produce or publish advertisements must provide true, lawful and effective supporting documentary evidence in connection with the contents of the advertisements. The advertising operators and distributors must examine the relevant documents to verify the contents of the advertisements. Publishers may not prepare or publish advertisements which contain untrue content or lack sufficient supporting documentary evidence.

Pursuant to the Advertising Law, advertisements may not contain false information or misrepresentations. An advertisement should present distinct and clear specifications on the product's function, place of origin, uses, quality, price, manufacturer, and expiration date of commodities, or the contents, forms, quality, price or promises of the services offered.

The applicable laws and regulations explicitly specify prohibitions on certain kinds of advertisements, including those:

- for special drugs such as anaesthetics, psychotropic drugs, toxic drugs and radioactive drugs are prohibited;
- for tobacco products, through forms of media such as radio broadcast, films, television, newspapers and periodicals, or in public areas such as waiting rooms, theatres, conference halls and sports stadiums, are prohibited; and
- that contain misleading content, superlative wording, socially destabilising content or content involving obscenities, superstition, violence, discrimination or infringement of public interests are prohibited.

The applicable laws and regulations also set forth special restrictions and requirements on advertisement of certain products or services, including that advertisements involving:

- patented products or methods shall specify the patent type and registration number;
- food, wine and cosmetics must comply with the requirements set by the local health departments and may not contain medical terms or terms that are confusingly similar to medications;
- medications must be based on the instructions approved by the administrative department of public health at the provincial level or under the State Council;
- direct or indirect introduction of medical organisations or medical services must be submitted to the administrative department of public health at the provincial level and/or the administrative department for traditional Chinese medicine at the provincial level for content approval prior to publication, and such advertisements are also subject to supervision by the relevant AIC; and
- pharmaceuticals, medical instruments, agrochemicals and veterinary pharmaceuticals through radio broadcast, films, television, newspapers, magazines, and other forms of media, as well as any other advertisements which are subject to censorship review according to applicable laws and regulations, must obtain content approval from the relevant authorities prior to publication.

To implement the general requirements on the control of advertisement content under the Advertising Law and relevant laws and regulations, several governmental authorities including the SAIC, State Administration of Press, Publication, Radio, Film and Television (國家新聞出版廣電總局，原國家廣播電影電視總局、新聞出版總署(包括國家版權局)), China Food and Drug Administration (國家食品藥品監督管理總局，原國家食品藥品監督管理局), State Administration of Traditional Chinese Medicine (國家中醫藥管理局), National Health and Family Planning Commission (國家衛生和計劃生育委員會，原衛生部), Ministry of Public Security (公安部), Ministry of Supervision (監察部), Ministry of Industry and Information Technology (工業和信息化部), Correcting Industrial Illegitimate Practice Office of the State Council (國務院糾正行業不正之風辦公室), State Council Information Office (國務院新聞辦公室) promulgated the Rules on Review of Advertisement Release by Public Media (《大眾傳播媒介廣告發佈審查規定》, "Rules on Review of Advertisement Release") on 9 February 2012 and effective on the same date.

According to the Rules on Review of Advertisement Release, both advertising operators and advertising distributors are required to designate staff to examine the relevant documents to verify the contents of the advertisements. The staff will initially examine the advertisements and report to the officers in charge of the advertising services. In the meantime, both advertising operators and advertising distributors shall establish internal control policies, processes and procedures in respect of the content control, including detailed systems for service registration, review and filing archives.

In the case of promoting goods or services with untrue advertisements, the relevant advertising regulatory authorities may require an advertiser to stop publishing the advertisements and to make public corrections utilising the same amount of advertising expenses, and impose a fine of an amount up to five times the advertiser's advertising expenses. The responsible advertising operator and distributor may be subject to confiscation of their relevant income from providing the advertising services, as well as a fine of an amount up to five times any income. For severe violations, liable parties may be subject to forced termination of their advertising businesses, or even criminal proceedings if their acts constitute criminal offences.

Furthermore, the advertiser may be subject to civil liabilities for publishing untrue, deceptive or misleading advertisements resulting in infringement upon the rights and interests of consumers who have bought the advertised goods or used the advertised services; and any advertising operator and distributor who knew or should have known the misconduct but still designed, produced or published the advertisement will be jointly and severally liable for any damages. If the advertising operator or distributor is unable to identify the advertiser and provide an accurate address of such advertiser, it will bear the entire civil liability.

Outdoor Advertising

Under the Advertising Law, the exhibition and display of outdoor advertisements may not: (i) utilise traffic safety facilities and traffic signs; (ii) impede the use of public facilities, traffic safety facilities and traffic signs; (iii) obstruct commercial production and public activities or damage the urban area landscape; (iv) be placed in restricted areas near government offices, cultural landmarks or historical or scenic sites; or (v) be placed in areas prohibited by local governments at the county level or above from having outdoor advertisements.

The Advertising Law delegates the power of formulating rules for and administering outdoor advertisements to the local governments above the county level, which are tasked with promulgating local regulations according to the Advertising Law, as well as the *Urban and Rural Planning Law* (《城鄉規劃法》) and the *Administrative Regulations for City Appearance and Environmental Sanitation* (《城市市容和環境衛生管理條例》).

Placement Permit

Generally, local regulations require the party who sets up the outdoor media resources to go through certain procedures and obtain prior permission from certain governmental authorities such as the ones in charge of city appearance and management, city planning, construction, transportation and public security, depending upon the location where the outdoor media resources is planned to be placed. For instance:

- Shanghai. The *Shanghai Administrative Regulations for Outdoor Advertising Facilities* (《上海市戶外廣告設施管理辦法》) and *Shanghai Government Circular of Reinforcing the Administration of Outdoor Advertising Facilities* (《上海市人民政府關於加強本市戶外廣告設施管理的通告》) stipulate that the Shanghai Landscaping and City Appearance Bureau is responsible for the approval of setting up outdoor media resources in Shanghai.

- Chengdu. The *Chengdu City Administrative Regulations for Outdoor Advertising and Signboard Placement* (《成都市戶外廣告和招牌設置管理條例》) stipulate that: (i) the setting up outdoor media resources in urban areas shall be permitted by the local governmental authority of city management; and (ii) the setting up in public roads and ancillary areas shall be permitted by the local governmental authority of transportation.

- Guangzhou. The *Guangzhou Administrative Regulations for Outdoor Advertising and Signboard Placement* (《廣州市戶外廣告和招牌設置管理辦法》) stipulate that entities setting up outdoor media resources shall obtain the *Outdoor Advertising Placement Certificate* from the local governmental authority of city management.

Media resources set up inside or outside of the departure halls, terminals and arrival halls of airports and urban metro transportation facilities are considered outdoor media resources. However, except for the relevant regulations in Chengdu, Zhengzhou and Kunming, the local regulations do not classify whether media resources placed inside or outside of the departure halls, terminals and arrival halls of airports and urban metro transportation facilities are a type of advertising subject to the permit requirements to be issued by the relevant governmental authorities.

If the advertisement operator fails to obtain the permit for setting up outdoor media resources, such failure will subject the advertising operator to the following penalties and such advertising operator may be ordered by the relevant PRC governmental authorities to rectify in the manner below:

- Chengdu. The *Chengdu City Administrative Regulations for Outdoor Advertising and Signboard Placement* (《成都市戶外廣告和招牌設置管理條例》) require: (i) removal of the platforms within a specified period; and (ii) payment of an administrative fine ranging from RMB30,000 to RMB50,000.

- Zhengzhou. The *Zhengzhou Administrative Regulations for Outdoor Advertising Placement* (《鄭州市戶外廣告設置管理條例》) require: (i) rectifying or removal of the platforms within a specified period; and (ii) payment of an administrative fine ranging from RMB1,000 to RMB5,000.

- Kunming.《昆明市戶外廣告設施設置管理辦法》require: (i) rectifying the violation; and (ii) payment of an administrative fine ranging from RMB10,000 to RMB30,000.

According to the relevant PRC laws and regulations, the persons who sets up the outdoor media resources are responsible for obtaining the placement permits from the relevant governmental authorities. Therefore, the media resources owners of airports and metro lines, who set up the media resources in the airports and metro lines, respectively, are responsible for obtaining the placement permits for the advertisements in their respective airports and metro lines. For outdoor media resources in areas other than those in airports and metro lines, the relevant media resources owners, such as the advertising companies which set up the resources, are responsible for obtaining placement permits. Such responsibilities are not defined by the geographic region or province in which the media resources are located. As the person who sets up the outdoor media resources in certain outdoor areas in Shanghai and Guangzhou, we are responsible for obtaining placement permits for the media resources we operate in those areas. The failure to obtain placement permits for our media resources may result in the relevant governmental authorities requiring the removal of the advertisements.

In addition, the local governmental authority of city appearance and management is required to apply to the competent court for the enforcement of the removal of platforms if the advertisement placer fails to follow the orders from such governmental authority to remove the outdoor advertisements itself according to the *Administrative Penalty Law* (《行政處罰法》). However, certain local regulations clearly exclude such advertisements from the power of the relevant governmental authorities of city appearance and management. For instance:

- Shenzhen. The *Shenzhen Administrative Regulations for Outdoor Advertising* (《深圳市戶外廣告管理辦法》) stipulate that such advertisements do not fall within the regulatory supervision of the relevant authorities for city appearance and management.

- Guangzhou. The *Guangzhou Administrative Regulations for Outdoor Advertising and Signboard Placement* (《廣州市戶外廣告和招牌設置管理辦法》) stipulate that permits issued by the relevant authorities for city appearance and management are not necessary for advertisements placed inside the departure halls, terminals and arrival halls of airports and urban metro transportation facilities.

- Chongqing. The *Chongqing Administrative Regulations for Outdoor Advertising* 《重慶市戶外廣告管理條例》 stipulate permits issued by the relevant authorities for city appearance and management are not necessary for outdoor advertisements.

Advertising Registration

Amendment to the Advertising Law

The State Council passed the Advertising Law (draft amendment) on 4 June 2014. This draft amendment, after further revisions based on the discussion on the meeting of the State Council, will be submitted to the Standing Committee of National People's Congress for review and approval.

This draft amendment focuses on the administration and supervision of the advertisements containing false information or misrepresentations, or untrue advertisements (虛假廣告), which:

- states that the contents of the advertisements will be deemed as untrue if the advertisers fail to provide the supporting documentary evidence;
- requires the advertising operators and distributors to improve their internal control polices, processes and procedures with respect to the content control;
- defines the scope of the advertisements containing false information or misrepresentations in detail; and
- imposes more severe penalties on serious violations, including publishing the advertisements without prior review and publishing the advertisements containing false information or misrepresentations.

In addition to the laws and regulations generally applicable to advertisements in the PRC, outdoor advertising is also subject to the Outdoor Advertising Regulations.

Under the Outdoor Advertising Regulations, all outdoor advertisements must be registered with the local branches of the SAIC at or above county level before display. The advertising operator is required to submit a registration application form and other supporting documents for registration. After review and examination, if an application complies with the requirements, the local branches of the SAIC should issue an outdoor advertisement registration certificate for the advertisement. Outdoor advertisements must be published in accordance with the registration on aspects such as venue, format, specification and time period, which should not be altered without prior approval.

The Outdoor Advertising Regulations stipulate that if advertising operators fail to comply with the relevant requirements, they may be ordered by the local branches of the SAIC to: (i) forfeit the illegal advertising income; (ii) pay an administrative fine of up to RMB30,000; and (iii) register the advertisements within a specified period. Furthermore, failure to register the advertisements within the required period may lead to orders from the SAIC that relevant advertisements should cease to be published.

Under the Advertising Law, the contents of all advertisements must be reviewed by the SAIC and other relevant advertising regulatory authorities, if and as required, before publishing. However, the Advertising Law does not define the review process, which is subject to the practices of the SAIC and other relevant advertising regulatory authorities.

Concession Rights

According to the Measures of Guangdong Province for Implementing the Tendering and Bidding Law of the PRC 《廣東省實施〈中華人民共和國招標投標法〉辦法》, (the "Tendering and Bidding Measures of Guangdong Province"), promulgated by the Standing Committee of the People's Congress of Guangdong Province on April 2, 2003 and effective on June 1, 2003, government franchised projects open to private investment ("Compulsory Bidding Projects") are subject to bidding. Those Compulsory Bidding Projects include (i) government franchised projects to private investment with a total investment amount above RMB100 million; (ii) transfer of concession rights of public transportation and certain trading sites with an annual turnover over RMB1 million; and (iii) transfer of concession rights of roads, water supply and electricity supply with an annual revenue over RMB10 million.

The PRC Legal Advisers are of the view that: (i) Compulsory Bidding Projects under the Tendering and Bidding Measures of Guangdong Province refer to such infrastructure projects owned and sponsored by the governments as public utility, transportation, roads, water supply and electricity projects; they do not refer to the media resources projects; and (ii) in accordance with the interpretation provided by the Guangdong Development and Revolution Committee, airport advertising operations and metro line advertising operations do not fall within the scope of "Compulsory Bidding Projects", including the transfer of concession rights of certain trading sites, as contemplated under the Tendering and Bidding Measures of Guangdong Province.

The local government in certain cities and provinces set forth rules and regulations regarding the process for obtaining concession rights to media resources in public and non-public areas. For instance:

- <u>Shenzhen</u>. Under the *Administrative Measures of Shenzhen Municipality on Bao'an International Airport* (《深圳市寶安國際機場管理辦法》), the Airport Division of the Transport Committee is responsible for reviewing and approving of the scope, fee and granting method of concession rights in Shenzhen Bao'an International Airport. Operators of media resources in Shenzhen Bao'an International Airport shall be selected via open bidding, auction or other methods as long as it is in line with the interests of the airport's development and the principle of fairness. The selection of concession operators is subject to the approval of the Airport Division of the Transport Committee.

- <u>Zhejiang Province</u>. Under the *Notice on Strengthening the Collection Management of Income for the Use of Outdoor Media Resources* (《關於加強戶外廣告資源有償使用收入徵收管理的通知》), outdoor advertising spaces are public resources, and the operators thereof shall be selected mainly through open bidding and auction. The concession rights to outdoor advertising spaces that are in publicly-owned areas (具有公共產權性質的空間) shall be granted via open bidding and auction. All of the concession fees for such outdoor advertising spaces in publicly-owned areas are paid to the media resources owners, who in turn pay these concession fees to the Zhejiang

Department of Finance. The concession rights to outdoor advertising spaces in non-public areas may be granted via open bidding, auction or negotiation. The Zhejiang Department of Finance has suspended collecting incomes from granting concession right of spaces in non-publicly-owned areas according to the *Supplemental Notice on Strengthening the Collection Management of Income for the Use of Outdoor Media Resources* (《關於戶外廣告資源有償使用收入徵收管理有關規定的補充通知》).

- Hainan Province. According to the *Advices to the Management of Tenders and Bids of Outdoor Media Resources in Hainan Province* (《海南省戶外廣告資源實施招標拍賣管理的意見》), The concession rights to advertising spaces in publicly-owned areas must be granted via bidding or auction. All concession fees from such advertising spaces are paid to the media resources owners, who in turn pay these concession fees to the Hainan Department of Finance.

- Urumqi. Under the *Management of Occupancy Fee Collection of Outdoor Media Resources in Urumqi* (《烏魯木齊市戶外廣告設施空間資源佔用費徵收管理辦法》), the concession rights to advertising spaces in publicly-owned areas must be granted via bidding or auction. All concession fees from such advertising spaces are paid to the media resources owners, who in turn pay these concession fees to the Urumqi Department of Finance.

Advertising Fees

According to the Advertising Law, advertising charges shall be reasonable and made known to the public, and the pricing standards and measures shall be registered with the administrative departments in charge of price, industry, and commerce for record. According to the *Regulation on Clear Pricing of Advertising* (《廣告服務明碼標價規定》) promulgated jointly by National Development and Reform Commission ("NDRC") and SAIC on 28 November 2005, the advertising service providers shall clearly mark the content and rates of services and the method in fee collection.

For the purpose of ensuring compliance with the requirement of "made known to the public", the advertising operators may choose one or more of the following means to publish the contents required by the *Regulation on Clear Pricing of Advertising* (《廣告服務明碼標價規定》): (i) media release; (ii) publicity billboard; (iii) pricing list; (iv) charging brochure; (v) internet inquiry; (vi) publicity column; (vii) multimedia terminal inquiry; (viii) voice broadcasting; and (ix) other means recognised by the public. Also, the advertising operators shall publish the hotline or the checking channels for the advertising charges.

Laws and Regulations Relating to Foreign Invested Enterprises

On 11 February 2002, the State Council issued the *Provisions on Guiding the Directions of Foreign Investment* (《指導外商投資方向規定》), which classifies foreign investments projects into four categories: encouraged, permitted, restricted and prohibited. The details with respect to the encouraged, restricted and prohibited categories are provided in the *Guiding Catalogue of Foreign Investment Industries* (《外商投資產業指導目錄》) (the "Guiding Catalogue"), which was jointly issued by the NDRC and the Ministry of Commerce of the PRC ("MOFCOM") on 24 December 2011, and effective 30 January 2012. Foreign investment projects that are not specifically provided in the Guiding Catalogue are classified into the permitted category. The business activities that we are engaged in, or are associated with, fall into the "permitted" category under the Guiding Catalogue.

The NDRC has promulgated two primary regulations with respect to the approval of projects, namely: (i)《外商投資項目核准和備案管理辦法》promulgated on 17 May 2014; and (ii) the *Notice of the NDRC on Delegating Powers on Approval of Foreign Investment Projects to Authorities at Lower Levels* (《國家發展改革委關於做好外商投資項目下放核准許可權限工作的通知》) promulgated on 4 May 2010.

Projects that are subject to the approval by the NDRC include projects which are required by the Guiding Catalogue to be controlled by a Chinese party with: (i) total investments of at least US$300 million that are within the encouraged categories of foreign investment; or (ii) total investments of at least US$50 million that are within the restricted category (excluding real estate) of foreign investment. Other projects are subject to the filing or approval procedures required by the provincial or local branches of the NDRC. Specifically, encouraged foreign invested projects which are required by the Guiding Catalogue to be controlled by a Chinese party with total investments below US$300 million must be approved by the local branches of the NDRC, unless separate approval is required by the relevant department of the State Council under the *Catalogue of Investment Projects Approved by the Government* (《政府核准的投資項目目錄》).

Laws and Regulations on Foreign Investment in Advertising Enterprises

The Advertising Implementation Rules require that a foreign-invested enterprise must file an application to engage in the advertising business in the PRC in accordance with the *Regulations on the Administration of Foreign-invested Advertising Enterprises* (《外商投資廣告企業管理規定》), which was jointly promulgated by the SAIC and MOFCOM on 2 March 2004 and amended on 22 August 2008 (the "Foreign-invested Advertising Regulations"), and other relevant regulations.

According to the Foreign-invested Advertising Regulations, foreign investors are allowed to hold a majority equity interest in advertising companies in the PRC with shareholding interests up to 70%, and are allowed to establish wholly foreign-owned enterprises to conduct advertising business in the PRC. A foreign investor in a Sino-foreign joint venture is required to have had two years' experience in direct advertising operations as its primary business before entering the PRC market, and must have three years of experience for investments in a wholly foreign-owned enterprise.

The Foreign-invested Advertising Regulations have specified the procedures for establishing a foreign-invested advertising enterprise, which include:

- investors in the advertising operator must apply to the SAIC (or a provincial counterparts authorised by SAIC) to obtain an opinion approving a foreign-invested advertising enterprise project;

- after the opinion is granted, investors must apply to the provincial level MOFCOM where an enterprise is intended to be established to obtain a approval certificate for the establishment of an enterprise with foreign investment; and

- investors must apply for enterprise registration at the SAIC or its local counterparts by submitting the opinion, approval certificate and other documents required by law and regulations.

The *Several Opinions on Further Serving the Development of Foreign-funded Enterprises by Giving Full Authority to the Administration of Industry and Commerce* (《關於充分發揮工商行政管理職能作用進一步做好服務外商投資企業發展工作的若干意見》), promulgated by the SAIC and became effective on 7 May 2010, seeks to:

- allocate the responsibility for examining and approving projects of foreign-invested advertising enterprises to the SAIC at the provincial level;

- improve the provisions on examination and approval;

- establish an archive-filing system; and

- popularise the standardised procedure in examination and approval, and to strengthen guidance, supervision and inspection on such examination and approval.

The *Notice on Delegating Power of Examining and Approving Foreign-funded Advertising Enterprises to Provincial AIC* (《關於授權省、自治區、直轄市工商行政管理局進行外商投資廣告企業項目審批工作的通知》), promulgated by the SAIC on 7 September 2010 and became effective on 1 October 2010, authorises the SAIC at the provincial level to examine and approve the establishment of Sino-foreign advertising joint ventures and investment from Hong Kong, Macau and Taiwan in the mainland advertising industry.

In addition, the MOFCOM issued the *Notice of the Ministry of Commerce on Decentralising the Examination and Approval Power for Foreign Investment* (《關於下放外商投資審批權限有關問題的通知》) on 10 June 2010 (the "MOFCOM Notice"), which requires that the local approval authority will have responsibility for overseeing the establishment of foreign-invested enterprises related to the service sector and any changes (including the above of limit amount and the capital increase). The MOFCOM Notice reaffirms and further clarifies the scope of approval applicable to the competent provincial-level commerce department for foreign-invested enterprises, and also stipulates that this authority is in addition to any matters that must be approved by MOFCOM.

Laws and Regulations Relating to Labour and Social Security

Pursuant to the *Labour Law of the PRC* (《中華人民共和國勞動法》), promulgated on 5 July 1994 and effective on 1 January 1995 as amended on 27 August 2009, and the *Labour Contract Law of the PRC* (《中華人民共和國勞動合同法》), effective on 1 January 2008 and amended on 28 December 2012, legally-binding labour contracts must be in in writing for a legal labor relationships to be established between enterprises or entities on one hand, and employees on the other hand.

The *Regulation of Insurance for Labour Injury* (《工傷保險條例》), implemented on 1 January 2011, the *Provisional Measures for Maternity Insurance of Employees of Corporations* (《企業職工生育保險試行辦法》), implemented on 1 January 1995, the *Decisions on the Establishment of a Unified Programme for Old-Aged Pension Insurance of the State Counci*l (《國務院關於建立統一的企業職工基本養老保險制度的決定》), issued on 16 July 1997, the *Decisions on the Establishment of the Medical Insurance Programme for Urban Workers of the State Council* (《國務院關於建立城鎮職工基本醫療保險制度的決定》), promulgated on 14 December 1998, the *Unemployment Insurance Measures* (《失業保險條例》), promulgated on 22 January 1999, and the *Social Insurance Law of the PRC* (《中華人民共和國社會保險法》), implemented on 1 July 2011, require enterprises to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labour injury insurance and medical insurance.

Enterprises must apply for social insurance registration with local social insurance agencies and pay the required premiums for their employees. If an enterprise fails to pay the required premiums on time or in full amount, the authorities in charge will demand the enterprise to settle the overdue amount within a stipulated time period and impose a 0.05% late payment fine. If an overdue amount is still not settled within the stipulated time period, an additional fine in the amount of one to three times of the overdue amount will be imposed.

According to the *Regulation on Management of Housing Provident Fund* (《住房公積金管理條例》), promulgated by the State Council and effective on 3 April 1999, and amended on 24 March 2002, enterprises must register with the relevant authorities for housing funds. In addition, upon examination by the relevant authorities, enterprises must complete procedures for opening an account at the relevant bank for the deposit of employees' housing funds and are required to contribute, on behalf of their employees, to applicable housing funds with payments to be made to the local administrative authorities. Any employer who fails to contribute may be fined and will be ordered to rectify any deficit within a certain time period.

Laws and Regulations on Foreign Exchange

Foreign exchange regulation in China is primarily governed by the following rules:

- *PRC Foreign Exchange Administration Rules* (《中華人民共和國外匯管理條例》), promulgated by the State Council on 29 January 1996 and amended on 5 August 2008 (the "Exchange Rules"); and

- *Administration Rules of the Settlement, Sale and Payment of Foreign Exchange* (《結匯、售匯及付匯管理規定》), promulgated by the People's Bank of China on 20 June 1996 and took effect on 1 July 1996 (the "Administration Rules").

Under the Exchange Rules and the Administration Rules, RMB is convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, as well as for the conversion of RMB for capital account items, such as direct investment, loan, security investment and repatriation of investment. However, such conversions are still subject to the approval of State Administration of Foreign Exchange of the PRC (the "SAFE").

Under the Administration Rules, foreign-invested enterprises may only buy, sell and/or remit foreign currencies at those banks authorised to conduct foreign exchange business after providing valid commercial documents and, in the case of capital account item transactions, obtaining approval from the SAFE. Capital investments by foreign-invested enterprises outside of China are also subject to limitations, including approval by MOFCOM, the SAFE and the NDRC.

In August 2008, the SAFE issued the *Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises* (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》(匯綜發[2008]142號)) ("2008 Circular No. 142"), which regulates the conversion by a foreign-invested enterprise of foreign currency-registered capital into RMB by restricting how the converted RMB may be used. 2008 Circular No. 142 provides that the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC. In addition, the SAFE has strengthened its oversight of the flow and use of the RMB capital converted from foreign currency registered capital of foreign-invested enterprises. The use of such RMB capital may not be changed without the SAFE's approval, and such RMB capital may not in any case be used to repay RMB loans if the proceeds of such loans have not been used.

In addition, the SAFE promulgated the *Circular on Strengthening Foreign Currency Control Issues* (《國家外匯管理局關於加強外匯業務管理有關問題的通知》(匯發[2010]59號文)) in November 2010 ("2010 Circular No. 59"), which tightens the regulation over settlement of net proceeds from overseas offerings and requires, among other things, the authenticity of settlement of net proceeds from offshore offerings to be closely examined and the net proceeds to be settled in the manner described in the offering documents or otherwise approved by the board. Violations may result in severe monetary or other penalties.

In November 2012, the SAFE promulgated the *Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment* (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》(匯發[2012]59號)) ("2012 Circular No. 59"), which substantially amends and simplifies the foreign exchange procedure.

2012 Circular No. 59 stipulates that the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses account, foreign exchange capital account, guarantee account, the reinvestment of RMB proceeds by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders, no longer require the approval or verification of the SAFE. 2012 Circular No. 59 also permits multiple capital accounts for the same entity to be opened in different provinces, which was not possible before. In addition, the SAFE promulgated the *Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents* (《國家外匯管理局關於印發＜外國投資者境內直接投資外匯管理規定＞及配套文件的通知》(匯發[2013]21號)) in May 2013 ("2013 Circular No. 21"), which specifies that the administration by the SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration, and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by the SAFE and its branches.

Regulations Relating to Dividend Distribution

Wholly foreign-owned companies in the PRC may pay dividends only out of their accumulated profits after tax, as determined in accordance with PRC accounting standards. Remittance of dividends by a wholly foreign-owned company out of the PRC is subject to examination by the banks designated by the SAFE. Wholly foreign-owned companies may not pay dividends unless they set aside at least 10% of their respective accumulated profits after tax each year, if any, to fund certain reserve funds, until such time as the accumulative amount of such fund reaches 50% of the wholly foreign-owned company's registered capital. In addition, these companies also may allocate a portion of their after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserve funds and employee welfare and bonus funds are not distributable as cash dividends.

SAFE Regulations on Offshore Special Purpose Companies Held by PRC Residents

On 4 July 2014, the *Circular on Relevant Issues Concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents Through Overseas Special Purpose Vehicles* (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("Circular No. 37"), promulgated by the SAFE, became effective and abolished and replaced the *Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Round-trip Investment via Overseas Special Purpose Vehicles*. Pursuant to Circular No. 37, (i) a PRC individual resident ("PRC Resident") must register with the local SAFE branch before he or she contributes assets or equity interests to an overseas special purpose vehicle ("Overseas SPV"), that is established or controlled by a PRC Resident for the purpose of conducting investment or financing activities; and (ii) following the initial registration, the PRC Resident is also required to register any major change with the local SAFE branch in respect of the Overseas SPV, including:

- change in the Overseas SPV's PRC Resident shareholder;

- name of the Overseas SPV;
- term of operation; or
- any increase or reduction of the Overseas SPV's registered capital, share transfer or swap, merger or division, or similar development.

Pursuant to Circular No. 37, failure to comply with these registration procedures may result in penalties, including the imposition of restrictions on the ability of the Overseas SPV's PRC subsidiary to distribute dividends to its overseas parent.

Any failure or inability of our PRC resident beneficial owners to make any required registrations or comply with other requirements under Circular No. 37 subject such PRC residents or our PRC subsidiaries to fines and legal sanctions and may also limit our ability to raise additional financing and contribute additional capital into or provide loans to (including using the proceeds from the Global Offering) our PRC subsidiaries, limit our PRC subsidiaries' ability to pay dividends or otherwise distribute profits to us, or otherwise materially and adversely affect our Company and our ability to pay dividends, if any, on the Shares. See "Risk Factors – Risks Relating to Our Operations in China – Under the Enterprise Income Tax Law and other PRC tax laws, we may be classified as a "resident enterprise," which could result in unfavourable tax consequences to us and our non-PRC shareholders".

M&A Rules and Overseas Listing

In August 2006, six PRC regulatory agencies, including the CSRC, promulgated *the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors* (the "M&A Rules"), which were amended in 2009. The M&A Rules require an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. In September 2006, the CSRC published a notice on its official website specifying documents and materials required to be submitted to it by special purpose vehicles seeking CSRC approval of their overseas listings.

The M&A Rules also establish procedures and requirements that could make some acquisitions of PRC companies by foreign investors more time-consuming and complex, including requirements in some instances that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a Chinese domestic enterprise. In addition, the *Circular on the Establishment of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors* (the "Security Review Rules"), issued by MOFCOM was effective in September 2011, specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by MOFCOM. The Security Review Rules also prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy or contractual control arrangement.

As advised by our PRC Legal Advisers, since none of the shareholders of each of the Company, Asiaray Media Holdings and Hong Kong Asiaray is PRC incorporated company/entity or PRC natural person, the MOFCOM and CSRC approval requirements under the M&A Rules do not apply to (i) the transfer of 90% interest in Shanghai Asiaray from Beijing Asiaray to Hong Kong Asiaray on 18 February 2008 (the "2008 Transfer"); (ii) the transfers of 10% interest in Shanghai Asiaray from each of Guangzhou Yunwei and Shanghai Kelefu to Hong Kong Asiaray on 11 December 2013 (the "2013 Transfer"); or (iii) the Listing. Our PRC Legal Advisers are of the view that, the acquisitions of interests in Shanghai Asiaray by Hong Kong Asiaray (i.e. the 2008 Transfer and the 2013 Transfer) were in full compliance with the PRC laws and regulations in all material aspects and all approvals by the competent authorities in relation to such acquisitions as prescribed in the applicable PRC laws and regulations were obtained. The approvals by the competent authorities in relation to the 2008 Transfer include the "*Opinion on the Examination and Approval of Foreign-funded Advertising Enterprise Project*" (《外商投資廣告企業項目審定意見書》) and the "*Approval in relation to the Change of Investment Related Issues of Shanghai Asiaray Advertising Company Limited*" (《關於同意上海雅仕維廣告有限公司變更投資事項的批覆》) issued by SAIC, the "*Business License for Enterprise Legal Person*" (《企業法人營業執照》) issued by the Shanghai AIC (上海市工商行政管理局), "*Approval in relation to Acquisition of Equity Interests in Shanghai Asiaray Advertising Company Limited by Hong Kong Enterprise*" (《關於同意港資購買股權方式併購上海雅仕維廣告有限公司的批覆》) issued by Shanghai Foreign Investment Commission (上海市外國投資工作委員會) (currently known as the Shanghai Municipal Commission of Commerce (上海市商務委員會)) and the "*Certificate of Approval for the Establishment of Enterprises in the PRC with Investment from Overseas Chinese of Taiwan, Hong Kong and Macao*" (《台港澳僑投資企業批准證書》) issued by the Shanghai Municipal People's Government (上海市人民政府). The approvals by the competent authorities in relation to the 2013 Transfer include the "*Opinion on the Examination and Approval of Foreign-funded Advertising Enterprise Project*" (《外商投資廣告企業項目審定意見書》), the "*Approval in relation to the Capital Increase and Change of Equity Interests of Shanghai Asiaray Advertising Company Limited*" (《關於同意上海雅仕維廣告有限公司增資及股權變更批覆》) and the "*Business License for Enterprise Legal Person*" (《企業法人營業執照》) issued by the Shanghai AIC (上海市工商行政管理局), "*The Commission of Commerce's Approval in relation to the Transfer of Equity Interests, Capital Increase and Change of Business Scope of Shanghai Asiaray Advertising Company Limited*" (《市商務委關於同意上海雅仕維廣告有限公司股權轉讓、增資及變更經營範圍的批覆》) issued by the Shanghai Municipal Commission of Commerce (上海市商務委員會) and the "*Certificate of Approval for the Establishment of Enterprises in the PRC with Investment from Overseas Chinese of Taiwan, Hong Kong and Macao*" (《台港澳僑投資企業批准證書》) issued by the Shanghai Municipal People's Government (上海市人民政府).

LAWS AND REGULATIONS ON TAXATION

Because we are not incorporated in the PRC, your investment in our shares is largely exempt from PRC tax laws. However, because we carry out our PRC business operations through operating subsidiaries and joint ventures organised under the PRC law, our PRC operations and our operating subsidiaries and joint ventures in mainland China are subject to PRC tax laws and regulations, which indirectly affect your investment in the Offer Shares.

Dividends from Our PRC Operations

According to the PRC tax laws effective prior to 1 January 2008, dividends paid by our PRC subsidiaries or joint ventures to us were exempt from PRC income tax. However, according to the *PRC Enterprise Income Tax Law* (《中華人民共和國企業所得稅法》) and its implementation rules that became effective on 1 January 2008 (the "EIT Law"), dividends payable by foreign invested enterprises, such as subsidiaries and joint ventures in the PRC, to their foreign investors are subject to a withholding tax at a rate of 10% unless any lower treaty rate is applicable.

According to the EIT Law and its implementation rules that became effective on 1 January 2008, enterprises established under the laws of foreign jurisdictions with "de facto management body" located in the PRC are treated as "resident enterprises" for PRC tax purposes, and are subject to PRC income tax on their worldwide income. For such PRC tax purposes, dividends from PRC subsidiaries to their foreign shareholders are excluded from such taxable worldwide income. According to the implementation rules of the EIT Law, "de facto management bodies" is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. As this EIT Law is new and its implementation rules are newly promulgated, there is uncertainty as to how this new law and its implementation rules will be interpreted or implemented by relevant tax bureaus. See "Risk Factors – Risks Relating to Our Operations in China – Under the Enterprise Income Tax Law and other PRC tax laws, we may be classified as a "resident enterprise," which could result in unfavourable tax consequences to us and our non-PRC shareholders".

Enterprise Income Tax

According to the EIT Law, a unified enterprise income tax rate is set at 25% for both domestic enterprises and foreign-invested enterprises. In addition, according to the EIT Law, enterprises established under the laws of jurisdictions outside China with their "de facto management bodies" located within mainland China may be considered as PRC resident enterprises and therefore subject to PRC enterprises income tax at the rate of 25% on their worldwide income.

According to the *Notice Regarding the Publishing of the Administrative Measures for Non-residents to Enjoy the Treatment Under Taxation Treaties (Trial)* (《關於印發非居民享受稅收協定待遇管理辦法(試行)的通知》) promulgated by SAT in August 2009 and effective in October 2009, and its supplemental regulation promulgated and effective in June 2010, prior approvals from the relevant tax authorities are required before a non-resident taxpayer may enjoy benefits under the relevant taxation treaties. See "Risk Factors – Risks Relating to Our Operations in China – Under the Enterprise Income Tax Law and other PRC tax laws, we may be classified as a "resident enterprise," which could result in unfavourable tax consequences to us and our non-PRC shareholders".

Business Tax

According to the PRC Interim Regulation on Business Tax 《中華人民共和國營業稅暫行條例》of 1993, as amended in November 2008 and implemented on 1 January 2009 and the Detailed Rules for the Implementation of the Interim Regulation of the People's Republic of China on Business Tax (《中華人民共和國營業稅暫行條例實施細則》) promulgated by the Ministry of Finance ("MOF") and SAT in December 2008 and effective in January 2009, as amended in October 2011 and implemented on 1 November 2011, services in the PRC are subject to business tax at a rate of 3% to 20%, depending on the type of service provided.

Value Added Tax

On 1 January 2012, the State Council officially launched a pilot value-added tax ("VAT") reform program ("Pilot Program"), applicable to businesses in selected industries, which are allowed to pay VAT instead of business tax. The Pilot Program initially applied only to transportation industry and "modern service industries" ("Pilot Industries") in Shanghai and would be expanded to eight trial regions (including Beijing and Guangdong Province) and nationwide if conditions permit. The Pilot Industries in Shanghai included industries involving the leasing of tangible movable property, transportation services, research and development and technical services, information technology services, cultural and creative services, logistics and ancillary services, certification and consulting services. Revenues generated by advertising services, a type of "cultural and creative services", are subject to the VAT tax rate of 6%.

The Pilot Program was implemented in Beijing and Guangdong Province since September 2012 and 1 November 2012 respectively. The Pilot Program was then expanded to the nationwide on 1 August 2013. Starting from the above effective dates, the income derived from advertising activities in the respective cities is subject to VAT.

Municipal Maintenance Tax

The *PRC Interim Regulations on Municipal Maintenance Tax* (《中華人民共和國城市維護建設稅暫行條例》), promulgated by the State Council in 1985 as amended in January 2011, stipulate that a taxpayer who pays product tax, VAT or business tax is also required to pay a municipal maintenance tax calculated on the basis of product tax, VAT and business tax. The tax rate is 7% for a taxpayer in an urban area, 5% in a county or a town, and 1% for a taxpayer not in any urban county or town.

According to the *Notice on Relevant Issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-invested Enterprises promulgated by the Ministry of Finance and the State Administration of Taxation* (《財政部、國家稅務總局關於對外資企業徵收城市維護建設稅和教育費附加有關問題的通知》) promulgated by MOF and SAT in November 2010, foreign-invested enterprises must pay municipal maintenance tax on any VAT, consumption tax and business tax incurred on or after 1 December 2010. However, foreign-invested enterprises will be exempted from municipal maintenance tax on any VAT, consumption tax and business tax incurred before 1 December 2010.

Education Surcharge

According to the *Interim Provisions on Imposition of Education Surcharge* (《徵收教育費附加的暫行規定》) promulgated by the State Council in April 1986 and amended in 1990, August 2005 and January 2011, any taxpayer of VAT, business tax or consumption tax is liable for an education surcharge, unless such taxpayer is required to pay a rural area education surcharge as provided by the *Notice of the State Council on Raising Funds for Schools in Rural Areas* (《國務院關於籌措農村學校辦學經費的通知》). The education surcharge rate is 3%, and is calculated on the basis of consumption tax, VAT and business tax. According to the *Supplementary Circular Concerning Imposition of Education Surcharge promulgated by the State Council* (《國務院關於教育費附加徵收問題的補充通知》), the education surcharge is currently not applicable to foreign-invested enterprises.

According to the *Notice on Relevant Issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-invested Enterprises* (《關於對外資企業徵收城市維護建設税和教育費附加有關問題的通知》), foreign-invested enterprises must pay an education surcharge on any VAT, consumption tax and business tax incurred on or after 1 December 2010. However, foreign-invested enterprises are exempted from paying an education surcharge on any VAT, consumption tax or business tax incurred before 1 December 2010.

Cultural Development Fee

According to the Notice Regarding the Publishing of the Administration Rules for the Collection and Administration of Culture Development Fee (財政部、國家税務總局關於印發《文化事業建設費徵收管理暫行辦法》的通知) promulgated by the MOF and SAT in July 1997, the advertising service providers which are subject to business tax are required to pay Culture Development Fee ("文化事業建設費") at a rate of 3% on the advertising revenue. To align with the implementation of the Pilot Program, the MOF and SAT jointly issued the Notice on Relevant Issues for the Collection and Administration of Culture Development Fee in relation to the Pilot Program (財政部、國家税務總局《關於營業税改徵增值税試點有關文化事業建設費徵收管理問題的通知》) in August 2013, specifying that the advertising service providers which provide advertising services in China are required to pay Culture Development at a rate of 3% on the advertising revenue.

The following discussion of our financial condition and results of operations should be read in conjunction with our combined financial information as at and for the three years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, in each case, including the related notes set out in the Accountant's Report in Appendix I to this prospectus. Our combined financial information has been prepared in accordance with HKFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" in this prospectus.

OVERVIEW

We are a leading out-of-home media company with a strategic focus on airport and metro line advertising. For Greater China in 2013, we were ranked first among privately-owned media companies in terms of revenue from, and number of, airports with exclusive concession rights to mainstream media resources, and ranked third among privately-owned media companies both in terms of revenue from, and number of, metro lines with exclusive rights to mainstream media resources, according to the Frost & Sullivan Report. For Greater China in 2013, we were ranked fourth among all media companies both in terms of all advertising revenue from airports and in terms of all advertising revenue from metro lines, according to the Frost & Sullivan Report. In the same year, we were ranked third in terms of number of airports where we had advertising operations and fifth in terms of number of metro lines where we had advertising operations, according to the Frost & Sullivan Report. We are also one of two out-of-home media companies operating in the metro lines segment in Hong Kong. We have media resources in 33 cities located throughout Greater China. As at the Latest Practicable Date, our media resources included: (i) 25 airports where we had exclusive concession rights to mainstream media resources; (ii) one airport where we had non-exclusive concession rights to mainstream media resources; (iii) 10 metro lines where we had exclusive rights to mainstream media resources; and (iv) 360 billboards in Greater China.

Along with the growth in the advertising industry in China, we have also grown rapidly in recent years. Our revenue increased from HK$717.5 million in 2011 to HK$953.1 million in 2012, or by 32.8%, and from HK$953.1 million in 2012 to HK$1,211.3 million in 2013, or by 27.1%, representing a CAGR of 29.9%. Our revenue was HK$612.1 million for the six months ended 30 June 2014.

BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Our Company has not been involved in any other business and did not meet the definition of a business prior to the Reorganisation, and became the holding company of the companies comprising our Group pursuant to the Reorganisation. Mr. Lam owned and controlled the companies now comprising our Group immediately before the Reorganisation and continues to own and control these companies after the Reorganisation.

The Reorganisation was for the purpose of reorganising our Group's business and did not result in any changes in business scope, management nor controlling shareholders of our Group's business. Accordingly, the combined balance sheets, the combined statements of comprehensive income, changes in equity and cash flows (the "Financial Information") have been prepared on a basis in accordance with the principles of the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. Intercompany transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on combination.

The Financial Information of our Group for the Track Record Period has been prepared as if the current group structure had been in existence throughout the Track Record Period, since their respective dates of incorporation, establishment, or the date when the relevant company first came under the control of Mr. Lam, whichever is the shorter period, in a manner similar to the principles of merger accounting under Hong Kong Accounting Guidelines 5 "Merger Accounting for Common Control Combination" issued by the HKICPA.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Amount of Media Resources Available and Network Expansion

The number of airports, metro lines and billboards and building solutions in our media network directly affect the amount of advertising space we can offer to our advertiser customers. By increasing the number of airports, metro lines and billboards and building solutions in our media network, we are able to increase the amount of media resources that we have available to offer to advertiser customers. The amount of media resources that we have in our network may also increase when existing airports or metro lines expand. As at the Latest Practicable Date, we had exclusive concession rights to mainstream media resources in 25 airports and 10 metro lines, and exclusive concession rights to our 360 billboards and building solutions in our media network. In addition, we had non-exclusive concession rights to mainstream media resources at one airport in China. As new airports and metro lines open and existing airports and metro lines expand, we will need to actively identify and secure new media resources as they become available. We may do so by entering into concession rights contracts with the media resources owner or forming joint ventures with the media resources owner. See "Business – Business Strategies." We will also continue to use our space management approach to provide tailor-made solutions, which we believe will maximise our utilisation of, and further develop and enhance, our existing media resources.

Utilisation

Our utilisation is primarily affected by the demand for our advertising spaces and our ability to increase the sales of our advertising spaces, in particular those advertising spaces in less-frequented areas of airports or metro lines. We plan to continue using various measures to increase our utilisation, which include reducing downtime of our media resources by applying our space management approach and making creative use of existing advertising spaces, particularly less-frequented visited areas. We believe this will attract more advertiser customers and allow us to adjust our pricing to account for our expertise and creativity provided, which we expect will enable us to grow our revenues and have a material effect on our results of operations. See "Business – Our Operations – Utilisation of Media Resources".

Selling Price of Our Media Resources

Our results of operations are affected by the selling price of our media resources, the pricing of which we determine through a number of factors. See "Business – Our Operations – Pricing Strategy." We formulate and adjust our pricing policy in accordance with industry information and market trends. We also consider the concession fees and the pricing of our competitors.

We may also confer with the media resources owners regarding the prices we charge our advertiser customers for their use of the media resources. We re-evaluate our pricing and rate cards at the end of each year, considering any adjustments necessary to reflect inflation factors, the market for each type of media resource and adjustments or changes in pricing by our competitors. We may adjust the selling prices of our advertising spaces from time to time depending on demand for our media resources. Our ability to properly adjust our media resources will affect our results of operations.

Demand for Our Media Resources

The demand for our media resources is directly related to the demand for air and metro travel and advertising spending in China and Hong Kong which, in turn, is affected by general economic conditions and a variety of other factors, most of which are beyond our control. Any material change in demand for air and metro travel and advertising spending could affect the attractiveness of, and demand for, our media resources. In particular, these factors will affect the utilisation of our media resources and the prices we are able to charge our advertiser customers. Any material changes with respect to any of these factors will have a material effect on our results of operations. See "Risk Factors – Risks Relating to Our Business and Industry – Our business is dependent on the demand for airline and metro line travel, as well as the continued operation of certain airports in China and the general airport advertising industry in China" and "Risk Factors – Risks Relating to Our Business and Industry – We may be unable to adapt to changing demands, preferences, advertising trends and technology needs of advertiser customers and consumers to compete effectively."

Concession Fees for Media Resources

Concession fees constitute a significant portion of our costs of revenues. The concession fees we pay media resources owners for our airport media resources typically comprise: (i) a minimum guaranteed amount with yearly escalation; and/or (ii) a percentage share of the revenues or profits earned from our operations. The concession fees we pay for our metro line media resources are either: (i) the higher of a minimum guaranteed amount or a fixed percentage of the revenues earned from our advertising activities; (ii) fixed percentage of revenues; or (iii) a fixed sum. Our contracts with airports and metro lines typically provide for increases in the fixed portion of the concession fee over time. Therefore, our concession fees will generally increase over the term of our contracts with our existing airports and metro lines. Our minimum guaranteed concession fees are charged to profit or loss on a straight-line basis over the term of the contract. See "– Critical Accounting Policies – Concession Fees." Our concession fees will also increase if we add media resources at various facilities to our media network. Any significant increase in concession fees will result in an increase in our costs of revenues and affect our results of operations.

CRITICAL ACCOUNTING POLICIES

The preparation of the Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information are set out in Note 4 to the Accountant's Report in Appendix I to this prospectus. We believe that the following are the most critical accounting policies adopted for presentation of the Financial Information.

Revenue Recognition

The Group's revenue is primarily derived from rendering advertising display and production, installation and dismantling services on the Group's media networks, primarily in airports, metro lines and billboards and buildings solutions. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of discounts and value-added taxes.

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that the economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Advertising Display Services

Revenue from advertising display services is recognised on a straight-line basis over the performance period for which the advertisements are displayed.

Advertising Production, Installation and Dismantling Services

Revenue from advertising production, installation and dismantling services is recognised when the related services are rendered.

Multiple Element Arrangements

The Group offers certain arrangements whereby a customer can purchase advertising display services together with the related advertising production, installation and dismantling services. Where such multiple element arrangements exist, the total arrangement consideration is allocated to each element based on their relative fair values, as determined based on the current market price of each of the elements when sold separately.

When the Group is unable to determine the fair value of each of the elements in an arrangement, it uses the residual value method. Under this method, the Group determines the fair value of the delivered element by deducting the fair value of the undelivered element from the contract consideration.

To the extent that there is a discount on the arrangement, such discount is allocated between the elements of the contract in such a manner as to reflect the fair value of the elements.

Rental Income

Rental income from operating lease of properties is recognised in profit or loss on a straight-line basis over the term of the lease.

Principal Agent Consideration

The Group derives certain revenue from advertising display and production, installation and dismantling services through agents, and pays fixed percentage of revenue as commissions to these agents. The Group has evaluated the roles and responsibilities of the Group and the agents in rendering the relevant services and concluded that the Group takes the primary responsibilities in rendering services and has the sole latitude in establishing prices. Accordingly, the Group records the revenue derived through the agents on a gross basis, and the commissions paid to the agents are recorded as sales commissions.

Concession Fees

We enter into concession rights agreements with media resources owners such as metro lines and airports, under which we obtain the right to use the media resources owner's advertising spaces for the display of advertisements. The concession rights agreements under which significant portion of the risks and rewards of ownership are retained by media resources owners are treated as operating lease arrangements.

The concession fees payable to media resources owners typically comprised a minimum guaranteed amount with yearly escalation and/or a percentage share of the revenue earned from the operations (i.e., commission fees). The minimum guaranteed concession fees with yearly escalation are charged to profit or loss on a straight-line basis over the agreement periods and the commission fees were recognised in the period in which they are actually incurred.

Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Provision for Impairment of Trade and Other Receivables

Impairment of trade and other receivables is made based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires the judgment and estimation of the Group. Provisions are made when there is objective evidence that the Group will not be able to collect the debts. Where the actual outcome or further expectation is different from the original estimate, such differences will impact the carrying value of the receivables and the amount of doubtful debt expenses or write-back of provision for impairment of receivables in the period in which such estimate has been changed. Based on the Group's assessment on the collectability of trade and other receivables, impairment provision of approximately HK$4.1 million, HK$4.8 million, HK$7.2 million and HK$8.2 million was provided as at 31 December 2011, 2012 and 2013 and 30 June 2014, respectively.

Current and Deferred Income Taxes

The Group is subject to income taxes in several jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises deferred tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred tax assets mainly involved management's judgments and estimations about the timing and the amount of taxable profits of the companies which had tax losses.

Consolidation of Non Wholly-owned Subsidiaries

The directors of the Company have assessed the level of control on the subsidiaries with non-controlling interests and considered that the Group has control over these subsidiaries based on the substantive power to direct the activities that significantly affect returns over these subsidiaries.

DESCRIPTION OF SELECTED COMPONENTS OF OUR STATEMENTS OF COMPREHENSIVE INCOME

Revenue

Our revenue mainly represents the fees paid to us by our advertiser customers for the display, production, installation and dismantling of advertisements in airports, metro lines, billboards and building solutions in our network. Others refers to agency fees that we receive from advertiser customers for professional services rendered in connection with locating and referring media resources for their advertising displays. The table below sets forth a breakdown of our revenue by types of media resources and as a percentage of total revenues for the periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2011		2012		2013		2013		2014	
							(unaudited)			
	(HK$ thousands, except for percentages)									
Airports	418,320	58.3%	565,989	59.4%	738,770	61.0%	360,118	64.3%	338,347	55.3%
Metro lines	143,288	20.0%	203,051	21.3%	275,267	22.7%	116,384	20.8%	141,530	23.1%
Billboards and building solutions	129,557	18.0%	140,393	14.7%	155,534	12.9%	65,313	11.7%	78,757	12.9%
Others	26,371	3.7%	43,662	4.6%	41,738	3.4%	18,109	3.2%	53,459	8.7%
Revenue	717,536	100%	953,095	100%	1,211,309	100%	559,924	100%	612,093	100%

The tables below sets forth a further breakdown of our revenue segments for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
				(unaudited)	
			(HK$ thousands)		
Exclusive Airports					
Yunnan[1]	63,154	140,792	267,150	125,975	133,887
Hangzhou	82,158	103,076	133,606	65,125	74,512
Zhengzhou	66,069	86,479	104,618	50,315	57,543
Haikou	65,933	78,845	90,846	42,787	46,501
Urumqi	10,356	21,522	29,080	14,853	16,735
Yichang	2,897	4,035	3,819	2,117	2,231
Non-exclusive Airports					
Shenzhen[2]	81,459	86,433	71,738	38,640	–
Beijing	34,293	33,661	30,220	16,177	4,742
Chengdu[3]	8,477	7,869	2,293	1,559	–
Xi'an	3,524	3,277	5,400	2,570	2,196
Airports Total[4]	418,320	565,989	738,770	360,118	338,347
Metro Lines					
Hong Kong Metro Lines[5]	113,624	142,639	172,724	74,188	82,109
Shenzhen Metro Line No. 3	18,439	39,071	67,225	27,990	34,033
Shenzhen Metro Line No. 4	11,225	21,341	35,318	14,206	16,098
Ningbo Metro Line No. 1	–	–	–	–	6,291
Wuxi Metro Lines No. 1 and No. 2	–	–	–	–	2,999
Metro Lines Total	143,288	203,051	275,267	116,384	141,530
Billboards and Building Solutions					
Hong Kong	78,450	88,987	102,935	40,995	52,985
Shanghai	42,702	46,945	48,067	22,243	23,801
Chengdu	5,027	2,117	3,464	1,473	1,615
Guangzhou	3,378	2,344	1,068	602	356
Billboards and Building Solutions Total	129,557	140,393	155,534	65,313	78,757
Others	26,371	43,662	41,738	18,109	53,459
Total	717,536	953,095	1,211,309	559,924	612,093

(1) Yunnan includes the 11 airports in Yunnan Province operated by Yunnan Airport Asiaray.

(2) Prior to November 2013, we had non-exclusive concession rights to unipole signs in Shenzhen Bao'an International Airport. After the establishment of Shenzhen Airport Asiaray in September 2013, we obtained exclusive concession rights to media resources at Shenzhen Bao'an International Airport. The profit/loss from Shenzhen Airport Asiaray is accounted for using the equity method. See "– Share of Profit of Investments in Associates."

(3) We terminated the contract early for airport media resources in Chengdu. As at the Latest Practicable Date, we did not have any airport media resources in Chengdu.

(4) This excludes four airports operated by Fujian Zhaoxiang Asiaray, four airports operated by Guangxi Top Source and one airport operated by Shenzhen Airport Asiaray after November 2013. See "– Share of Profit of Investments in Associates." The following table sets forth the revenues of: (i) Fujian Zhaoxiang Asiaray; (ii) Guangxi Top Source; and (iii) Shenzhen Airport Asiaray for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
				(unaudited)	
			(HK$ thousands)		
Fujian	94,034	118,742	139,483	123,940	102,964
Guangxi	–	8,260	24,320	10,014	13,163
Shenzhen [(a)]	–	–	15,277	–	169,122
Total	94,034	127,002	179,080	133,954	285,249

(a) See footnote 2 above.

(5) Hong Kong Metro Lines include MTR East Rail Line, MTR West Rail Line, MTR Ma On Shan Rail Line and MTR Light Rail.

The following table sets forth a breakdown of our revenue by renewal date of the relevant concession rights.

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
				(unaudited)	
			(HK$ thousands)		
Airports					
Within 1 year	47,594	92,326	136,558	57,013	95,989
2 to 5 years	301,896	350,189	372,646	192,338	230,683
Over 5 years	68,830	123,474	229,566	110,767	11,675
	418,320	565,989	738,770	360,118	338,347
Metro Lines					
Within 1 year	–	142,639	35,318	14,206	–
2 to 5 years	124,849	60,412	239,949	102,178	132,240
Over 5 years	18,439	–	–	–	9,290
	143,288	203,051	275,267	116,384	141,530
Billboards and Building Solutions					
Within 1 year	54,096	54,086	86,059	24,946	41,290
2 to 5 years	68,077	78,378	60,911	36,716	33,955
Over 5 years	7,384	7,929	8,564	3,651	3,512
	129,557	140,393	155,534	65,313	78,757
Others					
Within 1 year	26,371	43,662	41,738	18,109	53,459
Total	717,536	953,095	1,211,309	559,924	612,093

Our revenue can either be categorised as advertising display revenue or advertising production, installation and dismantling revenue. Advertising display revenue refers to the fees for displaying content provided by our advertiser customers on the media resources in our network, as well as related maintenance fees. Advertising production, installation and dismantling revenue refers to fees for designing, producing, installing and dismantling displays and content on the media resources in our network, as well as fees for our printing services in Hong Kong. The table below sets forth a breakdown of our revenue by nature.

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
				(unaudited)	
			(HK$ thousands)		
Advertising display revenue[1]	671,226	895,702	1,115,380	523,192	568,036
Advertising production, installation and dismantling revenue[2]	46,310	57,393	95,929	36,732	44,057
Revenue	717,536	953,095	1,211,309	559,924	612,093

(1) Revenue is recognised over time as our media resources are used by advertisements. See "– Critical Accounting Policies – Revenue Recognition."

(2) Revenue is recognised upon delivery of the relevant production, installation or dismantling-related services.

We have operations in 33 cities in China and Hong Kong. We currently do not have operations in other regions. The table below sets forth a geographic breakdown of our revenue.

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
				(unaudited)	
			(HK$ thousands)		
China	525,461	721,469	935,650	444,741	476,999
Hong Kong	192,075	231,626	275,659	115,183	135,094
Revenue	717,536	953,095	1,211,309	559,924	612,093

Cost of Revenue

Our cost of revenue primarily represents concession fees paid to the media resources owners for our media resources, as well as project installation and dismantling costs, business tax and related surcharges, depreciation of property, plant and equipment, utilities, amortisation of concession rights contract and others. The table below sets forth a breakdown of our cost of revenue by nature for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
				(unaudited)	
	(HK$ thousands)				
Concession fee charges for advertising spaces	528,016	612,337	699,879	343,549	341,115
Project installation and dismantling costs	32,284	37,680	53,980	17,050	20,383
Business tax and related surcharges	25,541	36,149	41,544	16,580	10,668
Depreciation of property, plant and equipment	12,730	21,079	27,751	11,544	11,977
Amortisation of concession rights contract(1)	2,106	1,068	–	–	–
Utilities	4,472	10,067	12,831	3,980	3,988
Others	13,312	10,789	10,779	6,651	2,799
Cost of revenue	618,461	729,169	846,764	399,354	390,930

(1) Concession rights contracts acquired in a business combination is recognised at fair value at the acquisition date and is amortised using the straight-line method over the estimated economic lives of four and a half years. The concession rights contracts were fully amortised in 2012.

Our cost of revenue increased primarily due to additional concession fees that we paid as we added media resources to our network by entering into additional concession rights contracts. Our project installation and dismantling costs also increased in line with the increase in our revenues, as such cost of revenue were required for the additional media resources that we added during the Track Record Period. Due to changes in PRC tax policies and regulations, certain of our PRC subsidiaries became subject to value-added tax at a rate of 6% in place of business tax during the Track Record Period, resulting in a decrease in business tax and related surcharges in the six months ended 30 June 2014 compared to the six months ended 30 June 2013. See "Regulations – Laws and Regulations on Taxation – Value Added Tax" and Note 23 to the Accountant's Report in Appendix I to this prospectus for more information.

Our cost of revenue for our airports and metro lines increased over the Track Record Period as we increased our amount of media resources. The table below sets forth a breakdown of our cost of revenue by segment for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
				(unaudited)	
			(HK$ thousands)		
Airports	350,971	413,114	489,955	234,729	186,115
Metro lines	149,701	180,398	207,059	95,436	99,937
Billboards and building solutions	93,913	100,081	113,048	53,460	54,811
Others	23,876	35,576	36,702	15,729	50,067
Cost of revenue	618,461	729,169	846,764	399,354	390,930

Concession fee charges for advertising spaces comprise a significant portion of our cost of revenue and are charged to profit or loss on a straight-line basis over the term of the concession rights contract or recognised in the period in which they are actually incurred. See "– Critical Accounting Policies – Concession Fees." The following table sets forth a breakdown of our concession fees by nature.

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
				(unaudited)	
			(HK$ thousands)		
Fixed(1)	446,494	518,017	579,721	295,015	284,591
Variable(2)	81,522	94,320	120,158	48,534	56,524
Concession fees	528,016	612,337	699,879	343,549	341,115

(1) Comprises the minimum guaranteed amount with yearly escalation charged to profit or loss on a straight-line basis over the relevant contract periods.

(2) Comprises the percentage share of revenue earned and recognised during the period in excess of the minimum guaranteed amount per contract.

The table below sets forth our fixed concession fees paid by type of media resources for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
				(unaudited)	
			(HK$ thousands)		
Exclusive airports	207,820	252,193	295,658	145,688	151,289
Non-exclusive airports	83,991	83,344	100,983	54,090	5,344
Metro lines	63,064	70,668	67,789	38,949	37,648
Billboards and building solutions	71,339	77,848	84,531	42,369	45,014
Others	20,280	33,964	30,760	13,919	45,296
Total fixed concession fees	446,494	518,017	579,721	295,015	284,591

Although concession fees typically include a yearly escalation clause, this is accounted for on a straight-line basis over the term of the relevant contract and charged to profit or loss. Therefore, the concession fees for each period remain stable unless there is a variable revenue sharing component. Any revenue sharing element of the concession fees is accounted for during the period in which the revenue is earned. See "– Critical Accounting Policies – Concession Fees." The table below sets forth the fixed and variable concession fees by type of media resource for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
				(unaudited)	
			(HK$ thousands)		
Exclusive airports	207,820	252,193	297,305	145,688	151,289
Non-exclusive airports	83,991	83,344	100,983	54,090	5,344
Metro lines	138,065	163,159	185,401	86,871	93,074
Billboards and building solutions	77,860	79,677	85,430	42,981	46,112
Others	20,280	33,964	30,760	13,919	45,296
Total concession fees	528,016	612,337	699,879	343,549	341,115

Our concession fees for exclusive airports are either: (i) a fixed amount; (ii) a fixed amount with escalation over the term of the agreement; or (iii) a percentage of revenues. The average year-on-year percentage increase in the fixed portion of the concession fees over the term of our existing concession agreements with the relevant airports for our exclusive airports ranges from 6% to 37%. Concession fees for our media resources at our non-exclusive airport did not have escalation. Our concession fees for metro lines are: (i) a fixed amount with escalation over the term of the agreement; or (ii) a percentage of revenues. The year-on-year percentage increase of our fixed portion of the concession fees for media resources in metro lines with escalation ranges from 1% to 15%. Our concession fees for billboards are either: (i) fixed amount; (ii) a fixed amount with escalation over the term of the agreement; or (iii) a percentage of revenues. The year-on-year percentage increase in the fixed portion of the concession fees with escalation for our billboards ranges from 2% to 9%. The actual amount of concession fees with escalation paid will increase over the term of our contract, but are charged to profit or loss on a straight-line basis over the agreement periods.

Our concession fees for exclusive airports did not have any variable revenue sharing component in the years ended 31 December 2011 and 2012 and the six months ended 30 June 2014. During the year ended 31 December 2013, the actual concession fees for exclusive airports with profit sharing contracts were 37% of our revenue for the year. During the years ended 31 December 2011, 2012 and the six months ended 30 June 2014, the actual concession fees for metro lines with revenue sharing were 82% per relevant contracts. For the year ended 31 December 2013, the actual concession fees for metro lines with revenue sharing ranged from 62% to 82%. During each of the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, the actual concession fees for billboards and building solutions with revenue sharing ranged from 70% to 83% of our revenues per relevant contracts for those periods.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenues less our cost of our revenues. Gross profit margin represents gross profit divided by revenue in the same year or period. Our gross profit and gross profit margin are significantly affected by the revenues earned from the sales of our advertising spaces, which is in turn affected by the amount of advertising spaces we have to offer and the demand for our advertising spaces. The tables below set forth our gross profit and gross profit margin for the periods indicated by segment.

	Year ended 31 December						**Six months ended 30 June**			
	2011		**2012**		**2013**		**2013**		**2014**	
	Gross Profit/ (Loss)	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**
							(unaudited)			
	(HK$ thousands, except for percentages)									
Airport	67,349	16.1%	152,875	27.0%	248,815	33.7%	125,389	34.8%	152,232	45.0%
Metro Lines	(6,413)	N/A	22,653	11.2%	68,208	24.8%	20,948	18.0%	41,593	29.4%
Billboard and Building Solutions	35,644	27.5%	40,312	28.7%	42,486	27.3%	11,853	18.1%	23,946	30.4%
Others	2,495	9.5%	8,086	18.5%	5,036	12.1%	2,380	13.1%	3,392	6.3%
Total	99,075	13.8%	223,926	23.5%	364,545	30.1%	160,570	28.7%	221,163	36.1%

While our costs of revenues per airport, metro line, billboard are relatively stable over the term of the concession rights contract, our overall cost of revenue may increase, primarily due to an increase in concession fees as we continue to expand and add media resources to our network. We recognise revenue over the time during which the advertisements are displayed on our media resources. As such, the length of our advertising contract terms with our advertiser customers directly affects revenue recognised. This, in turn, affects our gross profit and gross profit margin. Therefore, after we obtain new concession rights, there is generally a one-to two-year ramp-up period before our operations for the relevant airport or metro line are profitable, or when sufficient revenues are generated from media resources to cover the concession fees for those media resources. Our operations typically then enter into the stable growth phase, at which point our customer base and operations are well-established for the relevant airport or metro line and this phase of the Group operations has generally been characterised by a steady increase in revenue. We typically experience improved gross profit and gross profit margins as additional media resources are made available to us, which typically result from the expansion of an existing airport or metro line after a certain period of continued operations during the scale-up phase. See "Business – Our Operations – Overview." The table below sets forth our gross profit and gross profit margin for our airports by phase of development for the periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2011		2012		2013		2013		2014	
Airports	**Gross Profit /(Loss)**	**Gross Profit Margin**	**Gross Profit /(Loss)**	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**
							(unaudited)			
	(HK$ thousands, except for percentages)									
Ramp-up	(29,956)	N/A	(126)	N/A	–	N/A	–	N/A	–	N/A
Stable growth	97,305	30.1%	102,275	34.0%	124,627	26.4%	66,083	28.2%	152,232	45.0%
Scale-up	–	N/A	50,726	36.0%	124,188	46.5%	59,306	47.1%	–	N/A
Total/Average	67,349	16.1%	152,875	27.0%	248,815	33.7%	125,389	34.8%	152,232	45.0%

The following table sets forth our gross profit and gross profit margin for our metro lines by phase of development for the periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2011		2012		2013		2013		2014	
Metro Lines	**Gross Profit /(Loss)**	**Gross Profit Margin**	**Gross Profit /(Loss)**	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**	**Gross Profit /(Loss)**	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**
							(unaudited)			
	(HK$ thousands, except for percentages)									
Ramp-up	(36,830)	N/A	(19,132)	N/A	1,197	3.4%	(2,271)	N/A	2,235	8.8%
Stable growth	30,417	26.8%	41,785	29.3%	67,011	27.9%	23,219	22.7%	39,358	33.9%
Scale-up	–	N/A	–	N/A	–	N/A	–	N/A	–	N/A
Total/Average	(6,413)	N/A	22,653	11.2%	68,208	24.8%	20,948	18.0%	41,593	29.4%

The table below sets forth a geographic breakdown of our gross profit and gross profit margin for the periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2011		2012		2013		2013		2014	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
							(unaudited)			
	(HK$ thousands, except for percentages)									
Hong Kong	53,962	28.1%	69,651	30.1%	77,428	28.1%	26,038	22.6%	34,341	25.4%
China	45,113	8.6%	154,275	21.4%	287,117	30.7%	134,532	30.2%	186,822	39.2%
Total	99,075	13.8%	223,926	23.5%	364,545	30.1%	160,570	28.7%	221,163	36.1%

The fluctuation in our gross profit margin for our operations in China over the Track Record Period was mainly attributable to the progression of our operations from ramp-up phase to stable growth phase, as well as the calculation of concession fees on a straight-line basis as most of the concession fees for our media resources in China are minimum guaranteed amounts with a yearly escalation clause. Therefore, concession fees charged to profit or loss represent a higher percentage of revenue during the early part of the term of the concession rights contract and ramp-up phase. As most of our projects were still in the early part of their contract terms during the year ended 31 December 2011, our gross profit margin remained low until the following year. In the year ended 31 December 2012, our revenue increased as more of our projects reached the later part of stable growth phase, while concession fees remained stable under the straight-line calculations, which led to a considerable increase in gross profit margin. As most of our projects were in stable growth phase and scale-up phase, our gross profit margin in China stabilised in the year ended 31 December 2013. In particular the new terminal at Kunming Changshui International Airport, which had entered scale-up phase in June 2012, continued to contribute significantly to our revenue in 2013. Our media resources in Haikou Meilan International Airport and Zhengzhou Xinzheng International Airport also contributed significantly to our gross profit in the year ended 31 December 2013. Our gross profit margin for our operations in China for the six months ended 30 June 2014 improved from 2013 due to increased revenues from our exclusive airports. In addition, our operations at Shenzhen Metro Line No. 3 had increased revenues in the six months ended 30 June 2014.

Our gross profit margin in Hong Kong remained relatively stable as the majority of concession fees for our metro line operations in Hong Kong were a percentage share of revenues earned without minimum guaranteed concession fee. Therefore, no straight-line calculations were applied in this regard and thus gross profit margin remained stable over the years ended 31 December 2011, 2012 and 2013. Our gross profit margin for our operations in Hong Kong for the six months ended 30 June 2014 improved from 2013 due to increased revenue from building solutions completed in Hong Kong, which have higher gross profit margins.

Selling and Marketing Expenses

Our selling and marketing expenses were HK$44.2 million, HK$59.5 million, HK$75.0 million and HK$33.9 million for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively, and primarily comprised employee benefit expenses, which comprised: (i) wages, salaries and bonuses for our sales and marketing employees; (ii) welfare, medical and others for our sales and marketing employees; and (iii) pension costs related to defined contribution plans for our marketing and sales employees. The table below sets forth the breakdown of our selling and marketing expenses for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
				(unaudited)	
	(HK$ thousands)				
Employee benefit expenses[1]	35,027	43,518	57,699	24,271	27,849
Travelling and entertainment expenses[2]	4,358	6,657	7,398	3,001	3,149
Marketing research expense	–	3,011	4,633	387	1,294
Office expenses[3]	1,121	1,408	1,610	702	907
Office rental expense[4]	477	501	785	271	326
Sales commissions[5]	1,810	2,906	619	455	99
Depreciation of property, plant and equipment	358	414	302	198	103
Others	1,012	1,065	1,940	932	192
Total	44,163	59,480	74,986	30,217	33,919

(1) This represents employee benefit expenses for employees in our marketing and sales department. A portion of employee benefit expenses were also classified as an administrative expense. See "– Administrative Expenses".

(2) This represents travelling and entertainment expenses for employees in our marketing and sales department. A portion of travelling and entertainment expenses were also classified as an administrative expense. See "– Administrative Expenses."

(3) This represents office expenses for our marketing and sales offices. A portion of office expenses were also classified as an administrative expense. See "– Administrative Expenses."

(4) This represents office rental expenses for our marketing and sales offices. A portion of office rental expenses were also classified as an administrative expense. See "– Administrative Expenses."

(5) Sales commissions represent commissions paid to Fujian Zhaoxiang Asiaray.

Administrative Expenses

Our administrative expenses were HK$63.6 million, HK$76.3 million, HK$95.3 million and HK$66.8 million for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively. Administrative expenses primarily comprised employee benefit expenses, which primarily comprised: (i) wages, salaries and bonuses; (ii) welfare, medical and others; and (iii) pension costs related to defined contribution plans for our employees other than our marketing and sales employees. Administrative expenses also included travelling and entertainment expenses for our employees other than our marketing and sales employees and office and office rental expenses for offices other than our marketing and sales offices. The table below sets forth the breakdown of our administrative expenses for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
				(unaudited)	
	(HK$ thousands)				
Employee benefit expenses[1]	26,363	34,546	44,693	18,297	22,818
Travelling and entertainment expenses[2]	10,356	10,074	13,873	5,931	5,683
Office rental expense[3]	7,809	9,176	11,604	5,254	5,673
Office expenses[4]	5,213	7,480	9,513	3,291	3,641
Auditors' remunerations	1,115	1,267	1,940	818	511
Other professional service fees	5,388	2,260	2,633	1,555	1,980
Depreciation of property, plant and equipment	2,471	2,771	2,950	1,430	1,660
Impairment provision for receivables	813	1,406	2,313	1,237	1,163
Listing-related expenses	–	–	1,880	–	18,009
Bank charges	2,016	2,634	1,750	1,677	4,199
Taxes and surcharges	936	1,054	1,622	825	804
Amortisation of intangible assets	70	7	155	26	130
Depreciation of investment properties	89	91	93	46	47
Others	992	3,575	275	189	505
Total	63,631	76,341	95,294	40,576	66,823

(1) This represents employee benefit expenses for all of our employees other than those in our marketing and sales department. A portion of employee benefit expenses were also classified as a selling and marketing expense. See "– Selling and Marketing Expenses."

(2) This represents travelling and entertainment expenses for all of our employees other than those in our marketing and sales department. A portion of travelling and entertainment expenses were also classified as a selling and marketing expense. See "– Selling and Marketing Expenses."

(3) This represents office expenses for all of our offices other than our sales offices. A portion of office expenses were also classified as a selling and marketing expense. See "– Selling and Marketing Expenses."

(4) This represents office rental expenses for all of our offices other than our marketing and sales offices. A portion of office rental expenses were also classified as a selling and marketing expense. See "– Selling and Marketing Expenses."

Other Income

Other income was HK$5.7 million, HK$7.1 million, HK$8.0 million and HK$2.4 million for the year ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively. Other income primarily comprised government subsidy income, which represents tax refunds granted by the relevant government authorities in Hainan Province. Advertising consulting service income consists of income for consulting services provided to our advertiser customers. Compensation income from counterparties for breach of contract consists of penalties paid to us by our customers or media resources owners due to their breaches of their contracts with us by failing to pay amounts due to us. The table below sets forth the breakdown of our other income for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
				(unaudited)	
	(HK$ thousands)				
Government subsidy income	4,742	5,817	4,755	102	286
Advertising consulting service income	108	651	1,346	89	272
Compensation from counterparties for breach of contracts	320	115	1,352	980	1,634
Rental income on investment properties	288	270	170	85	86
Dividend income on available-for-sale financial assets	238	273	402	89	164
Total	5,696	7,126	8,025	1,345	2,442

Other (Losses)/Gains – net

Other (losses)/gains comprise gains on disposals of a subsidiary, gains on disposals of available-for-sale financial assets, gains on disposals of property, plant and equipment, net exchange gains, compensation loss and others. Disposals mainly comprise certain structures and fixed assets we constructed, which we sold to subsequent lessors of the media resources upon the expiry and non-renewal of our contracts with media resources owners. We had other losses of HK$0.5 million for the year ended 31 December 2011 and other gains of HK$3.0 million, HK$1.5 million and HK$0.9 million for the years ended 31 December 2012 and 2013 and the six months ended 30 June 2014, respectively.

Finance Costs – net

Finance costs comprise interest expenses on bank borrowings net of interest income on bank deposits. The table below sets forth our finance costs for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
				(unaudited)	
			(HK$ thousands)		
Finance income					
Interest income on bank deposits	(733)	(1,334)	(5,792)	(801)	(2,771)
Finance costs					
Interest expense on bank borrowings	3,900	3,778	8,114	3,861	4,272
Finance costs – net	3,167	2,444	2,322	3,060	1,501

Share of Profit/(Loss) of Investments in Associates

Our share of profit/(loss) of investments in associates represents profits from our associates, namely Fujian Zhaoxiang Asiaray, Guangxi Top Source and Shenzhen Airport Asiaray. Fujian Zhaoxiang Asiaray operates four of our exclusive airports in Fujian Province, Guangxi Top Source operates four of our exclusive airports in Guangxi Zhuang Autonomous Region and Shenzhen Airport Asiaray operates Shenzhen Bao'an International Airport. Share of results of investments was a profit of HK$3.1 million, HK$1.5 million and HK$3.1 million for the years ended 31 December 2011, 2012 and 2013, respectively, and a loss of HK$7.9 million for the six months ended 30 June 2014. Changes in our share of results of investments in associates reflected the establishment of Guangxi Top Source and Shenzhen Airport Asiaray, which were still ramping up their operations during the Track Record Period. See Note 11 to the Accountant's Report in Appendix I to this prospectus. The table below sets forth the share of results of investments in our associates.

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
				(unaudited)	
			(HK$ thousands)		
Fujian Zhaoxiang Asiaray[(1)]	3,137	5,253	6,345	2,861	(398)
Guangxi Top Source	–	(3,768)	(1,171)[(2)]	(1,163)	–
Shenzhen Airport Asiaray	–	–	(2,052)	–	(7,551)
	3,137	1,485	3,122	1,698	(7,949)

(1) We used to hold 49% but currently hold 30% of Fujian Zhaoxiang Asiaray. Per the terms of a supplemental agreement dated 3 June 2014 between Shanghai Asiaray and our joint venture partner, Xiamen Iport Group Co., Ltd. (廈門翔業集團有限公司) ("Xiamen Iport"), a formal equity transfer agreement dated 20 October 2014 and a supplemental agreement dated 21 October 2014 in relation to the above equity transfer, Shanghai Asiaray has transferred 19.0% of its equity interest in Fujian Zhaoxiang Asiaray to Xiamen Iport for a consideration of approximately RMB10.9 million and Shanghai Asiaray is entitled to 49% of the retained earnings of Fujian Zhaoxiang Asiaray as at 30 June 2014 which was declared as dividends. After the completion of the transfer, Xiamen Iport's interest has increased to 70.0%. Approximately RMB15.2 million which represented the retained earnings as at 30 June 2014 and was declared as dividends to Shanghai Asiaray will be loaned to Fujian Zhaoxiang Asiaray through entrusted loan arrangement with commercial bank(s) for funding its business expansion. This loan is interest-free and unsecured, and has a term of six years. Pursuant to the equity transfer, the joint venture was also renamed Fujian Zhaoxiang Advertising Company Limited (福建兆翔廣告有限公司), and we recorded a gain of approximately HK$1.8 million from the above equity transfer.

(2) Guangxi Top Source was in a net liabilities position as at 31 December 2013, therefore we only shared the loss up to our initial investment, or HK$1.2 million.

Income Tax Expense

We had income tax expense of HK$9.8 million, HK$25.4 million, HK$37.8 million and HK$22.8 million for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively. The table below sets forth our current and deferred income tax for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
				(unaudited)	
			(HK$ thousands)		
Current income tax					
– PRC corporate income tax	10,991	17,225	30,760	21,789	18,843
– Hong Kong profits tax	3,263	4,559	10,381	3,773	3,484
	14,254	21,784	41,141	25,562	22,327
Deferred tax	(4,451)	3,664	(3,324)	(1,068)	433
	9,803	25,448	37,817	24,494	22,760

Our operations in China are subject to corporate income tax and our operations in Hong Kong are subject to profits tax. We are exempted from Cayman Islands tax.

Except for our operations under Yunnan Airport Asiaray, our operations in China are subject to corporate income tax at a rate of 25% on estimated assessable profits. Yunnan Airport Asiaray was eligible for preferential tax treatment under government policy related to promoting the development of the western regions of the PRC, and was taxed at 15% during the Track Record Period. Our operations in Hong Kong are subject to profits tax at a rate of 16.5% on our estimated assessable profits during the Track Record Period.

The negative effective income tax rate for the year ended 31 December 2011 was mainly attributable to the effect of temporary differences arising from accrued concession fee charges of certain of our Group's subsidiaries that were not recognised for deferred tax assets as it was not probable that these subsidiaries would generate sufficient taxable profits in the foreseeable future against which these temporary differences could be utilised. As a result, we incurred income tax expenses although our Group as a whole recorded net losses in 2011. Our effective income tax rate returned to a normal level of 26.2% for the year ended 31 December 2012 as we recorded substantial profit and there were no such significant temporary differences not recognised for deferred tax assets in that year. See Note 2.19 to the Accountant's Report in Appendix I to this prospectus.

Our effective income tax rate for the years ended 31 December 2012 and 2013 was approximately 26.2% and 18.5%, respectively. The decrease was primarily attributable to the combined effects of (i) the reversal of temporary differences arising from accrued concession fee charges of certain subsidiaries of the Group not recognised for deferred tax assets in prior years; and (ii) a significant increase in the profit made by Yunnan Airport Asiaray which was eligible for a preferential tax rate of 15%, partially offset by PRC withholding income tax on distributed dividends of approximately HK$5.0 million.

Our effective income tax rates for the six months ended 30 June 2013 and 2014 were approximately 27.2% and 19.9%, respectively. The decrease in effective income tax rate was primarily attributable to the combined effects of: (i) utilisation of prior year tax losses from Shenzhen Yatie and Zhejiang Asiaray that were not recognised as deferred tax assets; and (ii) PRC withholding income tax on distributed dividends for the six months ended 30 June 2013, while there was no such withholding income tax for the six months ended 30 June 2014.

RESULTS OF OPERATIONS

The following table sets forth our results of operations, including as a percentage of revenue, for the periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2011		2012		2013		2013		2014	
							(unaudited)			
	(HK$ thousands, except for percentages)									
Revenue	717,536	100%	953,095	100%	1,211,309	100%	559,924	100%	612,093	100%
Cost of revenue	(618,461)	(86.2%)	(729,169)	(76.5%)	(846,764)	(69.9%)	(399,354)	(71.3%)	(390,930)	(63.9%)
Gross profit	99,075	13.8%	223,926	23.5%	364,545	30.1%	160,570	28.7%	221,163	36.1%
Selling and marketing expenses	(44,163)	(6.2%)	(59,480)	(6.2%)	(74,986)	(6.2%)	(30,217)	(5.4%)	(33,919)	(5.5%)
Administrative expenses	(63,631)	(8.9%)	(76,341)	(8%)	(95,294)	(7.9%)	(40,576)	(7.2%)	(66,823)	(10.9%)
Other income	5,696	0.8%	7,126	0.7%	8,025	0.7%	1,345	0.2%	2,442	0.4%
Other (losses)/gains – net	(547)	(0.1%)	2,978	0.3%	1,530	0.1%	362	0.1%	898	0.1%
Operating (loss)/profit	(3,570)	(0.5%)	98,209	10.3%	203,820	16.8%	91,484	16.3%	123,761	20.2%
Finance income	733	0.1%	1,334	0.1%	5,792	0.5%	801	0.1%	2,771	0.5%
Finance costs	(3,900)	(0.5%)	(3,778)	(0.4%)	(8,114)	(0.7%)	(3,861)	(0.7%)	(4,272)	(0.7%)
Finance costs – net	(3,167)	(0.4%)	(2,444)	(0.3%)	(2,322)	(0.2%)	(3,060)	(0.5%)	(1,501)	(0.2%)
Share of profit/(loss) of investments in associates	3,137	0.4%	1,485	0.2%	3,122	0.3%	1,698	0.3%	(7,949)	(1.3%)
(Loss)/profit before income tax	(3,600)	(0.5%)	97,250	10.2%	204,620	16.9%	90,122	16.1%	114,311	18.7%
Income tax expense	(9,803)	(1.4%)	(25,448)	(2.7%)	(37,817)	(3.1%)	(24,494)	(4.4%)	(22,760)	(3.7%)
(Loss)/profit for the year/period	(13,403)	(1.9%)	71,802	7.5%	166,803	13.8%	65,628	11.7%	91,551	15%
(Loss)/profit attributable to:										
Owners of the Company	(18,051)	(2.5%)	59,625	6.3%	129,261	10.7%	43,219	7.7%	61,423	10%
Non-controlling interests	4,648	0.6%	12,177	1.3%	37,542	3.1%	22,409	4.0%	30,128	4.9%
(Loss)/profit for the year/period	(13,403)	(1.9%)	71,802	7.5%	166,803	13.8%	65,628	11.7%	91,551	15%

Six Months Ended 30 June 2014 Compared to Six Months Ended 30 June 2013

Revenue

Our revenue increased by HK$52.2 million, or approximately 9.3%, from HK$559.9 million for the six months ended 30 June 2013 to HK$612.1 million for the six months ended 30 June 2014. This increase was primarily attributable to increase in other revenue of HK$35.4 million due to the sale of advertising spaces in Shenzhen Bao'an International Airport.

Our revenue from airport media resources decreased by HK$21.8 million, which was primarily attributable to the termination of our non-exclusive concession rights to media resources at Shenzhen Bao'an International Airport in November 2013. We had revenue of approximately HK$38.6 million from Shenzhen Bao'an International Airport in the six months ended 30 June 2013. However, after we established Shenzhen Airport Asiaray in September 2013, revenue from our exclusive concession rights in Shenzhen Bao'an International Airport was no longer consolidated. Instead, the profit/loss from Shenzhen Airport Asiaray is accounted for using the equity method. See Note 11 to the Accountant's Report in Appendix I to this prospectus. This was partially offset by increases in revenue from our media resources in our exclusive airports, in particular Kunming Changshui International Airport, Hangzhou Xiaoshan International Airport and Zhengzhou Xinzheng International Airport.

Our revenue from metro line media resources increased by HK$25.1 million, which was primarily attributable to increases in revenue from our metro line media resources in Hong Kong and Shenzhen. In particular, Shenzhen Metro Line No. 3 had increased revenue during the six months ended 30 June 2014. We also commenced trial operations at the metro line in Ningbo and operations at metro lines in Wuxi during the six months ended 30 June 2014, which earned HK$6.3 million and HK$3.0 million in revenue, respectively, during the same period.

Our revenue from billboards and building solutions increased by HK$13.5 million, which was primarily attributable to increased advertising production income from building solutions we completed in Hong Kong.

Other revenue increased by HK$35.4 million, which was primarily attributable to our sales of advertising spaces in Shenzhen Bao'an International Airport.

Cost of Revenue

Our cost of revenue decreased by approximately HK$8.5 million, or 2.1%, from HK$399.4 million for the six months ended 30 June 2013 to HK$390.9 million for the six months ended 30 June 2014. The decrease was primarily due to a decrease of HK$5.9 million business tax and related surcharges due to a change in PRC tax policy. See Note 23 to the Accountant's Report in Appendix I to this prospectus. Our cost of revenue for our airports, metro lines and billboards and building solutions decreased by HK$48.6 million, increased by HK$4.5 million and increased by HK$1.3 million, respectively, from the six months ended 30 June 2013 to the six months ended 30 June 2014.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately HK$60.6 million, or 37.7%, from HK$160.6 million for the six months ended 30 June 2013 to HK$221.2 million for the six months ended 30 June 2014. Our gross profit margin increased from 28.7% for the six months ended 30 June 2013 to 36.1% for the six months ended 30 June 2014. These increases were primarily attributable to all of our airports being in the stable growth phase. At the same time, our concession fees remained relatively stable due to the straight-line basis calculation of concession fees over the terms of the concession rights contracts. Cost of revenue also decreased partially due to the levying of value-added tax in place of business tax, which is no longer included in our cost of revenue.

Selling and Marketing Expenses

Our selling and marketing expenses increased by approximately HK$3.7 million, or 12.3%, from HK$30.2 million for the six months ended 30 June 2013 to HK$33.9 million for the six months ended 30 June 2014. This increase was primarily attributable to increased employee benefit expenses as a result of the growth of our business operations and employee headcount.

Administrative Expenses

Our administrative expenses increased by approximately HK$26.2 million, or 64.5%, from HK$40.6 million for the six months ended 30 June 2013 to HK$66.8 million for the six months ended 30 June 2014. This increase was primarily attributable to Listing-related expenses of HK$18.0 million and an increase in employee benefit expenses due to the growth of our business operations and employee headcount.

Other Income

Our other income increased by approximately HK$1.1 million, or 84.6%, from HK$1.3 million for the six months ended 30 June 2013 to HK$2.4 million for the six months ended 30 June 2014. This increase was primarily attributable to an increase in compensation income from counterparties who breached their contracts with us. In particular, we received compensation income of approximately HK$1.6 million from a media resources owner who was determined by the relevant court/government authority to have breached their contract with us.

Other Gains

Our other gains increased by approximately HK$0.5 million, or 125.0%, from HK$0.4 million for the six months ended 30 June 2013 to HK$0.9 million for the six months ended 30 June 2014. This increase was primarily attributable to net exchange gains from the appreciation of the Hong Kong dollar.

Finance Income

Our finance income increased by approximately HK$2.0 million, or 250%, from HK$0.8 million for the six months ended 30 June 2013 to HK$2.8 million for the six months ended 30 June 2014. This increase was primarily attributable to increased interest income from interest-earning short-term deposits.

Finance Costs

Our finance costs increased by approximately HK$0.4 million, or 10.3%, from HK$3.9 million for the six months ended 30 June 2013 to HK$4.3 million for the six months ended 30 June 2014. This increase was primarily attributable to an increase in interest expenses on bank borrowings resulting from our increased bank borrowings that we entered into, as well as draw downs of additional loans in the period.

Share of Profit/(loss) of Investments in Associates

Our share of profit of investments in associates decreased by approximately HK$9.6 million, from profits of HK$1.7 million for the six months ended 30 June 2013 to loss of HK$7.9 million for the six months ended 30 June 2014. This decrease was primarily attributable to loss incurred by Shenzhen Airport Asiaray which was ramping up its operations.

Income Tax Expense

Our income tax expense decreased by approximately HK$1.7 million, or 6.9%, from HK$24.5 million for the six months ended 30 June 2013 to HK$22.8 million for the six months ended 30 June 2014. This decrease was primarily attributable to the combined effects of (i) utilisation of prior year tax losses from Shenzhen Yatie and Zhejiang Asiaray that were not recognised as deferred tax assets; and (ii) PRC withholding income tax on distributed dividends for six months ended 30 June 2013, while there was no such withholding income tax for the six months ended 30 June 2014.

Profit for the Period Attributable to Owners of the Company

Based on the foregoing, our profit for the period attributable to owners of the Company increased by approximately HK$18.2 million, or 42.1%, from HK$43.2 million for the six months ended 30 June 2013 to HK$61.4 million for the six months ended 30 June 2014.

2013 Compared to 2012

Revenue

Our revenue increased by HK$258.2 million, or approximately 27.1%, from HK$953.1 million for the year ended 31 December 2012 to HK$1,211.3 million for the year ended 31 December 2013. This increase was primarily attributable to an HK$172.8 million increase in revenue from our airport media resources in China, due to a general increase in our media resources.

In particular, the aggregate revenue from our media resources in the 11 airports in Yunnan Province, representing 24.9% and 36.2% of our revenue from airport media resources for the years ended 31 December 2012 and 2013, respectively, increased significantly from HK$140.8 million for the year ended 31 December 2012 to HK$267.2 million for the year ended 31 December 2013, representing 73.1% of the growth in revenue from airport media resources. This was mainly attributable to the full year impact for the year ended 31 December 2013 of higher selling prices for the media resources in the new terminal at Yunnan Kunming Changshui International Airport opened in June 2012. The aforesaid new terminal with an area of 548,300 sq.m. provided enhanced ambience, increased passenger throughput, increase in the number of LED and other digital displays, which also resulted in the increase of quantity and utilization of our media resources. This was partially offset by the decrease in revenue from Shenzhen Bao'an International Airport during the transition period when we ended our non-exclusive arrangements and established our exclusive arrangements through Shenzhen Airport Asiaray for the new terminal in Shenzhen Bao'an International Airport. From September 2013 to November 2013, our revenue from our operations at Shenzhen Bao'an International Airport decreased when many of our advertiser customers ceased their advertisements on our media resources in anticipation for the transition to the new terminal opening, which was delayed for several months. Our operations in the new terminal did not begin until November 2013 when we established Shenzhen Airport Asiaray. In addition, our revenue increase was partially offset as income from Shenzhen Airport Asiaray that was previously recognised as revenue was classified as share of profit of investments in associates starting from November 2013.

Our revenue from metro line media resources increased by HK$72.2 million, which was primarily attributable to increased sales of media resources at the Shenzhen Metro Line No. 3 as passenger throughput increased and these operations reached stable growth, as well as increased revenue from our four-sheet panels, feature ads and production income by employing the space management approach to utilise previously unused space from our Hong Kong metro lines.

Our revenue from billboards and building solutions increased, which was primarily attributable to increased advertising production income from building wraps we completed in Hong Kong.

Cost of Revenue

Our cost of revenue increased by approximately HK$117.6 million, or 16.1%, from HK$729.2 million for the year ended 31 December 2012 to HK$846.8 million for the year ended 31 December 2013. Our cost of revenues for our airport, metro lines and billboards and building solutions increased by HK$76.9 million, HK$26.7 million and HK$12.9 million, respectively, from the year ended 31 December 2012 to 2013. These increases were primarily attributable to increases in our concession fees paid to media resource owners totalling approximately HK$87.6 million, which were related to obtaining additional media resources as we grew our business operations.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately HK$140.6 million, or 62.8%, from HK$223.9 million for the year ended 31 December 2012 to HK$364.5 million for the year ended 31 December 2013. Our gross profit margin increased from 23.5% for the year ended 31 December 2012 to 30.1% for the year ended 31 December 2013. These increases were primarily attributable to increased revenue from our media resources at airports where we have exclusive concession rights. In particular, the aggregate revenues of our 11 airports in Yunnan Province increased by 89.7% as a result of an increase in the utilisation and the average selling prices of our airport media resources in such airports, while the aggregate cost of revenues increased only by 58.7%; as certain airports in Yunnan Province continued the scale-up of their operations. While our cost of revenue also increased from the year ended 31 December 2012 to the year ended 31 December 2013, a majority of our airports had already ramped-up their operations and began generating more revenue.

Selling and Marketing Expenses

Our selling and marketing expenses increased by approximately HK$15.5 million, or 26.1%, from HK$59.5 million for the year ended 31 December 2012 to HK$75.0 million for the year ended 31 December 2013. This increase was primarily attributable to increased employee benefit expenses as a result of the growth in our business operations and employee headcount, particularly in China, as we increased our internal marketing and sales team, which allowed us to secure new concession rights. This was partially offset by decreased sales commissions paid to Fujian Zhaoxiang Asiaray for the year ended 31 December 2013.

Administrative Expenses

Our administrative expenses increased by approximately HK$19.0 million, or 24.9%, from HK$76.3 million for the year ended 31 December 2012 to HK$95.3 million for the year ended 31 December 2013. This increase was primarily attributable to an increase in employee benefit expenses, travelling and entertainment expenses and office rental expenses, which were primarily due to increased headcount and the general expansion and growth of our business.

Other Income

Our other income increased by approximately HK$0.9 million, or 12.7%, from HK$7.1 million for the year ended 31 December 2012 to HK$8.0 million for the year ended 31 December 2013. This increase was primarily attributable to increase in compensation income from customers who breached their contracts with us, which was partially offset by a decrease in government subsidy income. Compensation income from customers represents the penalty determined by the relevant court/government authority relating to these customers' non-payments.

Other Gains

Our other gains decreased by approximately HK$1.5 million, or 50.0%, from HK$3.0 million for the year ended 31 December 2012 to HK$1.5 million for the year ended 31 December 2013. This decrease was primarily attributable to decrease in gains on disposals of property, plant and equipment in 2013, due to result from the disposal of certain structures and fixed assets we constructed for media resources owners upon expiry and non-renewal of the relevant concession rights contract, which we did not incur in 2013.

Finance Income

Our finance income increased by approximately HK$4.5 million, or 346.2%, from HK$1.3 million for the year ended 31 December 2012 to HK$5.8 million for the year ended 31 December 2013. This increase was primarily attributable to increased interest income from interest-earning deposits of HK$331.1 million, which increased from HK$202.2 million in 2012, as we placed additional revenue earned from our airport media resources in Yunnan Province into interest-earning deposits.

Finance Costs

Our finance costs increased by approximately HK$4.3 million, or 113.2%, from HK$3.8 million for the year ended 31 December 2012 to HK$8.1 million for the year ended 31 December 2013. This increase was primarily attributable to an increase in interest expenses on bank borrowings as we increased our bank borrowings from HK$65.3 million to HK$125.9 million by entering into and drawing down additional loans.

Share of Profit of Investments in Associates

Our share of profit of investments in associates increased by approximately HK$1.6 million, from HK$1.5 million for the year ended 31 December 2012 to HK$3.1 million for the year ended 31 December 2013. This increase was primarily attributable to the improved performance of Fujian Zhaoxiang Asiaray, which operates four airports in Fujian Province. This was partially offset by losses incurred by Guangxi Top Source, which operates four airports in Guangxi Zhuang Autonomous Region and began operations in 2012, and Shenzhen Airport Asiaray, which operates Shenzhen Bao'an International Airport and began operations in 2013, and were both still in the ramp-up phase.

Income Tax Expense

Our income tax expense increased by approximately HK$12.4 million, or 48.8%, from HK$25.4 million for the year ended 31 December 2012 to HK$37.8 million for the year ended 31 December 2013. This increase was primarily attributable to an increase in taxable profits as we increased our revenue through the growth of our business.

Profit for the Year Attributable to Owners of the Company

Based on the foregoing, our profit for the year attributable to owners of the Company increased by approximately HK$69.7 million, or 116.9%, from HK$59.6 million for the year ended 31 December 2012 to HK$129.3 million for the year ended 31 December 2013.

2012 Compared to 2011

Revenue

Our revenue increased by approximately HK$235.6 million, or 32.8%, from HK$717.5 million for the year ended 31 December 2011 to HK$953.1 million for the year ended 31 December 2012. This was primarily attributable to the increase in revenue from our airport media resources of HK$147.7 million as we increased our media resources.

Revenue from our media resources in the 11 airports in Yunnan Province representing 15.1% and 24.9% of our revenue from airport media resources for the years ended 31 December 2011 and 2012, respectively, increased by HK$77.6 million, which was primarily attributable to our operation commencement in the new terminal in Kunming Changshui International Airport in June 2012. The increase was also attributable to the scale-up phase the 11 airports in Yunnan Province have entered into in 2012 from stable growth phase in 2011, including the new terminal in Kunming Changshui International Airport, which resulted in the increase in utilization and higher selling prices of our media resources, and also the increase in available media resources. Revenues from our media resources in Zhengzhou Xinzheng International Airport and Hangzhou Xiaoshan International Airport also increased as we increased our selling prices for media resources at these airports.

In addition, our revenue from metro line media resources increased by HK$59.8 million as the metro line operations at Shenzhen Metro Lines No. 3 and No. 4 were in the process of ramping up, which enabled us to increase selling prices and enhance the utilisation of the relevant metro line media resources. We also increased our revenues from feature ads on our Hong Kong metro lines as we utilised our space management approach to increase the utilisation of media resources.

Furthermore, our revenue from billboards and building solutions increased as a result of an increase in production income revenue for our building solutions and increases in the number of billboards in our network in Hong Kong, primarily due to our efforts to secure concessions for these media resources.

Cost of Revenue

Our cost of revenue increased by approximately HK$110.7 million, or 17.9%, from HK$618.5 million for the year ended 31 December 2011 to HK$729.2 million for the year ended 31 December 2012. Our cost of revenue for our airport, metro lines and billboards and building solutions increased by HK$62.1 million, HK$30.7 million and HK$6.2 million respectively, from the year ended 31 December 2011 to 2012. These increases were primarily attributable to an increase of HK$84.3 million in concession fees as we obtained additional media resources in line with the expansion of our business.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately HK$124.8 million, or 125.9%, from HK$99.1 million for the year ended 31 December 2011 to HK$223.9 million for the year ended 31 December 2012. Our gross profit margin increased from 13.8% for the year ended 31 December 2011 to 23.5% for the year ended 31 December 2012. The increase in our gross profit was primarily attributable to i) improved operating results in Xinjiang Urumqi Diwopu International Airport and Yichang Sanxia Airport which turned from gross losses for the year ended 31 December 2011 to gross profit for the year ended 31 December 2012 as Urumqi Diwopu International Airport recorded increased utilisation as it progressed its ramp-up and Yichang Sanxia Airport reached stable growth phase; ii) lower gross loss incurred for Hangzhou Xiaoshan International Airport during its last year of the ramp-up phase; and iii) increased gross profit from our media resources at airports where we have exclusive concession rights, attributable to increased selling prices of our airports in Yunnan Province, as Kunming Changshui International Airport reached the scale-up phase due to the opening of a new terminal in June 2012. In addition, for the year ended 31 December 2012, the increase in our gross profit margin was primarily attributable to the improvement of our metro line media resources in Shenzhen. Our metro line media resources recognised additional revenues from our four-sheet panels, feature ads and production income by employing the space management approach to utilise previously unused space from our Hong Kong metro lines, while our cost of revenue remained fairly stable.

Selling and Marketing Expenses

Our selling and marketing expenses increased by approximately HK$15.3 million, or 34.6%, from HK$44.2 million for the year ended 31 December 2011 to HK$59.5 million for the year ended 31 December 2012. This increase was primarily attributable to an increase in employee benefit expenses due to the growth in our business operations and employee headcount. We also incurred marketing research expenses of HK$3.0 million for the year ended 31 December 2012 as we commissioned third party research and customer surveys for our operations in Yunnan Province, which we did not incur for the year ended 31 December 2011.

Administrative Expenses

Our administrative expenses increased by approximately HK$12.7 million, or 20.0%, from HK$63.6 million for the year ended 31 December 2011 to HK$76.3 million for the year ended 31 December 2012. This increase was primarily attributable to an increase in employee benefit expenses and office expenses due to growth in our business operations and employee headcount, and was partially offset by a decrease in professional service fees as we improved the efficiency of our operations.

Other Income

Our other income increased from HK$5.7 million for the year ended 31 December 2011, or 24.6%, to HK$7.1 million for the year ended 31 December 2012. This increase was primarily attributable to an increase in government subsidy income related to tax refunds.

Other Gains

Our other gains increased by approximately HK$3.5 million, from a loss of HK$0.5 million for the year ended 31 December 2011 to a gain of HK$3.0 million for the year ended 31 December 2012. This increase was primarily attributable to gains on disposals of property, plant and equipment resulting from the disposal of certain structures and fixed assets we constructed for media resources owners upon expiry and non-renewal of the relevant concession rights contract. Our other losses for the year ended 31 December 2011 were primarily attributable to compensation loss related to payment made in relation to the settlement of legal proceedings for a personal injury claim against our Company.

Finance Income

Our finance income increased by approximately HK$0.6 million, or 85.7%, from HK$0.7 million for the year ended 31 December 2011 to HK$1.3 million for the year ended 31 December 2012. This increase was primarily attributable to an increase in interest income from bank deposits.

Finance Costs

Our finance costs decreased by approximately HK$0.1 million, or 2.6%, from HK$3.9 million for the year ended 31 December 2011 to HK$3.8 million for the year ended 31 December 2012. This decrease was primarily attributable to a decrease in interest expenses on bank borrowings.

Share of Profit of Investments in Associates

Our share of profit of investments in associates decreased by approximately HK$1.6 million, or 51.6%, from HK$3.1 million for the year ended 31 December 2011 to HK$1.5 million for the year ended 31 December 2012. This decrease was primarily attributable to the losses of Guangxi Top Source, which operated four airports in Guangxi Zhuang Autonomous Region, and was established during the year ended 31 December 2012 and thus was still in its ramp-up period.

Income Tax Expense

Our income tax expense increased by approximately HK$15.6 million, or 159.2%, from HK$9.8 million for the year ended 31 December 2011 to HK$25.4 million for the year ended 31 December 2012. This increase was primarily attributable to an increase in our taxable profits, which was in line with our increased revenues and profits and overall business growth.

Profit for the Year Attributable to Owners of the Company

Based on the foregoing, our profit for the year attributable to owners of the Company increased by approximately HK$77.7 million, from losses of HK$18.1 million for the year ended 31 December 2011 to profits of HK$59.6 million for the year ended 31 December 2012. Our net losses for the year ended 31 December 2011 were primarily attributable to (i) ramp-up of our operations in the Shenzhen Metro Line No. 4; and (ii) calculation of concession fees on a straight-line basis for all of our media resources. We commenced operations for the Shenzhen Metro Line No. 4 in July 2010, which were still ramping-up during the year ended 31 December 2011, and therefore recorded an operating loss. Typically, our concession fees payable escalate year by year over the term of the contract. However, as a result of the straight-line basis calculation, our concession fees will exceed the actual amount paid during the early part of the contract term. During the year ended 31 December 2011, a large number of our concession rights contracts were in the early part of their term, as a result of which these operations generated less revenue. As a result of the foregoing, we incurred net losses for the year ended 31 December 2011.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
				(unaudited)	
	(HK$ thousands)				
Net cash generated from/(used in) operating activities	80,681	94,765	139,657	80,125	(11,105)
Net cash used in investing activities	(46,184)	(60,194)	(159,613)	(20,774)	(3,562)
Net cash generated from/(used in) financing activities	25,696	(34,951)	51,714	53,129	17,807
Net increase/(decrease) in cash and cash equivalents	60,193	(380)	31,758	112,480	3,140
Cash and cash equivalents at beginning of the year/period.	97,338	164,190	164,099	164,099	200,548
Exchange gains/(losses) on cash and cash equivalents. .	6,659	289	4,691	3,317	(1,688)
Cash and cash equivalents at end of the year/period	164,190	164,099	200,548	279,896	202,000

Net Cash Generated From/(Used In) Operating Activities

Cash generated from operating activities primarily comprise sales of media resources in our network, partially offset by interest and income tax payments. Net cash generated from operating activities was HK$80.7 million, HK$94.8 million, HK$139.7 million and net cash used in operating activities of HK$11.1 million for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively.

Our net cash used in operating activities was HK$11.1 million for the six months ended 30 June 2014, which primarily reflected: (i) profit before income tax of HK$114.3 million; (ii) an increase in working capital of HK$112.0 million; (iii) non-cash adjustments for depreciation of property, plant and equipment of HK$13.7 million; and (iv) other items in the aggregate amount of cash inflows of HK$10.7 million. We had cash outflows of: (i) income tax paid of HK$33.2 million; and (ii) interest expense payments of HK$4.6 million.

Our net cash generated from operating activities was HK$139.7 million for the year ended 31 December 2013, which primarily reflected: (i) profit before income tax of HK$204.6 million; (ii) increase in working capital of HK$56.3 million; (iii) non-cash adjustments for depreciation of property, plant and equipment of HK$31.0 million; and (iv) other items in the aggregate amount of cash inflows of HK$0.8 million. We had cash outflows of: (i) income tax payments of HK$32.5 million; and (ii) interest expense payments of HK$7.9 million.

Our net cash generated from operating activities was HK$94.8 million for the year ended 31 December 2012, which primarily reflected: (i) profit before income tax of HK$97.3 million; (ii) increase in working capital of HK$12.7 million; (iii) non-cash adjustments for depreciation of property, plant and equipment of HK$24.3 million; and (iv) other items in the aggregate amount of cash inflows of HK$1.2 million. We had cash outflows of: (i) income tax payments of HK$11.6 million; and (ii) interest expense payments of HK$3.7 million.

Our net cash generated from operating activities was HK$80.7 million for the year ended 31 December 2011, which primarily reflected: (i) loss before income tax of HK$3.6 million; (ii) decrease in working capital of HK$80.7 million; (iii) non-cash adjustments for depreciation of property, plant and equipment of HK$15.6 million; and (iv) other items in the aggregate amount of cash inflows of HK$2.8 million. We had cash outflows of: (i) tax payments of HK$10.9 million; and (ii) interest expense payments of HK$3.9 million.

Net Cash Used In Investing Activities

Net cash used in investing activities primarily comprise short-term deposits, payments for purchases of property, plant and equipment, purchases of available-for-sale financial assets, proceeds from the disposal of property, plant and equipment and investments in associates. Net cash used in investing activities was HK$46.2 million, HK$60.2 million, HK$159.6 million and HK$3.6 million for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively.

Our net cash used in investing activities was HK$3.6 million for the six months ended 30 June 2014. Our net cash used in investing activities primarily comprised payments for property, plant and equipment of HK$6.1 million for purchases of media fixtures, partially offset by (i) interest received of HK$1.3 million; and (ii) a decrease in short-term deposits of HK$1.2 million.

Our net cash used in investing activities was HK$159.6 million for the year ended 31 December 2013, which represented an increase of HK$99.4 million from 2012. Our net cash used in investing activities primarily comprised: (i) short-term RMB-denominated deposits of HK$108.4 million, with terms ranging from six months to one year; (ii) payments for property, plant and equipment of HK$35.6 million relating to the construction of media resources such as light box displays and digital displays at Kunming Changshui International Airport and digital information displays at Haikou Meilan International Airport, which we did not incur in 2012; and (iii) payments for investments in our associates and joint ventures, including the newly established Shenzhen Airport Asiaray, of HK$17.5 million. This was partially offset by proceeds from disposal of available-for-sale financial assets of HK$9.5 million.

Our net cash used in investing activities was HK$60.2 million for the year ended 31 December 2012, which represented an increase of HK$14.0 million from 2011. Our net cash used in financing activities primarily comprised: (i) payments for purchases of properties of HK$30.3 million; (ii) payments for property, plant and equipment of HK$28.0 million relating to the construction of media resources at Kunming Changshui International Airport; and (iii) investments in associates of approximately HK$4.9 million, reflecting our new investment in Guangxi Top Source, and was partially offset by proceeds from disposal of property, plant and equipment of HK$2.3 million.

Our net cash used in investing activities was HK$46.2 million for the year ended 31 December 2011, primarily comprising: (i) payments for property, plant and equipment of HK$27.0 million relating to the construction of airport media resources; (ii) increase in short-term deposits of approximately HK$10.7 million; and (iii) purchases of available-for-sale financial assets of HK$9.3 million.

Net Cash Generated From/(Used In) Financing Activities

Net cash generated from/(used in) financing activities primarily reflects cash proceeds from borrowings, repayment of borrowings and dividends paid to our Company's shareholders. Net cash generated from/(used in) financing activities was HK$25.7 million, HK$(35.0) million, HK$51.7 million and HK$17.8 million for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively.

Our net cash from financing activities was HK$17.8 million for the six months ended 30 June 2014. Our net cash from financing activities primarily comprised proceeds from borrowings related to additional loans entered into and drawn down to fund our expansion or HK$149.1 million, partially offset by: (i) our repayment of borrowings of HK$113.3 million as certain of our loans became due; (ii) dividends paid to the non-controlling interests in our Company of HK$12.4 million; and (iii) prepayments for listing related expenses of HK$6.0 million.

Our net cash generated from financing activities was HK$51.7 million for the year ended 31 December 2013, which represented an increase of HK$86.7 million from 2012. Our net cash generated from financing activities primarily comprised proceeds from borrowings related to additional loans entered into and drawn down to fund our expansion of HK$110.3 million, partially offset by: (i) our repayment of borrowings of HK$52.5 million as certain of our loans became due; and (ii) dividends paid to our Company's non-controlling interests of HK$6.0 million.

Our net cash used in financing activities was HK$35.0 million for the year ended 31 December 2012, which represented a net decrease of HK$60.6 million from 2011. Our net cash generated from financing activities primarily comprised: (i) our repayment of borrowings of approximately HK$58.6 million as certain of our loans became due; and (ii) dividends paid to our Company's shareholders of HK$36.0 million, which was partially offset by proceeds from borrowings of approximately HK$60.2 million as we drew down on our existing loan facilities and entered into new loan agreements to fund our operations.

Our net cash generated from financing activities was HK$25.7 million for the year ended 31 December 2011, primarily comprising proceeds from borrowings of approximately HK$59.2 million as we drew down on our existing loan facilities and entered into new loan agreements to fund our operations, which was partially offset by repayment of borrowings of approximately HK$33.2 million as certain of our loans became due.

Working Capital

As at 31 December 2011, 2012 and 2013 and 30 June 2014, we had net current (liabilities)/assets of HK$(125.1) million, HK$(115.0) million, HK$8.2 million and HK$135.9 million, respectively. The following table sets forth our current assets and liabilities as at the dates indicated.

	As at 31 December			As at 30 June	As at 31 October
	2011	2012	2013	2014	2014
	(HK$ thousands)				
Current assets					
Inventories	93	118	373	178	905
Trade and other receivables	171,838	240,675	305,779	392,981	393,352
Short-term deposits	10,657	11,025	119,473	118,300	154,458
Restricted cash	3,587	27,082	11,043	66,181	56,344
Cash and cash equivalents	164,190	164,099	200,548	202,000	175,172
	350,365	442,999	637,216	779,640	780,231
Assets held for sale	–	–	–	19,389	19,173
	350,365	442,999	637,216	799,029	799,404
Current liabilities					
Trade and other payables[1]	408,364	487,506	485,963	514,421	491,271
Current income tax liabilities	8,584	18,746	27,406	16,582	9,178
Borrowings	58,512	51,734	115,603	132,126	131,089
	475,460	557,986	628,972	663,129	631,538
Net current (liabilities)/assets	(125,095)	(114,987)	8,244	135,900	167,866

(1) Trade and other payables includes accrued concession fees of HK$238.7 million, HK$214.8 million, HK$199.9 million and HK$219.1 million as at 31 December 2011, 2012 and 2013 and 30 June 2014, respectively. See "– Net Current Assets and Current Liabilities Discussion" and "– Trade and Other Payables."

Net Current Assets and Current Liabilities Overview

We had net current liabilities as at 31 December 2011 and 2012, primarily attributable to the accrued concession fees included in trade and other payables. Our concession fees comprised a minimum guarantee amount that is charged to profit or loss on a straight-line basis over the terms of the relevant concession rights agreements. As a result, the concession fees charged to the income statement usually remain relatively stable over the terms of the concession agreements. Typically, the concession fees payable escalate year by year over the term of the agreements. As such, our concession fees that are calculated on a straight-line basis will exceed the actual amount paid during the early part of the agreement terms. Conversely, our actual amount of concession fees paid will exceed the concession fees calculated on a straight-line basis during the latter part of the concession agreement terms. See "Business – Our Operations – Overview."

As a majority of our concession rights agreements were still in the early part of their respective terms during the Track Record Period, we accrued concession fees of approximately HK$238.7 million, HK$214.8 million, HK$199.9 million and HK$219.1 million as at 31 December 2011, 2012 and 2013 and 30 June 2014, respectively. These accrued concession fees will be gradually reversed in the latter part of the concession agreement terms. Had we excluded the above accrued concession fees, we would have net current assets of approximately HK$113.6 million, HK$99.8 million, HK$208.1 million and HK$355.0 million as at 31 December 2011, 2012 and 2013 and 30 June 2014, respectively.

Net Current Assets and Current Liabilities Discussion

We had net current assets of HK$135.9 million as at 30 June 2014, which represented an increase of HK$127.7 million from net current assets of HK$8.2 million as at 31 December 2013. This was primarily due to: (i) an increase of HK$61.5 million in trade receivables due to increased revenue; (ii) an increase of HK$55.1 million in restricted cash due to increased deposits for bank guarantees; and (iii) a decrease of HK$10.8 million in current income tax liabilities. This was partially offset by: (i) an increase of HK$28.5 million in trade and other payables; and (ii) an increase of HK$16.5 million in borrowings as we entered into and drew down additional bank loans in the period procured to support our expansion.

We had net current assets of HK$8.2 million as at 31 December 2013, which represented an increase of HK$123.2 million from net current liabilities of HK$115.0 million as at 31 December 2012. This was primarily due to: (i) trade and other receivables of HK$305.8 million, which increased due to increased sales of our media resources to advertiser customers; (ii) cash and cash equivalents of HK$200.5 million, which increased due to additional revenues generated from the growth our business; and (iii) short-term deposits of HK$119.5 million, which increased due to our increased funding requirements as we ramped-up the operations of our various associates and expanded our business, and was partially offset by (i) trade and other payables of HK$486.0 million, which remained stable from 2012; and (ii) borrowings of HK$115.6 million, which increased as a result of additional bank loans that we procured to support the growth of our business.

We had net current liabilities of HK$115.0 million as at 31 December 2012, which represented a decrease of HK$10.1 million from net current liabilities of HK$125.1 million as at 31 December 2011. This was primarily due to: (i) trade and other payables of HK$487.5 million, which increased due to the expansion of our business; and (ii) borrowings of HK$51.7 million, and was partially offset by: (i) trade and other receivables of HK$240.7 million, which increased due to increased sales of our media resources to advertiser customers; and (ii) cash and cash equivalents of HK$164.1 million, which remained stable from 2011.

We had net current liabilities of HK$125.1 million as at 31 December 2011, which primarily comprised: (i) trade and other payables of HK$408.4 million, which comprised amounts due to media resource owners; and (ii) borrowings of HK$58.5 million, and was partially offset by: (i) trade and other receivables of HK$171.8 million, which comprised sales of our media resources to advertiser customers; and (ii) cash and cash equivalents of HK$164.2 million.

Trade and Other Receivables

Trade and other receivables comprise trade receivables, other receivables, prepayments and prepaid taxes. Our trade receivables as at 31 December 2011, 2012 and 2013 and 30 June 2014 were HK$72.9 million, HK$122.2 million, HK$178.2 million and HK$240.7 million, respectively. The increase in our trade and other receivables from 31 December 2011 to 30 June 2014 was due to increases in: (i) amounts owed to us by our advertiser customers; and (ii) deposits placed with the media resources owners for newly acquired media resources.

The following table sets forth our trade and other receivables as at the dates indicated.

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	(HK$ thousands)			
Trade receivables	72,853	122,245	178,195	240,706
Less: allowance for impairment of trade receivables	(2,019)	(3,792)	(6,172)	(7,196)
Trade receivables, net	70,834	118,453	172,023	233,510
Other receivables	56,940	92,451	107,386	114,107
Less: allowance for impairment of other receivables	(2,117)	(997)	(1,030)	(1,018)
Other receivables, net	54,823	91,454	106,356	113,089
Interest receivables	–	–	1,956	3,402
Prepaid taxes	6,678	4,462	3,118	5,803
Other prepayments	39,503	26,306	22,326	37,177
Total	171,838	240,675	305,779	392,981

Our trade receivables past due increased during the Track Record Period in line with the growth of our business, as well as the lack of credit terms, as we do not grant these to our advertiser customers in line with what we believe to be industry practice. Instead, we require that our advertiser customers pay by instalment in advance and over the period of time during which the advertisement is displayed on our media resources, which we believe enables us to timely collect payments during the relevant period. The first instalment payment is typically made before the advertisement is installed and displayed. However, consistent with industry practice, advertising agencies, which constitute a major portion of our customers, generally do not settle their payments due to us until they receive their fees from the relevant advertiser customer, which may increase the time they take to settle their outstanding balances with us.

To manage our credit risk and ensure timely settlement of amounts due to us, we evaluate and categorise our customers into four categories based on their business and industry, strength of brand and payment history with us. We set different limits for outstanding amount of receivables permitted for each of our advertiser customers depending on their categorisation. When the amount of receivables exceeds the limit, no further business transactions may be conducted unless a sufficient amount of the outstanding receivables are settled or special approval is obtained from our president or our chief financial officer. These credit limits are managed and reviewed by our local management. See "– Quantitative and Qualitative Disclosures About Market Risk – Credit Risk." We had trade receivables past due but not impaired of HK$60.0 million, HK$106.0 million, HK$153.8 million and HK$187.9 million as at 31 December 2011, 2012 and 2013 and 30 June 2014, respectively.

The table below sets forth an ageing analysis of our trade receivables as at the dates indicated,

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	(HK$ thousands)			
0-180 days	59,955	106,006	153,756	187,881
Over 180 days	12,898	16,239	24,439	52,825
Total	72,853	122,245	178,195	240,706

As at the Latest Practicable Date, trade receivables of HK$141.9 million, or approximately 59.0% of the outstanding balance as at 30 June 2014, had been settled. For our operations in China, provisions for doubtful debts are made according to specific percentages required by the relevant accounting regulations as determined by the ageing group of the overdue balances of our receivables. Our operations in Hong Kong have low risks of not recovering the substantial majority of our receivables. Accordingly, we may make provisions for specific amounts overdue but typically do not make general provisions for doubtful debts.

Other receivables primarily consist of: (i) guaranteed deposits we pay to certain of the media resources owners (such as the metro line owner or operator or commercial building owner) which are recoverable at the end of the contract term; and (ii) amounts due from certain related companies. Prepayments primarily represent the concession fees for media resources paid by us on a monthly or quarterly basis to our landlords in advance. Our trade receivables are primarily settled by way of bank transfer or cheque payment, and are denominated in Renminbi and H.K. Dollars.

Trade and Other Payables

Our trade and other payables comprise accrued concession fees, trade payables, other taxes payable, salaries and staff welfare payables, advances received from customers, dividend payable and other payables. Our trade and other payables as at 31 December 2011, 2012 and 2013 and 30 June 2014 were HK$408.4 million, HK$487.5 million, HK$486.0 million and HK$514.4 million, respectively.

The following table sets forth our trade and other payables as at the dates indicated.

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	(HK$ thousands)			
Trade payables	27,071	53,750	59,809	46,497
Accrued concession fee charges for advertising spaces	238,653	214,764	199,914	219,085
Advances received from customers	102,260	130,964	155,161	168,125
Other taxes payable	9,084	16,108	5,301	5,125
Salary and staff welfare payables	8,781	11,200	18,528	13,935
Dividend payable	–	6,043	–	–
Other payables	29,808	69,996	56,770	66,201
Accrued interest expense	–	81	299	–
	415,657	502,906	495,782	518,968
Less: non-current portion of accrued concession fee charges for advertising spaces	(7,293)	(15,400)	(9,819)	(4,547)
Total	408,364	487,506	485,963	514,421

The balance of our trade and other payables increased from 31 December 2011 to 31 December 2012 primarily as a result of: (i) increased trade payables, including concession fees payable and printing and other services related to production and installation of media resources; (ii) increases in advances received from advertiser customers due to our increased sales; and (iii) increases in salary and staff welfare payables, as we grew our business and increased our headcount. We generally settle our concession fees payable to media resources owners on a quarterly basis according to a pre-determined payment schedule in the relevant concession rights contract, which does not grant us credit terms. The balance of our trade and other payables slightly decreased from 31 December 2012 to 31 December 2013 primarily due to the decrease in accrued concession fees. It subsequently increased from 31 December 2013 to 30 June 2014 primarily as a result of increases in accrued concession fees, advances received from customers and other payables.

The table below sets forth an ageing analysis of our trade payables as at the dates indicated

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	(HK$ thousands)			
Up to 6 months	11,925	16,064	36,814	34,238
6 months to 12 months	11,351	17,970	7,039	4,402
1 year to 2 years	1,969	17,637	6,094	6,168
2 years to 3 years	1,460	342	8,401	1,225
Over 3 years	366	1,737	1,461	464
	27,071	53,750	59,809	46,497

As at the Latest Practicable Date, we had settled HK$28.9 million, or approximately 62.1% of our trade payables outstanding as at 30 June 2014.

Accrued concession fees represent the difference between the actual amount of concession fees paid by us and the concession fees accounted for on a straight-line amortisation basis as a component of cost of revenue in the same period. Accrued concession fees decreased from 31 December 2011 to 31 December 2012 and further to 31 December 2013 as the actual amount of our concession fees paid increased under the escalated fee terms specified in the concession rights contracts. Accrued concession fees increased from 31 December 2013 to 30 June 2014 in line with our addition of metro line media resources in Ningbo Metro Line No. 1.

Advances received from customers, which comprise payments received in advance from customers for our advertising spaces and services which were pending reclassification to revenue upon finalisation of the relevant contracts. Advances received from customers increased because we entered into additional contracts under which the customers pay in advance for our services provided over the term of the contract.

Other payables represent guaranteed deposits placed with us by our customers and amounts due to related parties. Guaranteed deposits from our customers are returned to them upon the conclusion of the relevant contract.

During the Track Record Period, we were not in material default in payments of our trade and non-trade payables.

Analysis of Financial Position

The table follow sets forth our non-current assets and liabilities as at the dates indicated.

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	(HK$ thousands)			
Non-current assets				
Property, plant and equipment	54,293	57,642	64,008	55,734
Investment properties	1,038	947	882	827
Intangible assets	1,120	38	1,052	912
Investments in associates	37,831	44,249	66,444	39,537
Financial assets at fair value through profit or loss	1,444	2,060	2,697	2,993
Available-for-sale financial assets	8,251	9,328	8,919	9,180
Deferred income tax assets	42,953	38,955	43,379	42,556
Other non-current assets	577	30,851	31,816	31,514
	147,507	184,070	219,197	183,253
Non-current liabilities				
Borrowings	5,200	13,592	10,258	28,334
Non-current portion of other payables	7,293	15,400	9,819	4,547
Deferred income tax liabilities	161	20	–	75
	12,654	29,012	20,077	32,956

Property, plant and equipment

We had property, plant and equipment of HK$54.3 million, HK$57.6 million and HK$64.0 million and HK$55.7 million as at 31 December 2011, 2012 and 2013 and 30 June 2014. Property, plant and equipment comprise advertising fixtures, leasehold improvements, motor vehicles and furniture and office equipment. Property, plant and equipment increased as we expanded our operations and made significant additions to our advertising fixtures from 31 December 2011 to 31 December 2013, but decreased at 30 June 2014 primarily due to depreciation of our advertising fixtures.

Investments in associates

Investments in associates refer to our investments in Fujian Zhaoxiang Asiaray, Guangxi Top Source and Shenzhen Airport Asiaray. Fluctuations in our investments in associates from 31 December 2011 to 31 December 2013 were a result of the formation of and commencement of operations for Guangxi Top Source in 2012 and Shenzhen Airport Asiaray in 2013, which incurred losses in the early, ramp-up phase of their operations. The decrease in investments in associates as at 30 June 2014 resulted from the reclassification of 19.0% of our equity interest in Fujian Zhaoxiang Asiaray to assets held for sale due to our entry into a supplemental agreement to sell 19.0% equity interest to Xiamen Iport which was completed in December 2014.

Deferred Income Tax Assets and Liabilities

We had net deferred income tax assets of HK$43.0 million, HK$39.0 million, HK$43.4 million and HK$42.6 million as at 31 December 2011, 2012 and 2013 and 30 June 2014, respectively. Deferred tax assets are recognised based on our management's judgments and estimates that are probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised.

The following table sets forth our deferred income tax assets and liabilities as at the dates indicated.

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	(HK$ thousands)			
Deferred income tax assets	42,953	38,955	43,379	42,556
Deferred income tax liabilities . .	(161)	(20)	–	(75)
Total	42,792	38,935	43,379	42,481

Capital Expenditures

Our capital expenditures primarily comprise cash expenditures for property, plant and equipment, such as advertising facilities and furniture and office equipment. Our capital expenditures for the years ended 31 December 2011, 2012 and 2013 and 30 June 2014 were HK$27.0 million, HK$28.0 million, HK$36.8 million and HK$6.1 million, respectively. The increase in our capital expenditures during the Track Record Period primarily reflected our efforts to support, and was in line with, the growth of our business operations.

The following table sets forth our capital expenditures for the periods indicated.

	Year ended 31 December			Six months ended 30 June
	2011	2012	2013	2014
	(HK$ millions)			
Capital expenditures in connection with:				
Property, plant and equipment	27.0	28.0	35.6	6.1
Intangible assets	–	–	1.2	–
Total	27.0	28.0	36.8	6.1

Working Capital Statement

Taking into account the financial resources available to the Group, cash generated from operations, the available banking facilities, the estimated net proceeds of the Global Offering and our bank balances and cash on hand, our Directors are of the opinion that the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this prospectus.

CAPITAL AND OPERATING LEASE COMMITMENTS

Operating Lease Commitments

We have operating lease commitments which comprise minimum lease payments due from us as lessee under lease agreements for our office premises and certain media resources. The table below sets forth our future aggregate minimum lease payments under the non-cancellable operating leases for these office premises and media resources as at the dates indicated.

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	(HK$ thousands)			
Not later than 1 year	469,471	482,766	448,778	528,246
Later than 1 year and not later than 5 years	1,459,205	1,149,952	854,249	1,274,021
Later than 5 years	152,405	45,228	1,789	677,631
	2,081,081	1,677,946	1,304,816	2,479,898

Our operating lease commitments decreased from HK$2,081.1 million as at 31 December 2011, to HK$1,678.0 million as at 31 December 2012 and further to HK$1,304.8 million as at 31 December 2013. The overall decrease was primarily due to limited concession rights we newly obtained from 2011 to 2013 in airport and metro line segments. Our operating lease commitments increased from HK$1,304.8 million as at 31 December 2013 to HK$2,479.9 million as at 30 June 2014, which was primarily due to the exclusive concession rights we newly obtained to operate the light box displays for stations along Wuxi Metro Lines No.1 and No. 2 for a term of eight years and the exclusive rights we newly obtained to operate mainstream media resources for one metro line in Ningbo for a term of 10 years. We also renewed certain airport concession rights in Yunnan Province and the Shenzhen Metro Line No. 4 during the six month period ended 30 June 2014. See "Business — Our Media Resources" for further information about the term, commencement date, most recent renewal date or supplemental contract date and expiry date of our media resources.

Borrowings and Indebtedness

As at 31 October 2014, we had total bank borrowings of approximately HK$156.5 million. Our borrowings are denominated in Renminbi, and to a lesser extent, in Hong Kong dollars. As at 31 October 2014, there is no unutilised banking facilities. The following table sets forth our borrowings as at the dates indicated.

	As at 31 December			As at 30 June	As at 31 October
	2011	**2012**	**2013**	**2014**	**2014**
	(HK$ thousands)				
Non-current bank borrowings					
– secured	–	12,025	11,130	25,394	23,285
Less: current portion of non-current borrowings	–	(1,233)	(1,272)	(6,260)	(6,257)
– guaranteed	7,600	5,200	2,800	13,200	11,600
Less: current portion of non-current borrowings	(2,400)	(2,400)	(2,400)	(4,000)	(3,200)
	5,200	13,592	10,258	28,334	25,428
Current bank borrowings					
– secured	56,112	48,101	111,931	110,866	110,632
– guaranteed	–	–	–	11,000	11,000
– current portion of non-current borrowings	2,400	3,633	3,672	10,260	9,457
	58,512	51,734	115,603	132,126	131,089
Total bank borrowings	63,712	65,326	125,861	160,460	156,517

As at 31 October 2014, borrowings of approximately HK$133.9 million are secured by the pledge of certain properties of related companies controlled by Mr. Lam, and certain investment properties of the Group. Borrowings of approximately HK$22.6 million are guaranteed by the Hong Kong government under the SME Loan Guarantee Scheme, Mr. Lam and a related company controlled by Mr. Lam.

The following table sets forth a repayment schedule of our borrowings as at the dates indicated.

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	(HK$ thousands)			
Within 1 year	58,512	51,735	115,603	132,126
Between 1 and 2 years	2,400	3,633	1,672	8,660
Between 2 and 5 years	2,800	4,100	3,816	15,980
Over 5 years	–	5,858	4,770	3,694
	63,712	65,326	125,861	160,460

Interest Rates

Our borrowings bear interest at fixed and floating rates, with floating rates typically bearing interest at HIBOR plus a fixed margin. The following table sets forth the weighted average effective interest rates as at the dates indicated.

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
Non-current borrowings	3.25%	6.99%	7.70%	4.66%
Current borrowings	7.06%	7.44%	6.54%	4.77%

Loan Covenants

We are subject to certain standard covenants and restrictions and customary events of default under the terms of these agreements. These covenants include standard provisions which require us to maintain our business and operations and related matters, as well as certain events of default, notification and related requirements.

During the Track Record Period, we have been, and currently are, in compliance with all of the covenants under our bank borrowings and were not in material default in payments of our bank borrowings.

As at 31 October 2014, save as disclosed in this prospectus, we did not have any other outstanding mortgages, charges, debt securities or other similar indebtedness, loan capital, bank borrowings, overdrafts, financial leases or purchase hire commitments, liabilities under acceptances or acceptance credits, contingent liabilities or guarantees.

As at the Latest Practicable Date, we did not have any material external debt financing plans.

BALANCES WITH RELATED PARTIES

We had balances due from related parties of HK$25.9 million, HK$35.8 million, HK$63.3 million and HK$64.1 million as at 31 December 2011, 2012 and 2013 and 30 June 2014, respectively, and had balances owed to related parties of HK$63.2 million, HK$98.9 million, HK$98.1 million and HK$160.8 million, respectively, as at the same dates. Balances due from related parties primarily comprised receivables due from advertising and media entities controlled by Mr. Lam. Balances owed to related parties primarily comprised payables due to advertising and media related entities controlled by Mr. Lam. The table below sets forth balances due from and owed to related parties as at the dates indicated.

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	(HK$ million)			
Assets				
Amounts due from entities controlled by Mr. Lam	22.3	19.0	23.0	–
Amounts due from Mr. Lam	–	11.1	36.1	62.0
Amounts due from associates	1.7	3.6	2.0	2.1
Amounts due from non-controlling interests in subsidiaries	1.9	2.1	2.2	–
Total	25.9	35.8	63.3	64.1
Liabilities				
Amounts owed to entities controlled by Mr. Lam	23.1	33.5	25.3	0.7
Amounts owed to Mr. Lam	1.8	18.4	9.4	36.7
Amounts due to associates	–	–	1.5	17.0
Amounts due to non-controlling interests in subsidiaries	38.3	47.0	61.9	106.4
Total	63.2	98.9	98.1	160.8

These balances with related parties were unsecured, interest-free and repayable on demand. The above other receivables due from related parties and other payables due to related parties were non-trading in nature. The amounts due from/to entities controlled by Mr. Lam and amounts due from/to Mr. Lam had been settled as at the Latest Practicable Date. See Note 34(b) to the Accountant's Report in Appendix I to this prospectus.

CONTINGENT LIABILITIES AND OFF-BALANCE SHEET COMMITMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities or off-balance sheet commitments.

KEY FINANCIAL RATIOS

The following table sets forth selected financial ratios of our Company for the periods indicated.

	Year ended 31 December			Six months ended 30 June
	2011	2012	2013	2014
Revenue growth	33.2%	32.8%	27.1%	9.3%
Net profit growth	–	–	132.3%	39.5%
Gross margin(1)	13.8%	23.5%	30.1%	36.1%
Net profit margin before interest & tax	–	10.6%	17.6%	19.4%
Net margin(2)	–	7.5%	13.8%	15.0%
Return on equity(3)	–	288.2%	134.8%	37.1%
Return on assets(4)	–	12.8%	22.5%	10.0%
Current ratio(5)	0.74	0.79	1.01	1.20
Quick ratio(6)	0.74	0.79	1.01	1.20
Gearing ratio(7)	652.9%	163.0%	60.7%	56.1%
Debt to equity ratio(8)	Net cash	Net cash	Net cash	Net cash
Interest coverage ratio(9)	0.08	26.74	26.22	27.76
Trade receivable turnover days(10)	37	37	45	62
Trade payable turnover days(11)	14	20	24	25

(1) Gross margin is calculated by dividing gross profit by revenue in the same year/period.

(2) Net margin is calculated by dividing profit for the year/period after tax by revenue in the same year/period.

(3) Return on equity is calculated by dividing profit for the year/period by average total equity and multiplying the result by 100%.

(4) Return on assets is calculated by dividing profit for the year/period by average total assets and multiplying the result by 100%.

(5) Current ratio is calculated by dividing current assets by current liabilities.

(6) Quick ratio is calculated by dividing current assets less inventories by current liabilities.

(7) Gearing ratio is calculated by dividing total debt by total equity.

(8) Debt to equity ratio is calculated by dividing net debt by total equity. Net debt is equal to total debt subtracted by cash and cash equivalents.

(9) Interest coverage ratio is calculated by dividing profit for the year/period before interest and tax by gross finance costs.

(10) Trade receivable turnover days is calculated by dividing average trade receivables by revenue for the same year/period and multiplying the result by 365/181 days.

(11) Trade payable turnover days is calculated by dividing average trade payables by cost of sales for the same year/period and multiplying the result by 365/181 days.

Trade Receivable Turnover Days

The increase in trade receivable turnover days from 31 December 2011 to 31 December 2013 was primarily due to the increase in receivables from our advertiser customers. There was a general slowdown in the certain business sectors due to the effect of certain government policies, such as real estate, luxury goods, motor vehicles and high-end consumer products in China and Hong Kong, which led to a longer settlement time for our advertiser customers. We also had an increase in receivables from advertising agencies, which typically have a longer settlement time for their outstanding balances. Our accounts receivable turnover days increased from 31 December 2013 to 30 June 2014 because our advertiser customers in China typically settle a significant portion of their balances due to us at the end of the calendar year. Therefore, our turnover days are generally lower at the end of the calendar year than during the year. Our Directors are of the view that our credit risk with respect to these outstanding amounts remains low because majority of our customers are reputable brand owners and advertising agencies.

Trade Payable Turnover Days

Trade payable turnover days increased as our Group managed to use the payables as part of the trade financing for our expanding business. We manage our payables according to our cash flow plans, although some of our creditors do not give us credit terms. However, we pay our media resources owners concession fees according to schedule, thus our trade payables turnover days increased from 31 December 2011 to 31 December 2013 as our concession fees paid increased in line with escalation under our concession rights contracts. We believe that our trade payable turnovers days is within a reasonable range.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our Group is subject to a variety of financial risks, including foreign exchange risk, interest rate risk, price risk, credit risk and liquidity risk. Our Group's overall risk management strategy seeks to minimise the potential adverse effects on our financial performance. Risk management is carried out by our senior management and approved by our Board of Directors.

Our central finance unit in Hong Kong is responsible for managing and coordinating our investment, funding and cash management activities. We have set strict limits on the size and type of transactions permitted in order to manage financial risk. For example, we will only invest in available-for-sale financial products rated BB- or above by Standard & Poor's Rating Services or equivalent credit ratings given by other competent rating organisations. These policies are formulated by our Chief Financial Officer and Vice President of Finance regularly reviewed by our Board and senior management, which includes review of various financial metrics and indicators. See "Directors and Senior Management" for the qualifications of the persons formulating and reviewing these policies.

We aim to maximise our returns on idle funds and restricted cash pledged with banks under loan facilities. Our central finance unit identifies available funds for investment based on the cash flow plan of each subsidiary. We may recommend the placing of surplus cash in term deposit products with reputable banks in China and Hong Kong, subject to the approval of the board of the relevant subsidiary, with higher interest rates. We may also substitute investments in available-for-sale financial products in lieu of cash deposits under our loan facilities. However, we limit the aggregate investment amount of these available-for-sale financial products to no more than 20.0% of the cash deposit amount required by our Group's overall loan facilities and idle or surplus funds identified for short-term investment. We monitor and manage the price risk for these investments from time to time. We do not acquire or issue derivative financial instruments for trading or speculative purposes.

Foreign Exchange Risk

We operate in the PRC and Hong Kong with most of our transactions settled in RMB and H.K. dollar. Our foreign exchange risk occur mainly due to the fact that our subsidiaries in Hong Kong have business activities denominated in foreign currencies, primarily with respect to the U.S. dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. We did not have a foreign currency hedge policy during the Track Record Period. As the H.K. dollar has been pegged to the U.S. dollar, our Directors are of the opinion that the foreign exchange exposure between the U.S. dollar and H.K. dollar is insignificant.

Interest Rate Risk

Our interest rate risk arises from interest-bearing short-term deposits and bank borrowings. Short-term deposits and bank borrowings issued at variable rates expose us to cash flow interest rate risk. Bank borrowings at fixed rates expose us to fair value interest rate risk.

Other than interest-bearing short-term deposits, we do not have any other significant interest-bearing assets. Our directors do not anticipate any significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of short-term deposit are not expected to change significantly.

The following table sets forth our interest-bearing borrowings at variable rates and fixed rates for the periods indicated.

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	(HK$ thousands)			
Borrowings at fixed rate	45,839	26,167	114,731	123,466
Borrowings at floating rate	17,873	39,159	11,130	36,994
	63,712	65,326	125,861	160,460

For the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, if the floating interest rate on borrowings had been higher/lower by 50 basis points with all other variables held constant, the post-tax profit would have changed mainly as a result of higher/lower interest expenses on floating rate borrowings. Details of changes are as follows:

	Year ended 31 December			Six months ended 30 June
	2011	2012	2013	2014
	(HK$ thousands)			
(Decrease)/increase				
– Strengthened by 50 basis points	(67)	(147)	(42)	(139)
– Weakened by 50 basis points	67	147	42	139

For the year ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, if the fixed interest rate on borrowings had been higher/lower by 50 basis points with all other variables held constant, the fair value of the borrowings would have changed mainly as a result of higher/lower interest expense on fixed rate borrowings. The following table sets forth our a sensitivity analysis of our borrowings for the periods indicated.

	Year ended 31 December			Six months ended 30 June
	2011	2012	2013	2014
	(HK$ thousands)			
(Decrease)/increase				
– Strengthened by 50 basis points	(146)	(17)	(86)	(382)
– Weakened by 50 basis points	146	17	86	382

Other than interest-bearing bank deposits, our Group has no other significant interest-bearing assets. Our Directors do not anticipate any significant impact on interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

Price Risk

We are exposed to price risk because of investments held by the Group, which are classified as at fair value through profit or loss or available-for-sale financial assets. We are not exposed to commodity price risk. A sensitivity analysis is determined based on the exposure to price risk of the financial assets at fair value through profit or loss and available-for-sale financial assets at the end of each reporting period. If the fair values of the financial assets at fair value through profit or loss held by the Group had been 5% higher/lower, post-tax profit would be approximately HK$72,000, HK$103,000, HK$135,000 and HK$150,000 higher/lower, for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively. If the fair values of the available-for-sale financial assets held by the Group had been 5% higher/lower, the other comprehensive income would be approximately HK$413,000, HK$466,000, HK$446,000 and HK$459,000 higher/lower, for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively.

Credit Risk

Our credit risk mainly arises from short-term deposits, restricted cash, bank balance, trade and other receivables, financial assets at fair value through profit or loss and available-for-sale financial asset. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the combined balance sheets. The credit risk of short-term deposits, restricted cash and bank balances is limited because the counterparties are state-owned or reputable commercial banks which are high-credit-quality financial institutions in the PRC and Hong Kong.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payment when due and current ability to pay, and take into account information specific to the customer. We do not obtain collateral from customers. In the opinion of our Directors, our default risk is considered to be low.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. Our Directors believe that there is no material credit risk inherent in our outstanding balance of other receivables, and that our credit risk with respect to available-for-sale financial assets is limited because the counterparties are reputable and creditworthy banks.

Liquidity Risk

Our Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of our businesses, our finance unit maintains flexibility in funding by maintaining adequate cash and cash equivalents.

Capital Risk

Our objectives when managing capital are to safeguard our ability to continue as a going concern in order to provide returns to the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, we may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, we monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the combined balance sheets less cash and cash equivalents). As our cash and cash equivalents balances have exceeded borrowings balances at the end of each reporting period, our Directors believe our capital risk is low.

DIVIDENDS AND DIVIDEND POLICY

Dividends

During the Track Record Period, we declared and paid dividends of HK$55.0 million. On 6 December 2014, the Board approved to declare and distribute a dividend in the amount of HK$180.18 million (HK$132.13 million and HK$48.05 million to Media Cornerstone and Space Management, respectively) for the year ended 31 December 2013. Such dividend will be paid upon or before Listing from the internal resources of the Company.

Dividend Policy

After completion of the Global Offering, our Shareholders will be entitled to receive dividends only when declared by, and at the discretion of, our Board of Directors. At the discretion of our Board, we may declare dividends in the future, depending on our future results of operations, financial condition, contractual restrictions, other factors which our Directors deem relevant.

LISTING EXPENSES INCURRED AND TO BE INCURRED

Listing expenses (excluding underwriting commissions to the Underwriters and listing preparation fees to the Sole Global Coordinator, which amount to HK$26.2 million) represent professional fees incurred in connection with the Listing. Listing expenses to be borne by our Company are estimated to be approximately HK$45.4 million, of which approximately HK$10.6 million is directly attributable to the issue of new Shares to the public and to be accounted for as a deduction from equity, and of which approximately HK$34.8 million has been or is expected to be reflected in our combined statements of comprehensive income. Approximately HK$19.9 million of the listing expenses in relation to services already performed has been reflected in the combined statements of comprehensive income of our Group for the three financial years of our Company ended 31 December 2011, 2012 and 2013 and the six month ended 30 June 2014, and the remaining amount of approximately HK$14.9 million is expected to be recognised as expenses for the year ending 31 December 2014.

As mentioned above, all underwriting commissions to the Underwriters and listing preparation fees to the Sole Global Coordinator, estimated to be approximately HK$26.2 million, will be charged to equity during the year ending 31 December 2014, as they are directly attributable to the offering of the new Shares. The listing expenses above are the latest practicable estimates and are provided for reference only, and actual amounts may differ.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out below to illustrate the effect of the Global Offering on the combined net tangible assets of the Group attributable to the owners of the Company as at 30 June 2014 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted net tangible assets have been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group had the Global Offering been completed as at 30 June 2014 or at any future dates.

	Audited combined net tangible assets of the Group attributable to the owners of the Company as at 30 June 2014	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted net tangible assets of the Group attributable to the owners of the Company**	**Unaudited pro forma adjusted net tangible assets per Share(1)**
		(HK$'000)		*HK$*
Based on an Offer Price of HK$5.85 per Share	219,332	594,182	813,514	1.85
Based on an Offer Price of HK$7.02 per Share	219,332	718,110	937,442	2.13

Note:

(1) On 6 December 2014, the Board approved to declare and distribute a dividend in the amount of HK$180.18 million (HK$132.13 million and HK$48.05 million to Media Cornerstone and Space Management, respectively) for the year ended 31 December 2013. Such dividend will be paid upon or before Listing from the internal resources of the Company. In particular, the unaudited pro forma adjusted net tangible assets per share have not taken into account the effect of such dividend. Had the above dividend amounting to a total of HK$180.18 million been taken into account, the unaudited pro forma adjusted net tangible assets per Share would have been HK$1.44 (based on an Offer Price of HK$5.85 per Share) and HK$1.72 (based on an Offer Price of HK$7.02 per Share), respectively.

For more information on the calculation and basis for this information, see Appendix II to this prospectus.

DISTRIBUTABLE RESERVES

As at 30 June 2014, we had accumulated losses of approximately HK$30,000.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our financial or trading position since 30 June 2014 (the date to which our latest combined financial information was prepared as set out in Appendix I to this prospectus) and up to the date of this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as of the date of this prospectus, they are not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

OVERVIEW

Immediately after completion of the Global Offering (without taking into account the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), Mr. Lam, Media Cornerstone, Space Management and Shalom Family Holding will be regarded as our Controlling Shareholders under the Listing Rules. Please refer to the section headed "History and Development, Reorganisation and Group Structure – Group Structure" in this prospectus for details of the shareholding structure among the Controlling Shareholders.

Save as disclosed below, none of our Controlling Shareholders, our Directors nor any of their respective associates had interests in any other companies as at the Latest Practicable Date that may, directly or indirectly, compete with the business of our Group and would require disclosure under Rule 8.10 of the Listing Rules.

DELINEATION OF BUSINESS

Taiwan Asiaray Advertising Holdings Company Limited* (台灣雅仕維廣告股份有限公司) ("Taiwan Asiaray") is a company wholly-owned by Main Element Profits Limited which is in turn wholly-owned by one of our Controlling Shareholders, Mr. Lam. Taiwan Asiaray is engaged in businesses (the "Retained Business") which do not compete, and are not expected to compete, directly or indirectly, with our core business in Hong Kong and the PRC.

The Retained Business was not injected into our Group as part of the Reorganisation, nor was such business acquired by us after the Reorganisation, as our Directors are of the view that such business neither forms part of our core market segment nor is in line with our overall strategy to maintain and further strengthen our market position as a leading advertising space management company in the Hong Kong and the PRC markets. Our Directors believe that the Retained Business can be clearly differentiated from our business in the following ways:

1. Taiwan Asiaray targets customers primarily located in Taiwan. As at the Latest Practicable Date, there had been no sales to customers in non-Taiwan markets where the Group has operations.

   Our Group's business is focused in Hong Kong and the PRC. Our overall growth strategy is to further develop and expand our operations in Hong Kong and the PRC, taking into account market demands and customer requirements.

   Currently there are no overlapping customers or suppliers between the Retained Business and our business.

2. Taiwan Asiaray did not engage in any advertising space management project until May 2014, and is currently operating lightbox(es) in Taiwan Taoyuan International Airport with monthly revenue of New Taiwan Dollar 400,000 (equivalent to approximately HK$99,000).

Our Group specialises in providing integrated media solutions by adopting a space management approach. Our services typically have a higher selling price range than those of the Retained Business.

3. Taiwan Asiaray is merely a start-up business and its scale of operations is insignificant. No revenue was generated from its incorporation in May 2010 to April 2014. The revenue generated from May 2014 to November 2014 was approximately New Taiwan Dollar 7,600,000 (equivalent to approximately HK$2,000,000).

4. There is no overlap in the management and staff between the Retained Business and our business.

Neither Taiwan Asiaray nor our Group currently has any plans to materially change the types of services it provides and the market segments in which it operates. There is no overlap in terms of customers, suppliers, geographical scope, management and staff, between the Retained Business and our business. Our Directors are of the view that there is a clear delineation between the Retained Business and our business and therefore the Retained Business does not compete, and is not expected to compete, directly or indirectly, with our core business of advertising space management in Hong Kong and the PRC.

NON-COMPETITION UNDERTAKINGS

Mr. Lam, Media Cornerstone, Space Management and Shalom Family Holding (together, the "Covenantors" and each a "Covenantor") have entered into a deed of non-competition dated 22 December 2014 in favor of the Company (the "Deed of Non-Competition"), pursuant to which, with effect from the Listing Date and ending, in respect of each Covenantor, on the earlier of: (a) the date on which such Covenantor ceases to be a Controlling Shareholder; and (b) the date on which the Shares cease to be listed on the Stock Exchange (the "Non-Compete Period"), each of the Covenantors has irrevocably and unconditionally undertaken to and for the benefit of the Company (for itself and on behalf of each other member of the Group) that:

(a) each of the Covenantors shall not, and shall procure his/its associates not to, either alone or jointly with any other person or entity, or for any other person, firm or company, or as principal, partner, director, employee, consultant or agent through any body corporate, partnership, joint venture or other contractual arrangement, be engaged, invested, or otherwise involved, whether as a shareholder, director, employee, partner, agent or otherwise, directly or indirectly, in the carrying on of any business in any form or manner in Hong Kong or the PRC that is in competition or is likely to be in competition, directly or indirectly, with the business operated by the Group in Hong Kong or the PRC as at the Listing Date or will from time to time be engaged or operated by the Group in Hong Kong or the PRC (the "Restricted Businesses");

(b) each of the Covenantors further undertakes that if he/it becomes aware of any business opportunity ("Business Opportunity") offered to him/it or his/its associates which directly or indirectly competes, or may lead to competition, with the Restricted Businesses, he/it shall notify the Group of such Business Opportunity immediately upon becoming aware of it;

(c) each of the Covenantors is obliged to use his/its best efforts to procure that such Business Opportunity is first offered to the Group upon terms which are fair and reasonable. The board of Directors shall inform the respective Covenantors in writing whether the Group intends to take up such Business Opportunity within 30 days after being notified. It is only after the board of Directors has either expressly declined such Business Opportunity, or if the 30 day period has lapsed and the board of Directors has not notified the Covenantors of the Group's intention to take up such Business Opportunity, or if written approval is given by the independent non-executive Directors, that the Covenantors or either of them or his/its associate or associates may then pursue such opportunity, provided that the principal terms of which he/it or his/its associates invest or participate in the Business Opportunity are no more favourable to him/it than those made available to the Company and such terms shall be fully disclosed to the Company prior to consummation of such rejected Business Opportunity; and

(d) each of the Covenantors shall use his/its best endeavours to procure its associates to comply with the provisions in paragraphs (b) and (c) above.

Mr. Lam has unconditionally and irrevocably further undertaken to and for the benefit of the Company (for itself and on behalf of each other member of the Group) that, during the Non-Compete Period, he shall procure Main Element Profits Limited to exercise all its voting power in Taiwan Asiaray to ensure that the business of Taiwan Asiaray will not expand outside Taiwan.

In the event of any disagreement between the Covenantors and the Company as to whether or not any business or proposed business directly or indirectly competes or may lead to competition with the Restricted Businesses, the matter shall be determined by the independent board committee of the Company, comprising the independent non-executive Directors from time to time, whose decision shall be final and binding.

The Covenantors or either of them may either by himself/itself, or through his/its associate or associates:

(i) hold and/or be interested in any shares or other securities of any company which engages or involves in any business in Hong Kong and/or the PRC which is in competition or is likely to be in competition, directly or indirectly, with the Restricted Business, provided that the aggregate shareholding held by each Covenantor, together with his/its associates, whether directly or indirectly, does not exceed five per cent of the entire issued share capital of such company; or

(ii) hold any securities in any member of the Group.

For the enforcement of the undertakings contained in the Deed of Non-Competition:

(a) our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-Competition by the Covenantors;

(b) our Covenantors shall promptly provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-Competition and provide to our Company a confirmation relating to the compliance of the Deed of Non-Competition and acknowledge and agree that such annual confirmation will be disclosed in the annual report of the Company; and

(c) our Company shall disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance and enforcement of the undertakings and first right of refusal provided by our Covenantors either through the corporate governance report as set out in the annual report of our Company, or by way of announcements to the public.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Save as disclosed above and apart from our Group's business, none of our Controlling Shareholders has any interest in, controls or conducts any business, which competes or is likely to compete, either directly or indirectly, with our Group's business.

Having considered the following factors, our Directors are satisfied that our Group is capable of carrying on our business independently of our Controlling Shareholders and their respective associates following the Listing.

Management independence

The Board comprises a total of seven Directors, with four executive Directors and three independent non-executive Directors. Though one of our Controlling Shareholders, Mr. Lam, also acts as our executive Director, he is only entitled to one vote out of seven votes in the board meetings. Besides, the three independent non-executive Directors representing more than one-third of the Board will ensure that the decisions of the Board are made after due consideration of independent and impartial opinions, the board structure is therefore in line with or better than current governance best practice in Hong Kong.

Each of our Directors is aware of his fiduciary duties as a Director, which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the relevant interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Our Group has an independent senior management team carrying out the business decisions of our Group independently and our Directors are satisfied that the senior management team is able to perform their roles in our Company independently.

Our Directors are therefore of the view that we are capable of managing our business independently from our Controlling Shareholders after the Global Offering.

Operational independence

Our Group has our own independent administrative and corporate governance structure comprised of separate individual departments, each with specific areas of responsibilities, including financial and accounting management, inventory management and development. We have also established various internal control procedures to facilitate the effective operation of our business.

Our Company makes business decisions independently and has sufficient capital, equipment and employees to operate our business independent from our Controlling Shareholders. We do not rely on our Controlling Shareholders for access to suppliers and customers, as we manage our sourcing independently and our customers are predominately members of the public, to whom we have independent access.

Based on the above, our Directors consider that our Group's business operation does not rely on our Controlling Shareholders and our Group can operate independently.

Financial independence

Our Group has an independent financial system and accounting team under the supervision of Mr. So Chi Man, our executive Director and Chief Financial Officer, so as to make independent financial decisions according to our own business needs.

Our Group's outstanding bank borrowings as at 31 October 2014 was HK$156.5 million. Our Group's bank borrowings were supported by personal guarantees provided by Mr. Lam and mortgages over real properties owned by companies which are controlled by Mr. Lam. As at the Latest Practicable Date, our Group had obtained written consents in principle from the creditor banks that such personal guarantees and mortgages will be released if Listing occurs. Such consents mean that our Group can have independent access to third party financing and is able to obtain bank loans without reliance on our Controlling Shareholders.

The net amounts due from our shareholders to our Group amounted to HK$25.3 million as at 30 June 2014 (i.e. total receivable balance due from Mr. Lam as at 30 June 2014 of HK$62.0 million less total payable balance due to Mr. Lam as at 30 June 2014 of HK$36.7 million). The balance of any outstanding amounts due from/to any of our shareholders have been settled as at the Latest Practicable Date.

In the circumstances, our Directors believe that our Group is capable of carrying on our business without financial reliance on our Controlling Shareholders.

Corporate governance measures

Our Company will adopt the following corporate governance measures to avoid potential conflict of interests and safeguard the interests of our Controlling Shareholders:

(a) compliance with the Listing Rules, in particular, strictly observe any proposed transactions between us and connected persons and comply with the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules where applicable;

(b) appointment of Messis Capital Limited as our compliance adviser to advise us on the compliance matters in respect of the Listing Rules and applicable laws and regulations; and

(c) appointment of three independent non-executive Directors in order to achieve a balanced composition of executive and non-executive Directors in our Board. The independent non-executive Directors have the qualification, integrity, independence and experience to fulfil their roles effectively. Further details of our independent non-executive Directors are set out in the section headed "Directors and Senior Management".

CONTINUING CONNECTED TRANSACTIONS

During the Track Record Period, the Group entered into a number of transactions with entities which will be regarded as connected persons of the Company upon Listing and such transactions will constitute continuing connected transactions of the Company upon Listing under the Listing Rules.

Currently, for the purposes of the Listing Rules, the connected persons of the Company who are expected to have transactions with the Group after the Listing include:

(1) Yunnan Airport Group Limited Liability Company (雲南機場集團有限責任公司) ("Yunnan Airport Company") and its associates;

(2) Henan Zhengzhou Xinzheng Airport Management Company Limited (河南省鄭州新鄭國際機場管理有限公司) ("Zhengzhou Airport Company") and its associates; and

(3) Shenzhen Airport Asiaray and its associates.

We set out below details of certain connected transactions of the Company that are expected to continue after the Listing which will be subject to the reporting, annual review and announcement requirements under the connected transactions regulatory regime of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Framework Agreement with Yunnan Airport Company

Yunnan Airport Company (a PRC State-owned enterprise) and its associates are principally engaged in management and operation of the civil airports in Yunnan province.

Currently, Yunnan Airport Company directly and indirectly holds an aggregate of 49% equity interest in Yunnan Airport Asiaray, which is held as to 51% by the Company and is a member of the Group. Yunnan Airport Asiaray has been granted the rights to use and operate the advertising and media resources in the airports operated by Yunnan Airport Company and its associates (excluding Yunnan Airport Asiaray) (collectively, the "Yunnan Airport Group") from time to time in accordance with the terms and conditions of the Yunnan Implementation Agreements (as defined below), and the Company expects that such transactions will continue after the Listing.

To regulate the arrangements between the Group and the Yunnan Airport Group after the Listing, Asiaray Media Holdings entered into a framework agreement dated 21 October 2014 (the "Yunnan Airport Framework Agreement") with Yunnan Airport Company, which will take effect from the Listing Date and will expire on 31 December 2022, renewable upon mutual agreement.

The terms of the Yunnan Airport Framework Agreement were negotiated on an arm's length basis and in the ordinary and usual course of business of the Group.

To implement the transactions contemplated under the Yunnan Airport Framework Agreement, the parties have entered or will enter into separate agreements or order forms (the "Yunnan Implementation Agreements") which specify and record the specific terms (such as the types of the advertising and media resources, the concession fees for the respective airport resources and/or the price of the relevant advertising and the payment and delivery terms) and operative provisions of those transactions determined in accordance with the Yunnan Airport Framework Agreement.

In line with the general pricing policy of fairness and reasonableness set out in the Yunnan Airport Framework Agreement, the concession fees under the Yunnan Implementation Agreements are normally determined with reference to the higher of: (i) a fixed fee with escalation, meaning increases over each year of the Yunnan Implementation Agreements; and (ii) a fee calculated by way of revenue sharing based on factors including the percentage of revenue generated by Yunnan Airport Asiaray and passenger flow of the relevant airports, subject to a fixed minimum guaranteed fee with escalation over the term of the Yunnan Implementation Agreements.

In order to ensure that concession fees payable by the Group to the Yunnan Airport Group will not be prejudicial to the interests of the Company and its minority shareholders, the Company adopt the following measures in negotiating the terms of the Yunnan Implementation Agreements:

(i) we develop our own estimation of concession fees by taking into account several factors comprehensively, including macroeconomic factors (such as gross domestic product, per capita income, population, the total retail sales of social consumer goods, the total amount of outdoor advertising spaces, etc.) in the relevant locations passenger flow volume in the relevant spaces, media planning and pricing strategies of the Group, anticipate occupancy rate of the relevant advertising spaces, and the anticipated costs, expenses and taxation in the relevant projects, etc, which apply to transactions with independent customers as well as connected persons; and

(ii) regular reports regarding our Group's concession fees and other relevant information will be provided to the independent non-executive Directors, who will conduct semi-annual review of the terms of the Yunnan Implementation Agreements (including whether concession fees payable by the Group are based on factors mentioned above) and the fairness of the Group's basis of obtaining such Yunnan Implementation Agreements.

The Yunnan Airport Framework Agreement is for a duration longer than three years as otherwise normally permitted under the connected transaction regulatory regime of the Listing Rules. The existing Yunnan Implementation Agreements with Yunnan Airport Group in relation to Yunnan Airport Asiaray's rights to use and operate the advertising and media resources in the airports operated by Yunnan Airport Group are for a duration of longer than three years and the longest of which will expire on 31 December 2022. The Company considers and the Sole Sponsor agrees that the duration of the Yunnan Airport Framework Agreement is consistent with normal commercial terms, which can secure long-term resources rights for the Group, thus avoiding unnecessary disruptions to the Group's business and enabling the Group to ensure long-term development and continuity of the Group's operations.

As disclosed in the section headed "Business – Our Operations – Overview" of this prospectus, according to the Group's management experience and its performance during the Track Record Period, the growth and development of its media resources is divided into three phases: "ramp-up", "stable growth" and "scale-up".

The "ramp-up" phase will generally take one to two years beginning from the Group acquires the concession rights to the media resources from airport or metro line and ending when the operations for that particular airport or metro line becomes profitable. After the "ramp-up" phase, the Group's operations reach a "stable growth" phase, at which point the Group's customer base and operations are well-established for the relevant airport or metro line and this phase of the Group operations has generally been characterised by a steady increase in revenue. The Group's operations enters the "scale-up" phase upon an increase of media resources at the relevant airport or metro line, which is generally due to the opening of a new terminal at an airport or significant expansion of the metro line or station, during which, revenue and profit typically experience a sharper increase than during the stable growth phase.

Accordingly, the Group requires a longer concession period for its media resources (i) to complete the "ramp-up" phase; (ii) to enjoy the "stable growth" phase; and (iii) to wait for the "scale-up" phase.

On the above premises, the Sole Sponsor is of the view that (i) the concession rights to the media resources granted under the Yunnan Airport Framework Agreement is of a nature that requires a longer period; and (ii) it is normal business practice for agreements of the type similar to the Yunnan Airport Framework Agreement to be of a duration longer than three years to secure long-term concession rights.

Historical figures and proposed annual caps

Yunnan Airport Asiaray has been granted the rights to use and operate the advertising and media resources in the airports operated by the Yunnan Airport Group for more than six years.

For the three years ended 31 December 2011, 2012 and 2013, and based on the Company's accounting records, the aggregate concession fees paid by the Group to the Yunnan Airport Group amounted to approximately RMB18.9 million, RMB51.4 million and RMB85.2 million, respectively, representing approximately 3.7%, 8.7% and 12.6% of the Group's cost of revenue for the three years ended 31 December 2011, 2012 and 2013, respectively. For the six months ended 30 June 2014, and based on the Company's accounting records, the aggregate concession fees paid by the Group to Yunnan Airport Group amounted to approximately RMB43.0 million, representing approximately 13.9% of the Group's cost of revenue for the six months ended 30 June 2014. The growth in the concession fees paid by the Group to the Yunnan Airport Group over the past three years was mainly due to the development of the Group's business in Yunnan province and the fact that the new Kunming Changshui International Airport has come into operation since June 2012.

The Directors estimate that the concession fees payable by the Group to the Yunnan Airport Group may grow gradually in the coming years mainly due to the development of the Group's business in Yunnan province.

Assuming that in the ordinary and usual course of the Group's business, the concession fees payable by the Group to the Yunnan Airport Group may increase by around 12.5% annually. As such, the Company estimates that the projected concession fees payable by the Group to the Yunnan Airport Group will not exceed RMB95.9 million, RMB107.8 million, RMB121.3 million for the three financial years ending 31 December 2014, 2015 and 2016, respectively, which will therefore be proposed as the annual caps in respect of such transactions.

Factors for determining the proposed annual caps

In arriving at the above proposed annual caps, the Company has considered factors including:

- the concession fees payable by Yunnan Airport Asiaray to the Yunnan Airport Group under the Yunnan Implementation Agreements, including the higher of: (i) a fixed fee with escalation, meaning increases over each year of the Yunnan Implementation Agreements; and (ii) a fee calculated by way of revenue sharing based on factors including the percentage of revenue generated by Yunnan Airport Asiaray and passenger flow of the relevant airports, subject to a fixed minimum guaranteed fee with escalation over the term of the Yunnan Implementation Agreements;

- the Group's actual concession fees paid by the Group to the Yunnan Airport Group during the Track Record Period;

- the Group's current and anticipated future capacity and needs;

- the business development of the Yunnan Airport Group;

- the projected increase in the operating media resources that the Group will receive from the Yunnan Airport Group in the next three years; and

- the recent macroeconomic policies of the PRC government and the future development of the advertising industry.

Listing Rules implications

As mentioned above, Yunnan Airport Company directly and indirectly holds 49% equity interest in Yunnan Airport Asiaray, which is held as to 51% by the Company and is a subsidiary of the Company. For the purposes of the Listing Rules, Yunnan Airport Company is a substantial shareholder of Yunnan Airport Asiaray, and each of the Yunnan Airport Company and its associates is thus a connected person of the Company.

Accordingly, the transactions under the Yunnan Airport Framework Agreement will constitute continuing connected transactions of the Company upon the Listing, and assuming that no exemption is available under Chapter 14A of the Listing Rules, such transactions will otherwise be subject to the reporting, annual review and announcement requirements under the connected transactions regulatory regime of the Listing Rules.

Agreement with Zhengzhou Airport Company

Zhengzhou Airport Company (a PRC State-owned enterprise) and its associates are principally engaged in management and operation of Zhengzhou Xinzheng International Airport.

Currently, Zhengzhou Airport Company directly holds 49% equity interest in Henan Airport Asiaray, which is held as to 51% by the Company and is a member of the Group.

On 18 October 2007, Henan Airport Asiaray and Zhengzhou Airport Company entered into an agreement (the "Zhengzhou Airport Agreement"), pursuant to which Henan Airport Asiaray was granted the rights to operate the advertising and media resources in the Zhengzhou Xinzheng International Airport operated by Zhengzhou Airport Company from 13 July 2007 to 31 December 2016. After entering into the Zhengzhou Airport Agreement, Henan Airport Asiaray and Zhengzhou Airport Company entered into, and will continue to enter into, supplemental agreements (the "Zhengzhou Airport Supplemental Agreements") to the Zhengzhou Airport Agreement to confirm the fees calculated by way of revenue sharing to the concession fees between the parties during the term of the Zhengzhou Airport Agreement each year. The Company considers the duration of the Zhengzhou Airport Agreement is consistent with normal commercial terms, which can secure long-term resources rights for the Group, thus avoiding unnecessary disruptions to the Group's business and enabling the Group to ensure long-term development and continuity of the Group's operations. The Sole Sponsor is of the view that it is consistent with normal business practice for the Company to enter into the Zhengzhou Airport Agreement with a duration longer than three years taking into account of the subject matters thereunder, being the rights to use and operate the advertising and media resources in the Zhengzhou Xinzheng International Airport.

Under the Zhengzhou Airport Agreement and the Zhengzhou Airport Supplemental Agreements, the concession fees are determined with reference to the higher of: (i) a fixed fee with escalation, meaning increases over each year of Zhengzhou Airport Agreement; and (ii) a fee calculated by way of revenue sharing based on the revenue generated by Henan Airport

Asiaray each year. According to the Hong Kong Financial Reporting Standards, the fixed fee for each year under the Zhengzhou Airport Agreement should be approximately RMB17.9 million, being the average fixed fee for each year during the term of the Zhengzhou Airport Agreement. The fee calculated by way of revenue sharing for a financial year is to be determined by Zhengzhou Airport Company and the Group jointly in each financial year with reference to the anticipated revenue of Henan Airport Asiaray in that financial year.

In order to ensure that concession fees payable by Henan Airport Asiaray to Zhengzhou Airport Company will not be prejudicial to the interests of the Company and its minority shareholders, regular reports regarding the concession fees payable by Henan Airport Asiaray to Zhengzhou Airport Company and other relevant information will be provided to the independent non-executive Directors, who will conduct semi-annual review of the implementation of the Zhengzhou Airport Agreement and the Zhengzhou Airport Supplemental Agreements (including whether concession fees payable by the Group are based on factors mentioned above) and the fairness of our Group's basis of entering into the Zhengzhou Airport Supplemental Agreements.

The terms of the Zhengzhou Airport Agreement and the Zhengzhou Airport Supplemental Agreements were negotiated on an arm's length basis and in the ordinary and usual course of business of the Group.

As disclosed in the section headed "Business – Our Operations – Overview" of this prospectus, according to the Group's management experience and its performance during the Track Record Period, the growth and development of its media resources is divided into three phases: "ramp-up", "stable growth" and "scale-up".

The "ramp-up" phase will generally take one to two years beginning from the Group acquires the concession rights to the media resources from airport or metro line and ending when the operations for that particular airport or metro line becomes profitable. After the "ramp-up" phase, the Group's operations reach a "stable growth" phase, at which point the Group's customer base and operations are well-established for the relevant airport or metro line and this phase of the Group operations has generally been characterised by a steady increase in revenue. The Group's operations enters the "scale-up" phase upon an increase of media resources at the relevant airport or metro line, which is generally due to the opening of a new terminal at an airport or significant expansion of the metro line or station, during which, revenue and profit typically experience a sharper increase than during the stable growth phase.

Accordingly, the Group requires a longer concession period for its media resources (i) to complete the "ramp-up" phase; (ii) to enjoy the "stable growth" phase; and (iii) to wait for the "scale-up" phase.

On the above premises, the Sole Sponsor is of the view that (i) the concession rights to the media resources granted under the Zhengzhou Airport Agreement is of a nature requires a longer period; and (ii) it is normal business practice for agreements of the type similar to the Zhengzhou Airport Agreement to be of a duration longer than three years.

Historical figures and proposed annual caps

Henan Airport Asiaray has been granted the rights to operate the advertising and media resources in the Zhengzhou Xinzheng International Airport operated by Zhengzhou Airport Company for more than six years.

For the three years ended 31 December 2011, 2012 and 2013, and based on the Company's accounting records, the aggregate concession fees paid by Henan Airport Asiaray to Zhengzhou Airport Company amounted to approximately RMB29.9 million, RMB34.9 million and RMB37.6 million, respectively, representing approximately 5.8%, 5.9% and 5.6% of the Group's cost of revenue for the three years ended 31 December 2011, 2012 and 2013, respectively. For the six months ended 30 June 2014, and based on the Company's accounting records, the aggregate concession fees paid by Henan Airport Asiaray to Zhengzhou Airport Company amounted to approximately RMB16.9 million, representing approximately 5.5% of the Group's cost of revenue for the six months ended 30 June 2014.

According to the Zhengzhou Airport Agreement, the concession fees payable by Henan Airport Asiaray to Zhengzhou Airport Company for the advertising and media resources in the Zhengzhou Xinzheng International Airport is expected to increase by 12% annually, which is not expected to exceed RMB42.1 million, RMB47.2 million and RMB52.8 million for the financial years ending 2014, 2015 and 2016 respectively.

Factors for determining the proposed annual caps

In arriving at the above proposed annual caps, the Company has also considered factors including:

- the concession fees payable by Henan Airport Asiaray to Zhengzhou Airport Company under the Zhengzhou Airport Agreement and the Zhengzhou Airport Supplemental Agreements, including the higher of: (i) a fixed fee with escalation, meaning increases over each year of Zhengzhou Airport Agreement; and (ii) a fee calculated by way of revenue sharing based on the revenue generated by Henan Airport Asiaray each year;

- the Group's actual concession fees paid to Zhengzhou Airport Company during the Track Record Period;

- the Group's current and anticipated future capacity and needs;

- the business development of Zhengzhou Airport Company; and

- the recent macroeconomic policies of the PRC government and the future development of the advertising industry.

Listing Rules implications

As mentioned above, Zhengzhou Airport Company directly holds 49% equity interest in Henan Airport Asiaray, which is held as to 51% by the Company and is a subsidiary of the Company. For the purposes of the Listing Rules, Zhengzhou Airport Company is a substantial shareholder of Henan Airport Asiaray, and is thus a connected person of the Company.

Accordingly, the transactions under the Zhengzhou Airport Agreement and the Zhengzhou Airport Supplemental Agreements will constitute continuing connected transactions of the Company upon the Listing, and assuming that no exemption is available under Chapter 14A of the Listing Rules, such transactions will otherwise be subject to the reporting, annual review and announcement requirements under the connected transactions regulatory regime of the Listing Rules.

Framework Agreement with Shenzhen Airport Asiaray

Shenzhen Airport Asiaray was jointly established by Shanghai Asiaray and Shenzhen Airport Co., Ltd. (深圳市機場股份有限公司) ("Shenzhen Airport Company") in 2013 to exclusively operate mainstream media resources in Terminal 3 of the Shenzhen Bao'an International Airport.

Shenzhen Airport Asiaray directly holds 55% equity interest in Shenzhen Yashi, the remaining 45% equity interest is held directly by Shanghai Asiaray. Our Directors consider that Shenzhen Yashi should be consolidated into the financial information of the Group as Shanghai Asiaray has the power to control the financial and operating policies of Shenzhen Yashi pursuant to its articles of association.

Shenzhen Airport Asiaray has been providing advertising services to the Group in relation to the media resources in the Shenzhen Bao'an International Airport from time to time (the "Shenzhen Airport Advertising Services") in accordance with the terms and conditions of the Shenzhen Implementation Agreements (as defined below), and the Company expects that Shenzhen Airport Advertising Services will continue after the Listing.

To regulate the advertising services provided by the Shenzhen Airport Asiaray after the Listing, Asiaray Media Holdings entered into a framework agreement dated 26 September 2014 (the "Shenzhen Airport Asiaray Advertising Framework Agreement") with Shenzhen Airport Asiaray, which will take effect from the Listing Date and will expire on 31 December 2016, renewable upon mutual agreement.

The terms of Shenzhen Airport Asiaray Advertising Framework Agreement were negotiated on an arm's length basis and in the ordinary and usual course of business of the Group. Under the Shenzhen Airport Asiaray Advertising Framework Agreement, the price payable by the Group under the Shenzhen Implementation Agreements (as defined below) shall be determined with reference to the prevailing price list for other third parties prepared by Shenzhen Airport Asiaray and updated from time to time, provided that the price (i) shall not be higher than the price offered to other third parties; and (ii) shall not be lower than 85% of the price offered to other third parties.

To implement the transactions contemplated under the Shenzhen Airport Asiaray Advertising Framework Agreement, the parties have entered or will enter into separate agreements or order forms (the "Shenzhen Implementation Agreements") which will specify and record the specific terms (such as the types of the advertising services, the price of the relevant services, and the payment and delivery terms) and operative provisions of those transactions determined in accordance with the Shenzhen Airport Asiaray Advertising Framework Agreement.

In order to ensure that price payable by the Group to Shenzhen Airport Asiaray will not be prejudicial to the interests of the Company and its minority shareholders, regular reports regarding the service fees payable by the Group to the Shenzhen Airport Asiaray and other relevant information will be provided to the independent non-executive Directors, who will conduct semi-annual review of the terms of the Shenzhen Implementation Agreements (including whether the service fee payable by the Group are based on factors mentioned above) and the fairness of the Group's basis of entering into the Shenzhen Implementation Agreements.

Historical figures and proposed annual caps

Shenzhen Airport Asiaray has been providing advertising services to the Group since Terminal 3 of the Shenzhen Bao'an International Airport has come into operation on 28 November 2013.

Based on the Shenzhen Implementation Agreements entered into up to 30 June 2014 and the Company's accounting records, the aggregate service fees payable by the Group to Shenzhen Airport Asiaray in respect of the Shenzhen Airport Advertising Services for the year ending 31 December 2014 amounted to approximately RMB44.9 million. For the six months ended 30 June 2014, and based on the Company's accounting records, the aggregate service fees paid by the Group to Shenzhen Airport Asiaray amounted to approximately RMB27.8 million, representing approximately 9.0% of the Group's cost of revenue for the six months ended 30 June 2014.

The Directors estimate that the service fees paid by the Group to Shenzhen Airport Asiaray will continue to grow in the coming years mainly due to the development of the business in the recently opened Terminal 3 of the Shenzhen Bao'an International Airport.

Assuming that there will be moderate increase in the service fees by the Group to the Shenzhen Airport Asiaray for each of 2015 and 2016, respectively, by around 10% per year, the Company estimates that the projected service fees in respect of the Shenzhen Airport Advertising Services will not exceed RMB60.0 million, RMB66.0 million and RMB72.6 million for the three financial years ending 31 December 2014, 2015 and 2016, respectively, which will therefore be proposed as the annual caps in respect of such transactions.

Factors for determining the proposed annual caps

In arriving at the above proposed annual caps, the Company has considered factors including:

- the contract amount payable by the Group to Shenzhen Airport Asiaray under the existing Shenzhen Implementation Agreements entered into between the Group and Shenzhen Airport Asiaray;

- the actual service fees paid by the Group to Shenzhen Airport Asiaray from 1 January 2014 to 30 June 2014 and the anticipated future service fee amounts in the foreseeable coming years in light of any recent development;

- the Group's current and anticipated future capacity and needs;
- the business development of Shenzhen Bao'an International Airport, particularly in light of the recent opening of Terminal 3;
- the projected increase in the operating media resources that the Group will receive in the next three years; and
- the recent macroeconomic policies of the PRC government and the future development of the advertising industry.

Listing Rules implications

Shenzhen Airport Asiaray, which exclusively operates the mainstream media resources in Terminal 3 of the Shenzhen Bao'an International Airport, is held as to 51% by Shenzhen Airport Company and 49% by Shanghai Asiaray.

As mentioned above, Shenzhen Airport Asiaray directly holds 55% equity interest in Shenzhen Yashi, the remaining 45% equity interest is held directly by Shanghai Asiaray. Our Directors consider that Shenzhen Yashi should be consolidated into the financial information of the Group as Shanghai Asiaray has the power to control the financial and operating policies of Shenzhen Yashi pursuant to its articles of association. For the purposes of the Listing Rules, Shenzhen Airport Asiaray is a substantial shareholder of Shenzhen Yashi, and is thus a connected person of the Company.

Accordingly, the transactions under the Shenzhen Airport Asiaray Advertising Framework Agreement will constitute continuing connected transactions of the Company upon the Listing, and assuming that no exemption is available under Chapter 14A of the Listing Rules, such transactions will otherwise be subject to the reporting, annual review and announcement requirements under the connected transactions regulatory regime of the Listing Rules.

APPLICATION FOR WAIVERS

The Directors (including the independent non-executive Directors) and the Sole Sponsor, are of the view that:

(1) each of the Yunnan Airport Framework Agreement, the Zhengzhou Airport Agreement, the Zhengzhou Airport Supplemental Agreements and the Shenzhen Airport Advertising Framework Agreement was entered into in the ordinary and usual course of business of the Group and is on normal commercial terms;

(2) the terms of each of the Yunnan Airport Framework Agreement, the Zhengzhou Airport Agreement, the Zhengzhou Airport Supplemental Agreements and the Shenzhen Airport Advertising Framework Agreement are fair and reasonable and in the interests of the Shareholders as a whole; and

(3) the proposed annual caps for the transactions under each of the Yunnan Airport Framework Agreement, the Zhengzhou Airport Agreement, the Zhengzhou Airport Supplemental Agreements and the Shenzhen Airport Advertising Framework Agreement as set out above are fair and reasonable and in the interests of the Shareholders as a whole.

As the transactions described above are and will continue to be entered into in the ordinary and usual course of business of the Group on a continuing or recurring basis, the Directors are of the view that strict compliance with the announcement requirement would impose unnecessary administrative costs and burden to the Group and would at times be impracticable.

On the basis of the above, pursuant to Rule 14A.105 of the Listing Rules, the Sole Sponsor has respectfully applied, for and on behalf of the Company, for, and has been granted, a waiver from strict compliance with the announcement requirement as may otherwise be required of the Company under Chapter 14A of the Listing Rules in connection with the Yunnan Airport Framework Agreement, the Zhengzhou Airport Agreement, the Zhengzhou Airport Supplemental Agreements and the Shenzhen Airport Advertising Framework Agreement and all transactions contemplated under them.

The waiver for each of the Yunnan Airport Framework Agreement, the Zhengzhou Airport Agreement, the Zhengzhou Airport Supplemental Agreements and the Shenzhen Airport Asiaray Advertising Framework Agreement is for a period of three years, provided that the annual value of the transactions under each of the Yunnan Airport Framework Agreement, the Zhengzhou Airport Agreement, the Zhengzhou Airport Supplemental Agreements and the Shenzhen Airport Asiaray Advertising Framework Agreement does not exceed the respective proposed annual caps for the relevant periods as set out above. The Company will comply with the reporting requirement under the Listing Rules.

THE CORNERSTONE PLACING

We and the Sole Global Coordinator have entered into a cornerstone investment agreement with each of the two cornerstone investors (the "Cornerstone Investors", and each a "Cornerstone Investor"), who have agreed to subscribe, or cause their designated entities to subscribe, at the Offer Price for such number of the Offer Shares (rounded down to the nearest whole board lot of 500 Shares) which may be purchased for an aggregate amount of US$30 million (the "Cornerstone Placing").

Assuming an Offer Price of HK$5.85 (being the low-end of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors (rounded down to the nearest whole board lot of 500 Shares) would be 39,743,000 Offer Shares, representing (i) approximately 36.13% of the total Offer Shares initially available under the Global Offering; (ii) approximately 9.03% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme); and (iii) approximately 8.71% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (assuming full exercise of the Over-allotment Option, but without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

Assuming an Offer Price of HK$6.435 (being the mid-point of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors (rounded down to the nearest whole board lot of 500 Shares) would be 36,130,500 Offer Shares, representing (i) approximately 32.85% of the total Offer Shares initially available under the Global Offering; (ii) approximately 8.21% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme); and (iii) approximately 7.91% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (assuming full exercise of the Over-allotment Option, but without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

Assuming an Offer Price of HK$7.02 (being the high-end of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors (rounded down to the nearest whole board lot of 500 Shares) would be 33,119,000 Offer Shares, representing (i) approximately 30.11% of the total Offer Shares initially available under the Global Offering; (ii) approximately 7.53% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme); and (iii) approximately 7.25% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (assuming full exercise of the Over-allotment Option, but without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

The Cornerstone Placing forms part of the International Placing. The Offer Shares to be subscribed for by each Cornerstone Investor will rank pari passu in all respects with the other fully paid Shares in issue, and will be counted towards the public float of our Company. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will have any board representation in our Company, nor will any Cornerstone Investor become our substantial shareholder. The Offer Shares to be subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Placing and the Hong Kong Public Offering described in "Structure of the Global Offering – The Hong Kong Public Offering", nor by any exercise of the Over-Allotment Option. The Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering (other than and pursuant to the respective cornerstone investment agreements).

THE CORNERSTONE INVESTORS

To our best knowledge, each of the Cornerstone Investors is an Independent Third Party and independent of the other Cornerstone Investors, not our connected person and not an existing shareholder of our Company.

Details of the allocations to the Cornerstone Investors will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering to be published on or about 14 January 2015.

We set out below a brief description of our Cornerstone Investors:

Great World HK

Great World HK Media PTE. Ltd. ("Great World HK") has agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot of 500 Shares) which may be purchased with an aggregate amount of US$20 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming an Offer Price of HK$5.85 (being the low-end of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares to be subscribed for by Great World HK (rounded down to the nearest whole board lot of 500 Shares) would be 26,495,500 Offer Shares, representing (i) approximately 24.09% of the total Offer Shares initially available under the Global Offering; (ii) approximately 6.02% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme) and (iii) approximately 5.80% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (assuming full exercise of the Over-allotment Option, but without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

Assuming an Offer Price of HK$6.435 (being the mid-point of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares to be subscribed for by Great World HK (rounded down to the nearest whole board lot of 500 Shares) would be 24,087,000 Offer Shares, representing (i) approximately 21.90% of the total Offer Shares initially available under the Global Offering; (ii) approximately 5.47% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme) and (iii) approximately 5.28% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (assuming full exercise of the Over-allotment Option, but without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

Assuming an Offer Price of HK$7.02 (being the high-end of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares to be subscribed for by Great World HK (rounded down to the nearest whole board lot of 500 Shares) would be 22,079,500 Offer Shares, representing (i) approximately 20.07% of the total Offer Shares initially available under the Global Offering; (ii) approximately 5.02% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme) and (iii) approximately 4.84% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (assuming full exercise of the Over-allotment Option, but without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

Great World HK is a wholly-owned subsidiary of L Capital Asia 2 Pte. Ltd.. L Capital Asia 2 Pte. Ltd. and L Capital Asia, L.L.C. (together, "L Capital Asia") are the Asian private equity funds business sponsored by Moët Hennessy-Louis Vuitton SA ("LVMH Group"). As of December 2014, L Capital Asia manages two private equity funds with aggregate assets under management of around US$1.6 billion. L Capital Asia draws on the expertise and network of the LVMH Group to help grow the business of portfolio companies. L Capital Asia principally invests in lifestyle consumer businesses across Asia, adopting a triple A strategy aimed at the aspirational, affordable and alternate segments and focuses on businesses that will benefit from the growing discretionary consumption in Asia markets, across select sectors of lifestyle consumption.

Shandong Peninsula

Shandong Peninsula Ocean Blue Economic Investment Company Limited ("Shandong Peninsula") has agreed to subscribe for such number of the Offer Shares (rounded down to the nearest whole board lot of 500 Shares) which may be purchased with an aggregate amount of US$10 million (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at the Offer Price.

Assuming an Offer Price of HK$5.85 (being the low-end of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares to be subscribed for by Shandong Peninsula (rounded down to the nearest whole board lot of 500 Shares) would be 13,247,500 Offer Shares, representing (i) approximately 12.04% of the total Offer Shares initially available under the Global Offering; (ii) approximately 3.01% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme) and (iii) approximately 2.90% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (assuming full exercise of the Over-allotment Option, but without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

Assuming an Offer Price of HK$6.435 (being the mid-point of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares to be subscribed for by Shandong Peninsula (rounded down to the nearest whole board lot of 500 Shares) would be 12,043,500 Offer Shares, representing (i) approximately 10.95% of the total Offer Shares initially available under the Global Offering; (ii) approximately 2.74% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme) and (iii) approximately 2.64% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (assuming full exercise of the Over-allotment Option, but without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

Assuming an Offer Price of HK$7.02 (being the high-end of the indicative Offer Price range stated in this prospectus), the total number of Offer Shares to be subscribed for by Shandong Peninsula (rounded down to the nearest whole board lot of 500 Shares) would be 11,039,500 Offer Shares, representing (i) approximately 10.04% of the total Offer Shares initially available under the Global Offering; (ii) approximately 2.51% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme) and (iii) approximately 2.42% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (assuming full exercise of the Over-allotment Option, but without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

Shandong Peninsula is an exempted company incorporated in the Cayman Islands with limited liability in 2010. The principal investment objective of Shandong Peninsula is to achieve long-term capital appreciation by primarily investing globally in both private and public enterprises that have demonstrated the ability to conduct business that is supported by the economies of the Greater China region.

CONDITIONS PRECEDENT

Completion of the Cornerstone Placing is subject to, among other things, the following conditions precedent:

(a) the Company and the Underwriters and other parties entering into the Hong Kong Underwriting Agreement for the Hong Kong Public Offering and the International Placing Agreement respectively;

(b) each of such underwriting agreements having become effective and unconditional (in accordance with their respective terms or as subsequently waived or varied by agreement of the relevant parties) by no later than the time and date as specified in those underwriting agreements; and

(c) the Listing Committee having granted the approval for the listing of, and permission to deal in, the Shares and such approval or permission not having been revoked.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the above Cornerstone Investors has covenanted with and undertaken to each of the Company and the Sole Global Coordinator that unless it has obtained the prior written consent of each of the Company and the Sole Global Coordinator, such Cornerstone Investor will not at any time during a period of six months starting from the Listing Date dispose of any legal and beneficial interest in the Shares subscribed for by it under the Cornerstone Placing and any shares or other securities of the Company which are derived from such Shares. Each Cornerstone Investor may transfer the Shares so subscribed in certain limited circumstances as set out in the relevant cornerstone investment agreement, such as transfer to a wholly-owned subsidiary of such Cornerstone Investor, provided that, among other things, such wholly-owned subsidiary undertakes in writing, and such Cornerstone Investor undertakes in writing to procure, that such wholly-owned subsidiary to be bound by the Cornerstone Investor's obligations under the relevant cornerstone investment agreement.

EXCHANGE RATE CONVERSION

Solely for your convenience, this section contains translations of certain U.S. dollar amounts into H.K. dollar amounts at specified rates. No representation is made that the U.S. dollar amounts could actually be converted into any H.K. dollar amounts at the rates indicated or at all.

According to the relevant cornerstone investment agreements, the H.K. dollars equivalents will be calculated using the H.K. dollars to U.S. dollars exchange rate based on the spot rate quoted by Bloomberg (USD-HKD Spot Exchange Rate page) for U.S. dollars at 9:00 a.m. Hong Kong time on the Price Determination Date.

Our Group has a team of ten Directors and senior management. The following table sets forth certain information in respect of our Directors and senior management:

Name	Age	Position/Title in our Group	Date of joining our Group	Date of appointment as Director	Roles and Responsibilities in our Group
Lam Tak Hing, alias Vincent Lam (林德興)	54	Executive Director, Chairman and Chief Executive Officer	August 1993	20 May 2014	Responsible for our Group's overall strategic planning and development
Yung Chung Man (翁忠文)	43	Executive Director and Chief Operations Officer	July 2008	20 May 2014	Responsible for our Group's overall sales management and operations in the PRC
So Chi Man (蘇智文)	45	Executive Director, Chief Financial Officer and Company Secretary	March 2011	20 May 2014	Responsible for our Group's financial management, treasury, company secretarial and internal control matters
Lam Ka Po (林家寶)	40	Executive Director and Chief Marketing Officer	December 2007	20 May 2014	Responsible for our Group's overall operations in Hong Kong, and marketing management of our Group
Ma Andrew Chiu Cheung (馬照祥)	72	Independent non-executive Director	same as date of appointment	20 May 2014	Responsible for overseeing the management of the Group independently
Ma Ho Fai SBS JP (馬豪輝)	63	Independent non-executive Director	same as date of appointment	20 May 2014	Responsible for overseeing the management of the Group independently
Chan Chi Fai Andrew SBS JP (陳志輝)	61	Independent non-executive Director	same as date of appointment	20 May 2014	Responsible for overseeing the management of the Group independently

Name	Age	Position/Title in our Group	Date of joining our Group	Date of appointment as senior management	Roles and Responsibilities in our Group
Xie Yong (謝湧)	41	Vice President of Finance	December 2005	12 June 2014	Responsible for financial management of the Group's operations in the PRC
Gu Yan (顧妍)	50	Vice President of Operations Management	May 1999	12 June 2014	Responsible for administration and human resources of the Group's operations in the PRC
Fung Ka Kee (馮嘉琪)	42	Deputy General Manager in Sales	October 2007	12 June 2014	Responsible for sales management in the Group's business in Hong Kong

DIRECTORS

Our Board of Directors currently consists of seven Directors, comprising four executive Directors, and three independent non-executive Directors.

Executive Directors

Lam Tak Hing alias Vincent Lam (林德興) aged 54

Executive Director, Chairman and Chief Executive Officer

Mr. Lam was appointed as our Director on 20 May 2014 and designated as our executive Director and Chairman on 12 June 2014 and serves as the Chief Executive Officer of our Group. Mr. Lam is the founder of our Company, and has been the Director of our Company since 1993 and is responsible for the overall strategic planning and development of the Group.

Mr. Lam established Asiaray Advertising Media in Hong Kong in August 1993 and obtained exclusive concession rights to airport television advertising in Shanghai in the PRC. Subsequently, he set up various joint venture companies and obtained concession rights of advertising media resources in various airports and metro lines in the PRC and Hong Kong. Mr. Lam has guided the development and implementation of our business strategies, and has contributed significantly to our success throughout the years.

Mr. Lam graduated from the University of Sydney with a Bachelor of Science Honours degree in March 1984 and subsequently obtained a Master's degree in Commerce from the University of New South Wales in Australia in April 1987. He has been a fellow of the CPA Australia since July 2014.

During the three years immediately preceding the date of this prospectus, Mr. Lam has not been a director of any public company, the securities of which are listed on any securities market in Hong Kong or overseas.

Yung Chung Man (翁忠文) aged 43

Executive Director and Chief Operations Officer

Mr. Yung was appointed as our Director on 20 May 2014 and designated as our executive Director on 12 June 2014. Mr. Yung is the Chief Operations Officer of our Group. He joined our Group in July 2008 and is responsible for our Group's overall sales management and operations in the PRC.

Mr. Yung worked for SILA Media Group (HK), a media company, as the manager and media director in the eastern region in China from 1995 to 1998. He then worked as the manager, business director and general manager of MPI Group (HK), an advertising and media company in its Chengdu, Shanghai and Wuhan offices, from 1998 to 2003. He was the chief executive officer of Key Media Group (HK), an associated media company in the PRC from 2003 to 2007. Prior to joining our Group, he acted as the chief operations officer of NCN Media Services Ltd., an advertising media company in the PRC in 2008.

Mr. Yung graduated from the York University in Canada with a Bachelor of Arts degree in June 1994. He has been a member of the Chartered Institute of Marketing since July 2014.

During the three years immediately preceding the date of this prospectus, Mr. Yung has not been a director of any public company, the securities of which are listed on any securities market in Hong Kong or overseas.

So Chi Man (蘇智文) aged 45

Executive Director, Chief Financial Officer and Company Secretary

Mr. So was appointed as our Director on 20 May 2014 and designated as our executive Director on 12 June 2014. Mr. So is the Chief Financial Officer and the Company Secretary of our Group. He joined our Group in March 2011 and is responsible for financial management, treasury, company secretarial and internal control matters of our Group.

Mr. So worked for PricewaterhouseCoopers, an international accounting firm, as a manager in the audit and business advisory service in its Hong Kong office from 1992 to 2000. He then worked for Hong Kong Economic Times, a local financial newspaper in Hong Kong, as a financial controller from 2000 to 2004. Prior to joining our Group, Mr. So acted as the senior vice president of BOE Optoelectronics Company Limited, a state-owned company specialising in high-tech electronics display products in the PRC, from 2004 to 2011.

Mr. So has been a member of the Hong Kong Institute of Certified Public Accountants since January 1996 and was a fellow member of the Association of Chartered Certified Accountants from February 2002 to December 2005. Mr. So has over 18 years of accounting and finance experience. Mr. So graduated from Hong Kong Polytechnic (later retitled as the Hong Kong Polytechnic University) with a Bachelor of Arts degree in Accountancy in October 1992. He subsequently obtained a Master of Business Administration degree from the Hong Kong University of Science and Technology in November 2003.

During the three years immediately preceding the date of this prospectus, Mr. So has not been a director of any public company, the securities of which are listed on any securities market in Hong Kong or overseas.

Lam Ka Po (林家寶) aged 40

Executive Director and Chief Marketing Officer

Mr. K. P. Lam was appointed as our Director on 20 May 2014 and designated as our executive Director on 12 June 2014. Mr. K. P. Lam is the Chief Marketing Officer of our Group. He joined our Group in December 2007 and is responsible for the overall operations in Hong Kong and marketing management of our Group.

Mr. K. P. Lam worked for Euro RSCG Partnership Ltd, an advertising agency under the Association of Accredited Advertising Agencies of Hong Kong ("HK4As"), as the senior media planner from 1996 to 1998. He then worked as the media supervisor and media manager of Motivator, a HK4As advertising agency, from 1999 to 2002. He was the media manager of Zenith, a HK4As advertising agency from 2003 to 2004. Prior to joining our Group, Mr. K. P. Lam acted as the associate business director of OMD, a HK4As advertising agency from 2004 to 2007.

Mr. K. P. Lam graduated from the Chinese University of Hong Kong with a Bachelor of Business Administration degree in Integrated BBA (Marketing concentration) in April 1996.

During the three years immediately preceding the date of this prospectus, Mr. K. P. Lam has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas.

Independent non-executive Directors

Ma Andrew Chiu Cheung (馬照祥) aged 72

Independent non-executive Director

Mr. A. Ma was appointed as our Director on 20 May 2014 and designated as our independent non-executive Director on 12 June 2014.

Mr A. Ma is a founder and former director of AMA CPA Limited (formerly known as Andrew Ma DFK (CPA) Limited) in Hong Kong. He is presently a Director of Mayee Management Limited, a management consultancy service company in Hong Kong. Mr A. Ma has more than 30 years of experience in the fields of accounting, auditing and finance.

He received his Bachelor's degree in Economics from the London School of Economics and Political Science (University of London) in England in 1966. Mr A. Ma was admitted to membership in April 1970 and has been a fellow member of the Institute of Chartered Accountants in England and Wales since January 1979. He was admitted as a member in February 1973 and has been a fellow member of the Hong Kong Institute of Certified Public Accountants since February 1978. He was and has been an independent non-executive Director of several other listed companies in Hong Kong. He was the independent non-executive Director of China Resources Peoples Telephone Company Limited (stock code: 331) from February 2004 to March 2006; Asian Citrus Holdings Limited (stock code: 73; London AIM: ACHL) from August 2004 to November 2013; and Beijing Properties (Holdings) Limited (stock code: 925) from September 2004 to December 2014.

He has also been the independent non-executive Director of Tanrich Financial Holdings Limited (stock code: 812) from January 2002 to September 2004 and was reappointed since April 2005; Asia Financial Holdings Limited (stock code: 662) since September 2004; C. P. Pokphand Co. Ltd. (stock code: 43) since September 2005; China Resources Power Holdings Company Limited (stock code: 836) since December 2006; and Chong Hing Bank Ltd. (stock code: 1111) since August 2007.

Ma Ho Fai SBS JP (馬豪輝) aged 63

Independent non-executive Director

Mr. H. F. Ma was appointed as our Director on 20 May 2014 and designated as our independent non-executive Director on 12 June 2014.

Mr. H. F. Ma is a senior partner of Woo, Kwan, Lee & Lo, a local law firm in Hong Kong, and was admitted as a solicitor in Hong Kong in 1984, and in England and Wales in 1987, as a solicitor and barrister in Australian Capital Territory in 1988 and as a solicitor and advocate in the Republic of Singapore in 1990. He has also been a China-Appointed Attesting Officer in Hong Kong since 2000 and a civil celebrant of marriages in Hong Kong since 2006. In addition, he is a Deputy to the 11th and 12th National People's Congress of China and a member of the 9th, 10th and 11th Yunnan Provincial Committee of the Chinese People Political Consultative Conference. In recognition of his distinguished public and community service, Mr. H.F. Ma was appointed as a Justice of Peace in 2005 by the Hong Kong SAR Government and was awarded the Silver Bauhinia Star in 2007. He has been the independent non-executive Director of Goldbond Group Holdings Limited (stock code: 172) since February 2003.

Mr. H. F. Ma completed the course for solicitors qualification examination at the College of Law in Chester, England with courses leading to solicitors qualification examination.

Chan Chi Fai, Andrew, SBS JP (陳志輝) aged 61

Independent non-executive Director

Professor Chan was appointed as our Director on 20 May 2014 and designated as our independent non-executive Director on 12 June 2014.

Professor Chan graduated with a Master's degree of Business Administration from the University of California, Berkeley, the U.S. in December 1979, a Bachelor degree of Business Administration and a Doctorate degree of Philosophy from the Chinese University of Hong Kong ("CUHK") in November 1977 and December 1993 respectively. Professor Chan has been teaching in the Department of Marketing of the CUHK and has been the Director of the EMBA Program of the CUHK since July 1986 and 2003 respectively. He was awarded the Vice-Chancellor's Exemplary Teaching Award in the CUHK in 2001 and 2009. Professor Chan has been the Chairman of the Process Review Committee of the Hong Kong Monetary Authority since December 2010 and the Chinese Medicine Council since September 2011. He has also been an advisor to the Governing Council of the Quality Tourism Services Association of Hong Kong from 2007 and a member of the Quality Tourism Services Sub-Committee of the Hong Kong Tourism Board since April 2013. Professor Chan has approximately 28 years of experience in the education industry. In recognition of his distinguished public and community service, he was appointed as a Justice of Peace in 2005 by the Hong Kong SAR Government and was awarded the Silver Bauhinia Star in 2007. He has been the independent non-executive Director of Tao Heung Holdings Limited (stock code: 573) since March 2007 and Bamboos Health Care Holdings Limited (stock code: 8216) since June 2014.

DIRECTORS' INTERESTS

Save as disclosed in this Prospectus, each of our Directors: (i) did not hold any other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial or Controlling Shareholder as at the Latest Practicable Date; and (iii) did not hold any other directorships in listed public companies in the three years prior to the Latest Practicable Date. As at the Latest Practicable Date, each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matters with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

Our senior management members are responsible for the day-to-day management of our Group's business.

Unless otherwise stated below, none of the members of our senior management has been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Xie Yong (謝湧) aged 41

Vice President of Finance

Mr. Xie is the Vice President of Finance of our Group and is responsible for financial management of the Group's operations in the PRC.

Mr. Xie worked as a project manager at China Consultants of Advisory and Finance Management Co. Ltd., an accounting consultancy firm in the PRC, from 2000 to 2003. He then worked as the deputy director of the Hong Kong office of NEY International Group, an investment company in the PRC, from 2003 to 2004. Prior to joining our Group in December 2005, he was the PRC regional financial manager of Walker Group Holdings Limited from 2004 to 2005, which was later listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1386).

Mr. Xie graduated from Central China Normal University (華中師範大學) in the PRC with a Bachelor degree in Physics in June 1994 and subsequently obtained a Master's degree in Accounting from Wuhan University (武漢大學) in the PRC in June 2000.

Gu Yan (顧妍) aged 50

Vice President of Operations Management

Ms. Gu is the Vice President of Operations Management of our Group and is responsible for administration and human resources of the Group's operations in the PRC.

Prior to joining our Group in May 1999, Ms. Gu worked in Institute of Tianjin Dye Industry (天津染料工業研究所) in the PRC from 1985 to 1989, Loughborough University in England from 1989 to 1991, and Newcastle University in England from 1995 to 1997, in materials engineering researches.

Ms. Gu graduated from Tianjin University in the PRC with a Bachelor of Science in Polymer Science degree in July 1985. She obtained a Master's degree in Philosophy from the Newcastle University in England in July 1997.

Fung Ka Kee (馮嘉琪) aged 42

Deputy General Manager in Sales

Ms. Fung is the Deputy General Manager in Sales of our Hong Kong operation of our Group and is responsible for sales management in the Group's business in Hong Kong.

Ms. Fung worked for Hong Kong Economic Times, a local financial newspaper in Hong Kong, as the advertising manager from 1998 to 2001. She then worked for Sing Tao Daily, a local newspaper in Hong Kong, as the senior advertising manager from 2001 to 2002. Ms. Fung was the business development director of EconWorld Group, a printed media company in the PRC, from 2002 to 2003. Prior to joining our Group in October 2007, she was the senior account manager at JCDecaux Pearl and Dean Limited, an international advertising company, from 2004 to 2007.

Ms. Fung graduated from City Polytechnic of Hong Kong (later retitled as the City University of Hong Kong) with a Higher Diploma in Public and Social Administration in November 1993. She subsequently obtained a Bachelor of Arts degree in Social Policy and Administration from the University of Portsmouth in July 1994. Ms. Fung completed a Graduate Diploma in China Marketing and E-Business organised by School of Professional and Continuing Education of the University of Hong Kong, in association with Hong Kong Institute of Marketing, in March 2005. She was awarded with the degree of Master of Arts in English for the Professionals in the Hong Kong Polytechnic University in October 2011.

COMPANY SECRETARY

Mr. So Chi Man (蘇智文) was appointed as our Company Secretary on 12 June 2014. Further information on Mr. So is set forth in the paragraph under "Executive Directors" above.

BOARD COMMITTEES

Audit committee

Our Company established an audit committee with written terms of reference in compliance with Rule 3.22 of the Listing Rules and paragraph C3 of the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules pursuant to a resolution passed at a meeting of our Directors on 6 December 2014. The primary duties of our audit committee are to make recommendations to our Board on the appointment and removal of the external auditor, review the financial statements and advise in respect of financial reporting and oversee the internal control procedures of our Company.

Our audit committee comprises Mr. A. Ma, Mr. H. F. Ma and Professor Chan. Mr. A. Ma is the chairman of the audit committee.

Remuneration committee

Our Company established a remuneration committee on 6 December 2014 with written terms of reference in compliance with Rule 3.26 of the Listing Rules and paragraph B1 of the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules. The functions of this committee include the formulation and the recommendation to the Board on our Company's policies and structures for the remuneration of all of our Directors and senior management of our Company, the establishment of a formal and transparent procedure for developing policy on remuneration, the determination of specific remuneration packages of all executive Directors and senior management in the manner specified in the terms of reference, the recommendation to the Board of the remuneration of non-executive Directors.

The remuneration committee comprises Mr. H. F. Ma, Mr. Lam and Mr. A. Ma. Mr. H. F. Ma is the chairman of the remuneration committee.

Nomination committee

Our Company established a nomination committee on 6 December 2014 with written terms of reference in compliance with paragraph A5 of the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules. The primary functions of the nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board.

The nomination committee comprises Mr. Lam, Mr. H. F. Ma and Professor Chan. Mr. Lam is the chairman of the nomination committee.

CORPORATE GOVERNANCE

According to code provision A.2.1 of the Corporate Governance Code in Appendix 14 to the Listing Rules, the role of the chairman and chief executive of the Company should be separate and should not be performed by the same individual. Currently, the day-to-day responsibilities of the Chief Executive Officer have been assumed by Mr. Lam, who is also the Chairman of the Company. Therefore, there is no separation of the roles of the Chairman and the Chief Executive Officer of the Company. Notwithstanding the above, the Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place.

Our Directors are aware that upon Listing, we are expected to comply with, but may choose to deviate from, such code provision. Any such deviation shall however be carefully considered, and the reasons for such deviation shall be given in the interim report and the annual report in respect of the relevant period.

We are committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders as a whole. Save as disclosed in the above, we will comply with the code provisions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules after the Listing.

COMPLIANCE ADVISER

Our Company has appointed Messis Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be of a notifiable or connected transaction, is contemplated including but not limited to share issues and share repurchases;

(iii) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of operation of our Group deviate from any forecast, estimate, or other information in this prospectus; and

(iv) where the Stock Exchange makes an enquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

The term of appointment of our compliance adviser shall commence on the Listing Date and end on the date of despatch of our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of remuneration (including fees, salaries, housing allowances, contributions to pension schemes, discretionary bonuses and other allowances and benefits in kind) paid by our Group to our Directors were approximately HK$3.66 million, HK$4.46 million and HK$4.91 million, for the three financial years ended 2011, 2012 and 2013, respectively.

The aggregate amount of remuneration (including fees, salaries, housing allowances, contributions to pension schemes, discretionary bonuses and other allowances and benefits in kind) paid by our Group to our five highest-paid individuals were HK$7.51 million, HK$7.33 million and HK$7.67 million, for the three financial years ended 2011, 2012 and 2013, respectively.

Save as disclosed above, no other payments have been paid or are payable by our Company or any of our subsidiaries to our Directors and the five highest paid individuals for each of the three financial years ended 2011, 2012 and 2013.

Under the arrangements currently in force, we estimate the aggregate remuneration of the Directors payable in respect of the financial year ending 2014 to be approximately HK$5.5 million.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. For details of the Share Option Scheme, please refer to the section headed "Statutory and General Information – 13. Share Option Scheme" in Appendix IV to this prospectus.

So far as our Directors are aware, immediately following completion of the Global Offering (without taking into account the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), the following persons will have an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of Interest and capacity	Number of Shares	Approximate percentage of shareholding
Media Cornerstone	Beneficial owner	242,000,000	55%
Trustee[1]	Trustee of a discretionary trust	242,000,000	55%
Space Management	Beneficial owner	88,000,000	20%
Mr. Lam[2]	Beneficial owner and founder of a discretionary trust and interest in a controlled corporation	330,000,000	75%

Notes:

1. The 242,000,000 Shares are held by Media Cornerstone. Media Cornerstone is wholly owned by Shalom Family Holding, which is in turn wholly owned by the Family Trust. The Family Trust is a discretionary trust known as The Shalom Trust established by Mr Lam as settlor and UBS Trustees (BVI) Limited as trustee. The discretionary beneficiaries of the Family Trust are Mr Lam, certain of his family members and other persons who may be added from time to time. By virtue of the SFO, the Trustee is deemed to be interested in the Shares in which Media Cornerstone is interested in.

2. Mr. Lam is the sole shareholder of Space Management which holds 88,000,000 Shares. In addition, Mr. Lam is the founder of the Family Trust, which indirectly holds the entire issued share capital of Media Cornerstone, which holds 242,000,000 Shares. By virtue of the SFO, he is deemed to be interested in the Shares in which Space Management and Media Cornerstone are interested.

The following is a description of the authorised share capital and share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following completion of the Global Offering:

Authorised share capital:		*HK$*
1,000,000,000	Shares	100,000,000

The share capital of our Company immediately following completion of the Global Offering will be as follows (without taking into account the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme):

Shares issued and to be issued, fully-paid or credited as fully-paid:		*HK$*
330,000,000	Share in issue at the date of this prospectus	33,000,000
110,000,000	Shares to be issued pursuant to the Global Offering	11,000,000
440,000,000	Shares	44,000,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Global Offering are made. It does not take into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be issued and allotted or repurchased by our Company under the general mandates referred to below. If the Over-allotment Option is exercised in full, an additional 16,500,000 Shares will be issued resulting in a total enlarged issued share capital of 456,500,000 Shares.

RANKING

The Offer Shares will rank *pari passu* in all respects with all other Shares in issue or to be issued as mentioned in this prospectus, and in particular, will be entitled to all dividends or other distributions declared, made or paid after the date of this prospectus.

SHARE OPTIONS

Our Company has conditionally adopted the Share Option Scheme on 6 December 2014. The principal terms of the Share Option Scheme are summarised in the paragraphs headed "Other information – 13. Share Option Scheme" in Appendix IV to this prospectus respectively.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate (the "Issuing Mandate") to allot, issue and deal with Shares with an aggregate nominal value of not more than the sum of:

(a) 20% of the aggregate nominal value of the share capital of our Company in issue (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme) immediately following completion of the Global Offering; and

(b) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) pursuant to the mandate referred to in the paragraph headed "Share capital – General mandate to repurchase Shares" below.

Our Directors may, in addition to the Shares which they are authorised to issue under the Issuing Mandate, allot, issue and deal with the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription or conversion rights attaching to any warrants of our Company, scrip dividends scheme or similar arrangements, the grant of options under the Share Option Scheme or the exercise of any options that may be granted under the Share Option Scheme or any other option scheme or similar arrangement for the time being adopted.

The Issuing Mandate will expire at the earliest of:

(a) the conclusion of our Company's next annual general meeting; or

(b) the expiration of the period within which our Company is required by applicable laws or its Articles to hold its next annual general meeting; or

(c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of the Issuing Mandate, please refer to the paragraph headed "Further information about our Group" in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted the Repurchase Mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme).

The Repurchase Mandate only relates to repurchases made on the Stock Exchange and/or any other stock exchange(s) on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and/or requirements of the Listing Rules. A summary of the relevant requirements under the Listing Rules is set out in the paragraph headed "Further information about our Group" in Appendix IV to this prospectus.

The Repurchase Mandate will expire at the earliest of:

(a) the conclusion of our Company's next annual general meeting; or

(b) the expiration of the period within which our Company is required by applicable laws or its Articles to hold its next annual general meeting; or

(c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of the Repurchase Mandate, please refer to the paragraph headed "Further information about our Group" in Appendix IV to this prospectus.

FUTURE PLANS

See "Business – Business Strategies" for detailed description of our future plans.

USE OF PROCEEDS

We currently estimate that our Offer Price will not be more than HK$7.02 per Offer Share and not less than HK$5.85 per Offer Share. Assuming an Offer Price of HK$6.435 per Offer Share, which represents the mid-point of the indicative Offer Price range, we estimate that the proceeds receivable by our Company from the Global Offering, after deducting underwriting fees and commissions and other estimated expenses paid and payable by the Company in the aggregate amount of HK$71.6 million paid and payable by us, will total approximately HK$636.3 million.

We intend to use such net proceeds for the following purposes:

- To expand our media resources at airports, including:
  - approximately HK$220.0 million, or approximately 34.6% of our net proceeds, for media resources for the new airport terminal at Hangzhou Xiaoshan International Airport;
  - approximately HK$48.9 million, or approximately 7.7% of our net proceeds, for additional investments in Henan Airport Asiaray and additional media resources in the new terminal planned for Zhengzhou Xinzheng International Airport;
- To expand our media resources for metro lines, including:
  - approximately HK$84.0 million, or approximately 13.2% of our net proceeds, for concession fees for metro line media resources in Wuxi;
  - approximately HK$50.3 million or approximately 7.9% of our net proceeds, for additional investments in our joint venture to be formed for our metro line operations in Zhengzhou;
  - approximately HK$84.0 million, or approximately 13.2% of our net proceeds, for concession fees for metro line media resources for Ningbo Metro Line No.1;
  - approximately HK$24.8 million, or approximately 3.9% of our net proceeds, for concession fees for metro line media resources for Shenzhen Metro Line No.4;
- approximately HK$60.4 million, or approximately 9.5% of our net proceeds, for media resources for our billboards and building solutions; and

- approximately HK$63.6 million, or approximately 10.0% of our net proceeds, to be used for working capital and other general corporate purposes.

The applications of the net proceeds as stated above are only current estimates and are subject to changes based on prevailing economic, market and business conditions.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the estimated Offer Price range or the Over-allotment Option is exercised.

In the event that the Offer Price is set at the high end of the proposed Offer Price range, we estimate that our Company will receive net proceeds of approximately HK$698.2 million, after deducting underwriting fees and commission and other estimated expenses paid and payable by our Company in connection with the Global Offering.

In the event that the Offer Price is set at the low end of the proposed Offer Price range, we estimate that our Company will receive net proceeds of approximately HK$574.3 million, after deducting underwriting fees and commission and other estimated expenses paid and payable by our Company in connection with the Global Offering.

In the event the Over-allotment Option is exercised in full, we will receive net proceeds ranging from approximately HK$667.2 million (assuming an Offer Price of HK$5.85 per Share, being the low end of the proposed Offer Price range) to HK$809.8 million (assuming an Offer Price of HK$7.02 per Share, being the high end of the proposed Offer Price range), after deducting underwriting fees and commission and other estimated expenses paid and payable by our Company in connection with the Global Offering.

To the extent that the above net proceeds of the Global Offering are not immediately applied to the above purposes, we intend to deposit the proceeds in interest-bearing accounts with licensed commercial banks or financial institutions in Hong Kong. We expect to utilise net proceeds receivable by our Company from the Global Offering to finance the above purposes. However, to the extent that such net proceeds are unable to fully finance the above purposes, we will use our internal working capital.

SOLE GLOBAL COORDINATOR, SOLE BOOKRUNNER AND SOLE LEAD MANAGER

BOCI Asia Limited

HONG KONG UNDERWRITER

BOCI Asia Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to offer the Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Sole Global Coordinator, for itself and on behalf of the Underwriters, and our Company agreeing to the final Offer Price), the Hong Kong Underwriter has agreed to subscribe or procure subscribers for the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon and subject to, among others, the International Placing Agreement having been signed and becoming unconditional.

Grounds for termination

The obligations of the Hong Kong Underwriter under the Hong Kong Underwriting Agreement are subject to termination with immediate effect by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriter) by notice in writing to our Company prior to 8:00 a.m. on the Listing Date if:

(a) there develops, occurs, exists or comes into effect:

(i) any event, or series of events, in the nature of force majeure (including, without limitation, epidemics, pandemics, outbreaks of diseases (including, without limitation, Severe Acute Respiratory Syndrome (**SARS**), Influenza A (**H5N1**) or swine or avian influenza (**H7N9**) or such related/mutated forms), fire, explosion, flooding, tsunami, earthquake, volcano eruption, ice-storm, calamity, crisis, civil commotion, strikes, lock-outs, riot, public disorder, economic sanction, acts of government, declaration of a national or international emergency or war, outbreak or escalation of hostilities (whether or not war is declared), acts of war, acts of terrorism (whether or not responsibility has been claimed) or acts of God), severe or extended interruption in transportation, in or directly or indirectly affecting Hong Kong, Singapore, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan or any other jurisdiction in which any member of the Group conducts business (each a ***Relevant Jurisdiction***); or

(ii) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any Relevant Jurisdiction; or

(iii) any change or development involving a prospective change, or any event or series of events likely to result in any change, or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency credit or market conditions (including, without limitation, any conditions affecting stock and bond markets, money and foreign exchange markets, investment markets and credit markets) in or affecting any Relevant Jurisdiction; or

(iv) any moratorium, suspension or restriction on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the NASDAQ National Markets, the London Stock Exchange, the Singapore Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange, or a devaluation of the HK$ or the RMB against any foreign currencies; or

(v) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in any securities of our Company or of any other members of our Group listed or quoted on a stock exchange or an over-the-counter market; or

(vi) any general moratorium on commercial banking activities in any Relevant Jurisdiction imposed by any competent governmental authority or any disruption in commercial banking, foreign exchange trading or securities settlement or clearance services in those places; or

(vii) any new law or any change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or

(viii) (A) a change or development involving a prospective change in taxes or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the HK$ or the RMB against any foreign currencies, a change in the system under which the value of the HK$ is linked to that of the US$ or RMB is linked to any foreign currency or currencies), or (B) the implementation of any exchange control in any Relevant Jurisdiction adversely affecting an investment in the Shares; or

(ix) the issue or requirement to issue by the Company of a supplemental or amendment to, among other documents, this prospectus, the Application Forms or other documents in connection with the offer and sale of the Shares pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Hong Kong Stock Exchange or the SFC, in circumstances where the matter to be disclosed could, in the opinion of the Sole Global Coordinator, adversely affect the marketing for or implementation of the Global Offering; or

(x) any change or development involving a prospective change which has the effect of materialization of any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(xi) any material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, general affairs, business, management, prospects, shareholders' equity, profits, losses, results of operations, positions or condition, financial, operational or otherwise, or performance of any member of the Group (including any litigation or claim of any third party being threatened or instigated against any member of the Group); or

(xii) any litigation, legal action, claim or legal proceeding of any third party being threatened or instigated against any member of the Group which is not disclosed or referred to in this prospectus under the section headed "Business – Legal Proceedings"; or

(xiii) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(xiv) the Chairman or chief executive officer of our Company vacating his office; or

(xv) a contravention by any member of the Group of the Listing Rules or applicable laws which is not disclosed or referred to in this prospectus under the section headed "Business – Regulatory Compliance"; or

(xvi) a prohibition on the Company for whatever reason from allotting, issuing or selling, as the case may be, any of the Offer Shares (including the Over-Allotment Shares) pursuant to the terms of the Global Offering; or

(xvii) a non-compliance of, among other documents, this prospectus, the Application Forms or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or

(xviii) any demand by creditors for repayment of indebtedness or an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or

(xix) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or on, any Relevant Jurisdiction,

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Global Coordinator (1) is or will or is likely to be materially adverse to, or materially and prejudicially affects, the assets, liabilities, general affairs, business, management, prospects, shareholders' equity, profits, losses, results of operations, positions or condition, financial, operational or otherwise, or performance of the Company or the Group as a whole or to any present or prospective shareholders of the Company in its capacity as such, or (2) has or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Placing, or (3) makes it or will make it or is likely to make it inadvisable or inexpedient or incapable or impracticable for the Global Offering to proceed or to market the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by, among other documents, this prospectus and the Application Forms, or (4) has or will have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable, inadvisable or impracticable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Sole Global Coordinator after the date of the Hong Kong Underwriting Agreement:

(i) that any statement contained in, among other documents, this prospectus and/or the Application Forms and/or any announcement or advertisement issued by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, incomplete or misleading, or that any forecast, expression of opinion, intention or expectation expressed in, among other documents, this prospectus and/or the Application Forms and/or any announcements or advertisements, communications or other documents issued by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was made, not fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions, in any material respect; or

(ii) any contravention by any member of the Group or any Director of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Company Law of the PRC or the Listing Rules; or

(iii) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law or regulation; or

(iv) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material misstatement in any of the offering documents or constitute a material omission therefrom; or

(v) any breach of any of the obligations of the Company, the executive directors of the Company or the Controlling Shareholders or any of them under the Hong Kong Underwriting Agreement or the International Placing Agreement; or

(vi) any event, act or omission which gives or is likely to give rise to any liability of the Company, the executive directors of the Company or the Controlling Shareholders or any of them pursuant to the Hong Kong Underwriting Agreement; or

(vii) any material adverse change or prospective material adverse change or development involving a prospective adverse change in the assets, liabilities, general affairs, business, management, prospects, shareholders' equity, profits, losses, results of operations, positions or condition, financial, operational or otherwise, or performance of the Group as a whole; or

(viii) any breach or alleged breach of any of the warranties or undertakings of the Hong Kong Underwriting Agreement, or any of (or any event rendering any of) the warranties or undertakings of the Hong Kong Underwriting Agreement is (or would when repeated be) untrue, incorrect, incomplete or misleading; or

(ix) any litigation or dispute or potential litigation or dispute, which would materially affect the operation, financial condition, reputation or composition of the board of the Company and the Group; or

(x) that a significant portion of the orders in the bookbuilding process at the time when the International Placing Agreement is entered into have been withdrawn, terminated, cancelled or otherwise not fulfilled; or

(xi) that the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors have been withdrawn, terminated, cancelled or otherwise not fulfilled; or

(xii) that the grant or agreement to grant by the Listing Committee of the Listing on the Main Board of, and permission to deal on the Main Board in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-Allotment Option and Shares issuable upon exercise of options which may be granted under the Share Option Scheme) (the "Admission") is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the Admission is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

(xiii) that the Company withdraws this prospectus (or any other documents used in connection with the contemplated offer of the Shares) or the Global Offering; or

(xiv) that any expert whose consent is required for the issue of this prospectus with inclusion of its reports and/or letters (as the case may be) and references to its name in the form and context in which they appear has withdrawn its consent to the issue of this prospectus.

Undertakings to the Stock Exchange under the Listing Rules

By us

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that, except pursuant to the Global Offering, the Over-allotment Option and the Share Option Scheme as described and contained in this prospectus, no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for the circumstances as permitted by Rule 10.08(1) to (5) of the Listing Rules.

By our Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company respectively that, except pursuant to the Stock Borrowing Agreement, the Global Offering and the Over-allotment Option as described and contained in this prospectus, it/he/she shall not and shall procure that the relevant registered shareholder(s) shall not:

(a) in the period commencing on the date by reference to which disclosure of its/his/her shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares in respect of which it/he/she is shown by this prospectus to be the beneficial owners; or

(b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he/she would cease to be a controlling shareholder (as defined in the Listing Rules).

Each of the Controlling Shareholders has also undertaken to the Stock Exchange and our Company respectively that, within the period commencing on the date by reference to which disclosure of its/his shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it/he will:

(a) when it/he pledges or charges any Shares beneficially owned by it/him in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of Shares so pledged or charged; and

(b) when it/he receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform us of such indications.

Our Company shall also inform the Stock Exchange in writing as soon as it has been informed of the above matters (if any) by our Controlling Shareholders and disclose such matters by way of a public announcement to be published in accordance with the Listing Rules as soon as possible.

Undertakings pursuant to the Hong Kong Underwriting Agreement

By us

Our Company has undertaken to each of the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Hong Kong Underwriter that, except pursuant to the Global Offering, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is six months after the Listing Date (the "First Six-Month Period"), our Company will not, and will procure that the subsidiaries of our Company will not, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriter) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of the Group, as applicable) or deposit any share capital or other securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of the Company or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of the Group, as applicable); or

(c) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) and (b) above; or

(d) offer to or agree to do any of the foregoing or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of the Shares or such other securities of the Company or shares or other securities of such other member of the Group, as applicable, or in cash or otherwise (whether or not such issue of the Shares or securities will be completed within such period), provided that the foregoing restrictions shall not apply to (i) the issue of Shares by the Company pursuant to the Reorganisation and the Global Offering or (ii) the grant by the Company of any options, and the issue by the Company of Shares pursuant to the exercise of any options granted under the Share Option Scheme. In the event of the Company doing any of the foregoing by virtue of the aforesaid exceptions or during the period of six months immediately following the expiry of the First Six-Month Period (the "Second Six-Month Period"), the Company will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of the Company. The Controlling Shareholders undertake to each of the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Hong Kong Underwriter to procure the Company to comply with the undertakings set out above.

By our Controlling Shareholders

Each of the Controlling Shareholders has undertaken to each of the Company, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Hong Kong Underwriter that, save as pursuant to the Stock Borrowing Agreement, without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriter) and unless in compliance with the requirements of the Listing Rules:

(a) he/it will not and, will procure that none of its affiliates will, during the First Six-Month Period: (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable); or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or any other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or (iii) enter into any transaction with the same economic effect as any transaction specified in paragraph (i) or (ii) above; or (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraph (i), (ii) or (iii) above, in each case, whether any of the transactions specified in paragraph (i), (ii) or (iii) above is to be settled by delivery of the Shares or such other securities of the Company or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period);

(b) he/it will not and, will procure that none of its affiliates will, during the Second Six-Month Period, enter into any of the transactions specified in paragraph (i), (ii) or (iii) in paragraph (a) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a Controlling Shareholder of the Company;

(c) he/it will not and, will procure that none of its affiliates will, during the Second Six-Month Period, take any actions that will result in the disposal of any Shares taking place or being completed during the Second Six-Month Period. For the avoidance of doubt, this paragraph (c) shall not prohibit or restrict any of the Controlling Shareholders from carrying out any of the transactions specified in paragraph (i), (ii) or (iii) in paragraph (a) above during the Second Six-Month Period so long as the transactions will not result in the disposal of any Shares taking place or being completed during the Second Six-Month Period;

(d) until the expiry of the Second Six-Month Period, in the event that he/it enters into any of the transactions specified in paragraph (i), (ii) or (iii) in paragraph (a) above or offers to or agrees to or announces any intention to effect any such transaction, he/it will take all reasonable steps to ensure that he/it will not create a disorderly or false market in the securities of the Company;

(e) at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling 12 months after the Listing Date, he/it shall:

(i) if and when he/it pledges or charges any securities or interests in the securities of the Company beneficially owned by him/it, immediately inform the Company and the Sole Global Coordinator in writing of such pledge or charge together with the number of securities so pledged or charged; and

(ii) if and when he/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of the Company will be disposed of, immediately inform the Company and the Sole Global Coordinator in writing of such indications.

The Company agrees and undertakes that upon receiving such information in writing from any of the Controlling Shareholders, it shall, as soon as practicable and if required pursuant to the Listing Rules, notify the Hong Kong Stock Exchange and make a public disclosure in relation to such information by way of press announcement;

(f) he/it will not (whether by himself/itself or through any company controlled by him/it) apply or subscribe for or purchase any Offer Shares either in his/its own name or through nominees unless permitted to do so under the Listing Rules, and if any such application has been made or he/it has indicated an interest to acquire such Offer Shares, he/it shall forthwith notify the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriter);

(g) (i) if at any time prior to 40 days after the later of (1) the date on which all of the International Placing Shares shall have been sold by the International Underwriters (as reasonably determined by the Sole Global Coordinator) and (2) the date not later than 30 days from the last day for lodging of applications under the Hong Kong Public Offering, any event or circumstance occurs which would or might render untrue, inaccurate, incomplete, incorrect or misleading in any respect any of the representations and warranties of any of the Controlling Shareholders contained in the Hong Kong Underwriting Agreement, he/it becomes aware of any event or circumstance that makes any of, among other documents, this prospectus and/or the Application Forms (including any amendments or supplements thereto) untrue, inaccurate, incomplete, incorrect or misleading, he/it will immediately notify the Sole Global Coordinator and will take steps as may be requested by the Sole Global Coordinator to remedy and publicize the same;

(ii) he/it will take all steps within its respective power and control as a shareholder to procure that the Company fulfils his/its obligations under the Hong Kong Underwriting Agreement strictly in accordance with its terms;

(iii) he/it will comply and will cause its affiliates and any other person acting on his/its or their behalf to, obtain the prior written approval from the Sole Global Coordinator, prior to issuing any public announcement or participating in any press or other financial conference in relation to the Global Offering;

(iv) he/it will comply with the provisions of the Listing Rules so far as they relate to a substantial shareholder (as defined in the Listing Rules) of the Company, for so long as he/it remains a substantial shareholder of the Company; and

(v) he/it will not, and will not permit any of its affiliates or any person acting on his or its or their behalf to, sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the U.S. Securities Act) which could be integrated with the sale of the International Placing Shares in a manner which would require the registration under the U.S. Securities Act of the International Placing Shares; and

(h) he/it will use his/its best efforts to procure that the Company will not, effect any purchase of Shares, or agree to do so, which may reduce the holdings of Shares held by the public (as defined in Rule 8.24 of the Listing Rules) below the higher of (A) 25% or (B) such percentage of Shares held by the public upon completion of any exercise of the Over-Allotment Option, on or before the date falling six months after the Listing Date without first having obtained the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriter).

International Placing

In connection with the International Placing, it is expected that our Company, will enter into the International Placing Agreement with, inter alia, the International Underwriters. Under the International Placing Agreement, the International Underwriters will, subject to certain conditions, severally agree to subscribe or buy or procure subscribers or purchasers for the International Placing Shares being offered pursuant to the International Placing.

Our Company is expected to grant to the Sole Global Coordinator the Over-allotment Option, exercisable by the Sole Global Coordinator (for itself and on behalf of the International Underwriters) at any time from the date of the International Placing Agreement until 30 days from the date of the last day of lodging applications under the Hong Kong Public Offering to require our Company to allot and issue up to an aggregate of 16,500,000 additional Shares, representing 15% of the initial Offer Shares in aggregate, at the same price per Share under the International Placing to cover, among other things, over-allocations (if any) in the International Placing.

Indemnity

Our Company has agreed to indemnify the Hong Kong Underwriter against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Commissions and Expenses

The Hong Kong Underwriter will receive a gross commission of 2.2% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering. Assuming an Offer Price of HK$6.435, which is the midpoint of the indicative Offer Price range, it is estimated that the underwriting commissions to the Underwriters and listing preparation fees to the Sole Global Coordinator are approximately HK$26.2 million. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the International Underwriters and not the Hong Kong Underwriter. The commissions payable to the Underwriters will be borne by our Company in relation to the new Shares to be issued in relation to the Global Offering. Our Company may also in its sole discretion pay the Sole Global Coordinator an additional incentive fee of up to 1.0% of the aggregate proceeds from the offer of Shares offered by us under the Global Offering.

The aggregate underwriting commissions payable to the Underwriters (inclusive of any discretionary incentive fees), together with listing fees, the SFC transaction levy and Stock Exchange trading fee in respect of the new Shares offered by us, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated be to approximately HK$71.6 million (assuming an Offer Price of HK$6.435, which is the midpoint of the indicative Offer Price range and that the Over-allotment Option is not exercised) in total and are payable by us.

Underwriters' Interest in Our Group

Save for their obligations under the Underwriting Agreements, none of the Underwriters has any shareholding interests in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters of the Global Offering (the "Syndicate Members") and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own accounts and for the account of others. In relation to our Shares, other activities could include acting as agent for buyers and sellers of our Shares, entering into transactions with other buyers and sellers in a principal capacity, proprietary trading in our Shares, and entering into over-the-counter or listing derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on the Stock Exchange) which have as their underlying, assets including our Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling our Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in our Shares, in baskets of securities or indices including our Shares, in units of funds that may purchase our Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having our Shares as their or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of other securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and these will also result in hedging activity in our Shares in most cases.

All these activities may occur both during and after the end of the stabilising period described in "Structure of the Global Offering – Stabilisation" in this prospectus. These activities may affect the market price or value of our Shares, the liquidity or trading volume in our Shares, and the volatility of our Share price, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilising Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- the Hong Kong Public Offering of 11,000,000 Shares (subject to reallocation as mentioned below) in Hong Kong as described below under "Hong Kong Public Offering"; and

- the International Placing of 99,000,000 Shares (subject to reallocation and the Over-allotment Option as mentioned below), outside the United States (including with professional, institutional, corporate and other investors whom we anticipate may have a reasonable demand for the Shares in Hong Kong) in offshore transactions in reliance on Regulation S.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Placing Shares under the International Placing, but may not do both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Placing will involve selective marketing of the International Placing Shares to institutional and professional investors and other investors in other jurisdictions outside the United States in reliance on Regulation S. The International Underwriters are soliciting from prospective investors indications of interest in acquiring the International Placing Shares in the International Placing. Prospective investors will be required to specify the number of International Placing Shares they would be prepared to acquire either at different prices or at a particular price.

The Shares will be traded in board lots of 500 each.

The number of Offer Shares to be offered under the Global Offering respectively may be subject to reallocation as described in the section headed "Pricing and allocation" below.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate only to the Hong Kong Public Offering.

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Wednesday, 7 January 2015 and in any event, no later than 5:00 p.m. on Tuesday, 13 January 2015.

The Offer Price will not be more than HK$7.02 per Offer Share and is expected to be not less than HK$5.85 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

If, based on the level of interest expressed by prospective institutional and professional investors and other investors during the book-building process, the Sole Global Coordinator (on behalf of the Underwriters and with the consent of our Company) considers the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range to be inappropriate, the Sole Global Coordinator (on behalf of the Underwriters) may reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or before the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering on Wednesday, 7 January 2015, cause to publish in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.asiaray.com** a notice of the reduction. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in the section headed "Summary" and any other financial information which may change as a result of such reduction. Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon, will be fixed within such revised Offer Price range. In the absence of any notice being published of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus on or before the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, if agreed upon, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The Shares to be offered in the Global Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator. Allocation of the International Placing Shares under the International Placing will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Shares after the Listing. Such allocation may be made to professional, institutional or corporate investors and is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid Shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The final Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Placing, the basis of allocations of the Hong Kong Offer Shares and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in the section headed "How to Apply for the Hong Kong Offer Shares – Publication of Results" in this prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for the Hong Kong Offer Shares under the Hong Kong Public Offering will be conditional on, inter alia:

(a) the granting of approval by the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued pursuant to the Global Offering (including any Shares which may be issued under the exercise of the Over-allotment Option), and such listing and permission not having been revoked prior to the commencement of dealings in the Offer Shares on the Stock Exchange;

(b) the Offer Price having been determined on or around the Price Determination Date;

(c) the execution and delivery of the International Placing Agreement on or around the Price Determination Date;

(d) the obligations of the Underwriters under the Underwriting Agreements having become unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Friday, 30 January 2015, being the 30th day after the date of this prospectus.

If, for any reason, the Offer Price is not agreed by 5:00 pm on Tuesday, 13 January 2015 between the Sole Global Coordinator (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

If the above conditions are not fulfilled or waived before the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.asiaray.com** on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for the Hong Kong Offer Shares". In the meantime, the application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Wednesday, 14 January 2015 but will only become valid certificates of title at 8:00 a.m. on the Listing Date, provided that (a) the Global Offering has become unconditional in all respects and (b) neither of the Underwriting Agreements has been terminated in accordance with its terms.

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

HONG KONG PUBLIC OFFERING

Number of Shares initially offered

We are initially offering 11,000,000 Shares at the Offer Price, representing 10% of the 110,000,000 Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offering, the number of Offer Shares offered under the Hong Kong Public Offering will represent approximately 2.5% of our enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

For allocation purposes only, the Hong Kong Offer Shares initially being offered for subscription under the Hong Kong Public Offering (without taking into account any adjustment in the number of Offer Shares allocated between the Global Offering) will be divided equally into two pools (subject to adjustment of odd lot size): Pool A comprises 5,500,000 Hong Kong Offer Shares and Pool B comprises 5,500,000 Hong Kong Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for Hong Kong Offer Shares with an aggregate subscription price of HK$5 million or less (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) will fall into Pool A and all valid applications that have been received for Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) and up to the total value of Pool B will fall into Pool B. For the purpose of this paragraph only, the "subscription price" for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Investors should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Hong Kong Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or in both pools will be rejected. No application will be accepted from applicants for more than 5,500,000 Hong Kong Offer Shares (being 50% of the initial number of Hong Kong Offer Shares).

Reallocation and clawback

The allocation of Shares between the Hong Kong Public Offering and the International Placing is subject to adjustment. If the number of Offer Shares validly applied for in the Hong Kong Public Offering represents: (a) 15 times or more but less than 50 times; (b) 50 times or more but less than 100 times; and (c) 100 times or more, of the number of Offer Shares initially available under the Hong Kong Public Offering, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 33,000,000, 44,000,000 and 55,000,000 Offer Shares, representing 30% (in the case of (a)), 40% (in the case of (b)) and 50% (in the case of (c)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). In such cases, the number of Offer Shares allocated to the International Placing will be correspondingly reduced, in such manner as the Sole Global Coordinator deems appropriate, and such additional Offer Shares will be allocated to Pool A and Pool B.

If the Hong Kong Offer Shares are not fully subscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Sole Global Coordinator deems appropriate.

Applications

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Hong Kong Offer Shares under the Hong Kong Public Offering.

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest of, any International Placing Shares under the International Placing, and such applicant's application is liable to be rejected if the undertaking and/or confirmation is breached or untrue (as the case may be) or it has been or will be placed or allocated International Placing Shares under the International Placing.

Applicants under the Hong Kong Public Offer are required to pay, on application, the maximum Offer Price of HK$7.02 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. If the Offer Price, as finally determined on the Price Determination Date, is lower than HK$7.02, being the maximum Offer Price, we will refund the respective difference (including brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in "How to Apply for the Hong Kong Offer Shares".

INTERNATIONAL PLACING

Number of Offer Shares initially offered

The number of Offer Shares to be initially offered for subscription under the International Placing will be 99,000,000 Offer Shares (subject to adjustment and the Over-allotment Option), representing 90% of the Offer Shares under the Global Offering and 22.5% of our enlarged issued share capital immediately after the Global Offering assuming that the Over-allotment Option is not exercised. The International Placing is subject to the Hong Kong Public Offering becoming unconditional.

Allocation

The International Placing will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of International Placing Shares under the International Placing will be effected in accordance with the "book-building" process described in the section headed "Pricing and allocation" in this prospectus and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional Shareholder base for the benefit of our Company and our Shareholders as a whole.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and the Offer Shares being offered under the Global Offering (including the additional Offer Shares which may be made available under the exercise of the Over-allotment Option) and Shares which may be issued on the exercise of any options which may be granted under the Share Option Scheme.

Save as disclosed in this prospectus, no part of our Share is listed or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

OVER-ALLOTMENT OPTION

We expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters at any time on or prior to the date which is the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. Under the Over-allotment Option, the Sole Global Coordinator will have the right to require us to allot and issue up to an aggregate of 16,500,000 additional new Shares representing in aggregate of 15% of the Offer Shares initially available under the Global Offering to, cover over-allocations in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional Shares will represent approximately 3.61% of our enlarged issued share capital following the completion of the Global Offering and the exercise of the Over-allotment Option. These Shares will be issued at the Offer Price. An announcement will be made if the Over-allotment Option is exercised.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over allocations in connection with the Global Offering, the Stabilising Manager may choose to borrow, whether on its own or through its affiliates, up to 16,500,000 Shares, representing 15% of the Offer Shares, from Space Management to cover over allocation under the stock borrowing arrangement (being the maximum number of Offer Shares which may be issued upon exercise of the Over-allotment Option), or acquire Shares from other sources, including exercising the Over-allotment Option.

If the Stock Borrowing Agreement is entered into, it will only be effected by the Stabilising Manager or its agent for settlement of over allocation in the International Placing and such arrangement is not subject to the restrictions of Rule 10.07(1) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with. The same number of Shares so borrowed must be returned to Space Management or its nominees on or before the third business day following the earlier of (a) the last day on which the Over-allotment Option may be exercised, or (b) the day on which the Over-allotment Option is exercised in full and the relevant Offer Shares subject to the Over-allotment Option have been issued. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Space Management by the Stabilising Manager or its agent in relation to the Stock Borrowing Agreement.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager, its affiliates or any person acting for it, as stabilising manager on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period up to the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it, to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it, and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, namely 16,500,000 Shares, which is approximately 15% of the Offer Shares initially available under the Global Offering.

Stabilising actions permitted in Hong Kong under the Securities and Futures (Price Stabilising) Rules, as amended, include: (a) over-allocation for the purpose of preventing or minimising any reduction in the market price of the Shares; (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (c) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares under the Over-allotment Option in order to close out any position established under (a) or (b) above; (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (e) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (f) offering or attempting to do anything described in (b), (c), (d) or (e) above.

Specifically, prospective applications for and investors in the Shares should note that:

- the Stabilising Manager, its affiliates or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares;

- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, its affiliates or any person acting for it, will maintain such a position;

- liquidation of any such long position by the Stabilising Manager, its affiliates or any person acting for it, may have an adverse impact on the market price of the Shares;

- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date, and is expected to expire on Friday, 6 February 2015, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by the taking of any stabilising action; and

- stabilising bids must be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilising) Rules, as amended, will be made within seven days of the expiration of the stabilisation period.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 15 January 2015, it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 15 January 2015.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriter under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Sole Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date.

We expect that we will, on or about Wednesday, 7 January 2015, shortly after determination of the Offer Price, enter into the International Placing Agreement relating to the International Placing.

The terms of the underwriting arrangements, the Underwriting Agreements are summarised in the section headed "Underwriting" in this prospectus.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO**, in addition to the above, you must also: (i) have a valid Hong Kong identity card number; and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- a connected person or a core connected person (as defined in the Listing Rules) of the Company or will become a connected person or a core connected person of the Company immediately upon completion of the Global Offering;
- an associate or a close associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 31 December 2014 to 12:00 noon on Wednesday, 7 January 2015 from:

(i) the following addresses of the Hong Kong Underwriter:

BOCI Asia Limited	26th Floor, Bank of China Tower, 1 Garden Road, Hong Kong

(ii) any of the following branches of Bank of China (Hong Kong) Limited:

	Branch Name	Address
Hong Kong Island	Bank of China Tower Branch	3/F, 1 Garden Road
	Central District (Wing On House) Branch	71 Des Voeux Road Central
	North Point (King's Centre) Branch	193-209 King's Road, North Point
	Chai Wan Branch	Block B, Walton Estate, 341-343 Chai Wan Road, Chai Wan
Kowloon	Mei Foo Mount Sterling Mall Branch	Shop N47-49 Mount Sterling Mall, Mei Foo Sun Chuen
	Telford Gardens Branch	Shop P2 Telford Gardens, Kowloon Bay
	Metro City Branch	Shop 209, Level 2, Metro City Phase 1, Tseung Kwan O
New Territories	Citywalk Branch	Shop 65, G/F, Citywalk, 1 Yeung Uk Road, Tsuen Wan
	Tuen Mun Town Plaza Branch	Shop 2, Tuen Mun Town Plaza Phase II
	Fo Tan Branch	No 2, 1/F Shatin Galleria, 18-24 Shan Mei Street, Fo Tan

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 31 December 2014 until 12:00 noon on Wednesday, 7 January 2015 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Bank of China (Hong Kong) Nominees Limited – Asiaray Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- Wednesday, 31 December 2014 – 9:00 a.m. to 5:00 p.m.
- Friday, 2 January 2015 – 9:00 a.m. to 5:00 p.m.
- Saturday, 3 January 2015 – 9:00 a.m. to 1:00 p.m.
- Monday, 5 January 2015 – 9:00 a.m. to 5:00 p.m.

- Tuesday, 6 January 2015 – 9:00 a.m. to 5:00 p.m.

- Wednesday, 7 January 2015 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 7 January 2015, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO service**, among other things, you:

(i) **undertake** to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) **agree** to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) **confirm** that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) **confirm** that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) **agree** that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) **undertake** and **confirm** that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;

(viii) **agree** to disclose to our Company, our Hong Kong Share Registrar, receiving banks, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, **agree and warrant** that you have complied with all such laws and none of our Company, the Sole Global Coordinator and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) **agree** that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) **agree** that your application will be governed by the laws of Hong Kong;

(xii) **represent**, **warrant** and **undertake** that: (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) **warrant** that the information you have provided is true and accurate;

(xiv) **agree** to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) **authorise** our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) **declare** and **represent** that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) **understand** that our Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) **warrant** that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) **warrant** that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may see the **YELLOW** Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "Who can apply" section, may apply through the **White Form eIPO service** for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO service** are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO service**.

Time for Submitting Applications under the White Form eIPO

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m., Wednesday, 31 December 2014 until 11:30 a.m., Wednesday, 7 January 2015 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon, Wednesday, 7 January 2015 or such later time under the "Effects of Bad Weather on the Opening of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO service** to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO service** or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of White Form eIPO is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated White Form eIPO Service Provider, will contribute HK$2 for each "Asiaray Media Group Limited" White Form eIPO application submitted via **www.eipo.com.hk** to support the funding of "Source of DongJiang – Hong Kong Forest" project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System **https://ip.ccass.com** (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to the Sole Global Coordinator and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;

- declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- confirm that you understand that our Company, the Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of the Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving banks, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 500 Hong Kong Offer Shares. Instructions for more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Wednesday, 31 December 2014 – 9:00 a.m. to 8:30 p.m.[(1)]
- Friday, 2 January 2015 – 8:00 a.m. to 8:30 p.m.[(1)]
- Saturday, 3 January 2015 – 8:00 a.m. to 1:00 p.m.[(1)]
- Monday, 5 January 2015 – 8:00 a.m. to 8:30 p.m.[(1)]
- Tuesday, 6 January 2015 – 8:00 a.m. to 8:30 p.m.[(1)]
- Wednesday, 7 January 2015 – 8:00 a.m.[(1)] to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, 31 December 2014 until 12:00 noon on Wednesday, 7 January 2015.

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, 7 January 2015, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bankers, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO service** is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO service** will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either: (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon, Wednesday, 7 January 2015.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO**, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO service** in respect of a minimum of 500 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure of the Global Offering – Pricing and Allocation".

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warming signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 7 January 2015. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Wednesday, 7 January 2015 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indications of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, 14 January 2015 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on our Company's website at **www.asiaray.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the dates and times and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.asiaray.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m., Wednesday, 14 January 2015;

- from the designated results of allocations website at **www.iporesults.com.hk** with a "search by ID" function on a 24-hour basis from 8:00 a.m., Wednesday, 14 January 2015 to 12:00 midnight, Tuesday, 20 January 2015;

- by telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Wednesday, 14 January 2015 to Saturday, 17 January 2015;

- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 14 January 2015 to Friday, 16 January 2015 at all the receiving bank branches and sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or

- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Global Coordinator believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$7.02 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering – Conditions of the Hong Kong Public Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Wednesday, 14 January 2015.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for: (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Wednesday, 14 January 2015. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m., Thursday, 15 January 2015 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 14 January 2015 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Wednesday, 14 January 2015, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Wednesday, 14 January 2015, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, 14 January 2015, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Public Offering shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offering shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

  Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 14 January 2015 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 14 January 2015, or such other date as notified by the Company in the newspapers as the date of despatch/collection of share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, 14 January 2015 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, 14 January 2015, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Wednesday, 14 January 2015. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 14 January 2015 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 14 January 2015. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 14 January 2015.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

31 December 2014

The Directors
Asiaray Media Group Limited

BOCI Asia Limited

Dear Sirs,

We report on the financial information of Asiaray Media Group Limited (the "Company") and its subsidiaries (together, the "Group"), which comprises the combined balance sheets as at 31 December 2011, 2012 and 2013 and 30 June 2014 and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of the Company and is set out in Sections I to IV below for inclusion in Appendix I to the prospectus of the Company dated 31 December 2014 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands on 20 May 2014 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. Pursuant to a group reorganisation as described in Note 1.2 of Section II headed "Reorganisation" below, which was completed on 25 August 2014, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganisation").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries and associates as set out in Note 1.2 and Note 11 of Section II below respectively. All of these companies are private companies or, if incorporated or established outside Hong Kong, have substantially the same characteristics as a Hong Kong incorporated private company.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

No audited financial statements have been prepared by the Company as it is newly incorporated and has not involved in any significant business transactions since its date of incorporation, other than the Reorganisation. The audited financial statements of the other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their place of incorporation. The details of the statutory auditors of these companies are set out in Note 1.2 of Section II below.

The directors of the Company have prepared the combined financial statements of the Company and its subsidiaries now comprising the Group for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements"). The directors of the Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with HKFRSs. PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所(特殊普通合夥)) has audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the "HKSAs") issued by the HKICPA pursuant to separate terms of engagement with the Company.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon, and on the basis set out in Note 1.3 of Section II below.

Directors' Responsibility for the Financial Information

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with the basis of presentation set out in Note 1.3 of Section II below and in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Opinion

In our opinion, the financial information gives, for the purpose of this report and presented on the basis set out in Note 1.3 of Section II below, a true and fair view of the combined state of affairs of the Group as at 31 December 2011, 2012 and 2013 and 30 June 2014 and of the Group's combined results and cash flows for the Relevant Periods then ended.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information set out in Sections I to II below included in Appendix I to the Prospectus which comprises the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the six months ended 30 June 2013 and a summary of significant accounting policies and other explanatory information (the "Stub Period Comparative Financial Information").

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation set out in Note 1.3 of Section II below and the accounting policies set out in Note 2 of Section II below.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of the Stub Period Comparative Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with HKSAs and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report and presented on the basis set out in Note 1.3 of Section II below, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below.

I FINANCIAL INFORMATION OF THE GROUP

The following is the financial information of the Group prepared by the directors of the Company as at 31 December 2011, 2012 and 2013 and 30 June 2014 and for each of the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 and 2013 (the "Financial Information"), presented on the basis set out in Note 1.3 of Section II below.

COMBINED BALANCE SHEETS

		As at 31 December			As at 30 June
	Note	**2011**	**2012**	**2013**	**2014**
		HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
ASSETS					
Non-current assets					
Property, plant and equipment	*6*	54,293	57,642	64,008	55,734
Investment properties	*7*	1,038	947	882	827
Intangible assets	*8*	1,120	38	1,052	912
Investments in associates	*11*	37,831	44,249	66,444	39,537
Financial assets at fair value through profit or loss	*9*	1,444	2,060	2,697	2,993
Available-for-sale financial assets	*9*	8,251	9,328	8,919	9,180
Deferred income tax assets	*13*	42,953	38,955	43,379	42,556
Other non-current assets	*14*	577	30,851	31,816	31,514
		147,507	184,070	219,197	183,253
Current assets					
Inventories		93	118	373	178
Trade and other receivables	*15*	171,838	240,675	305,779	392,981
Short-term deposits	*16*	10,657	11,025	119,473	118,300
Restricted cash	*17*	3,587	27,082	11,043	66,181
Cash and cash equivalents	*17*	164,190	164,099	200,548	202,000
		350,365	442,999	637,216	779,640
Assets held for sale	*18*	–	–	–	19,389
		350,365	442,999	637,216	799,029
Total assets		497,872	627,069	856,413	982,282

COMBINED BALANCE SHEETS

	Note	As at 31 December			As at 30 June
		2011	2012	2013	2014
		HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Combined capital	*19*	13,695	13,695	13,695	13,795
Reserves	*20*	5,163	6,237	5,654	12,058
(Accumulated losses)/retained earnings		(19,918)	3,707	132,968	194,391
		(1,060)	23,639	152,317	220,244
Non-controlling interests		10,818	16,432	55,047	65,953
Total equity		9,758	40,071	207,364	286,197
Liabilities					
Non-current liabilities					
Borrowings	*21*	5,200	13,592	10,258	28,334
Non-current portion of other payables	*22*	7,293	15,400	9,819	4,547
Deferred income tax liabilities	*13*	161	20	–	75
		12,654	29,012	20,077	32,956
Current liabilities					
Trade and other payables	*22*	408,364	487,506	485,963	514,421
Current income tax liabilities		8,584	18,746	27,406	16,582
Borrowings	*21*	58,512	51,734	115,603	132,126
		475,460	557,986	628,972	663,129
Total liabilities		488,114	586,998	649,049	696,085
Total equity and liabilities		497,872	627,069	856,413	982,282
Net current (liabilities)/assets		(125,095)	(114,987)	8,244	135,900
Total assets less current liabilities		22,412	69,083	227,441	319,153

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended 31 December			Six months ended 30 June	
		2011	2012	2013	2013	2014
		HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
					(Unaudited)	
Revenue	*5*	717,536	953,095	1,211,309	559,924	612,093
Cost of revenue	*23*	(618,461)	(729,169)	(846,764)	(399,354)	(390,930)
Gross profit		99,075	223,926	364,545	160,570	221,163
Selling and marketing expenses	*24*	(44,163)	(59,480)	(74,986)	(30,217)	(33,919)
Administrative expenses	*25*	(63,631)	(76,341)	(95,294)	(40,576)	(66,823)
Other income	*27*	5,696	7,126	8,025	1,345	2,442
Other (losses)/gains – net	*28*	(547)	2,978	1,530	362	898
Operating (loss)/profit		(3,570)	98,209	203,820	91,484	123,761
Finance income	*29*	733	1,334	5,792	801	2,771
Finance costs	*29*	(3,900)	(3,778)	(8,114)	(3,861)	(4,272)
Finance costs – net	*29*	(3,167)	(2,444)	(2,322)	(3,060)	(1,501)
Share of profit/(loss) of investments in associates	*11*	3,137	1,485	3,122	1,698	(7,949)
(Loss)/profit before income tax		(3,600)	97,250	204,620	90,122	114,311
Income tax expense	*30*	(9,803)	(25,448)	(37,817)	(24,494)	(22,760)
(Loss)/profit for the year/period		(13,403)	71,802	166,803	65,628	91,551
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
– Net (losses)/gains from changes in fair value of available-for-sale financial assets, net of tax		(838)	899	(235)	(327)	218
– Less: reclassification of changes in fair value of available-for-sale financial assets to profit or loss upon disposal of available-for-sale financial assets, net of tax		–	–	(61)	(61)	–
– Currency translation differences		17	213	1,168	1,030	(1,580)
– Less: reclassification of currency translation differences to profit or loss upon disposal of a subsidiary	*34*	–	–	(382)	–	–
		(821)	1,112	490	642	(1,362)
Total comprehensive (loss)/income for the year/period		(14,224)	72,914	167,293	66,270	90,189

		Year ended 31 December			Six months ended 30 June	
	Note	2011	2012	2013	2013	2014
		HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
					(Unaudited)	
(Loss)/profit attributable to:						
Owners of the Company		(18,051)	59,625	129,261	43,219	61,423
Non-controlling interests		4,648	12,177	37,542	22,409	30,128
(Loss)/profit for the year/period		(13,403)	71,802	166,803	65,628	91,551
Total comprehensive (loss)/income attributable to:						
Owners of the Company		(19,386)	60,699	128,678	43,378	60,563
Non-controlling interests		5,162	12,215	38,615	22,892	29,626
Total comprehensive (loss)/income for the year/period		(14,224)	72,914	167,293	66,270	90,189
Earnings per share	*31*	N/A	N/A	N/A	N/A	N/A
Dividends	*32*	–	42,601	–	–	12,374

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Combined capital	Reserves	(Accumulated losses)/ retained earnings	Total	Non-controlling interests	Total equity
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Balance at 1 January 2011	13,695	7,463	(1,867)	19,291	4,967	24,258
Comprehensive income						
(Loss)/profit for the year	–	–	(18,051)	(18,051)	4,648	(13,403)
Other comprehensive income						
– Losses from changes in fair value of available-for-sale financial assets, net of tax	–	(838)	–	(838)	–	(838)
– Currency translation differences	–	(497)	–	(497)	514	17
Total comprehensive (loss)/income	–	(1,335)	(18,051)	(19,386)	5,162	(14,224)
Changes in ownership interest in a subsidiary without change of control *(Note 20)*	–	(965)	–	(965)	689	(276)
Total transactions with owners, recognised directly in equity	–	(965)	–	(965)	689	(276)
Balance at 31 December 2011	13,695	5,163	(19,918)	(1,060)	10,818	9,758
Balance 1 January 2012	13,695	5,163	(19,918)	(1,060)	10,818	9,758
Comprehensive income						
Profit for the year	–	–	59,625	59,625	12,177	71,802
Other comprehensive income						
– Gains from changes in fair value of available-for-sale financial assets, net of tax	–	899	–	899	–	899
– Currency translation differences	–	175	–	175	38	213
Total comprehensive income	–	1,074	59,625	60,699	12,215	72,914
Dividends *(Note 32)*	–	–	(36,000)	(36,000)	(6,601)	(42,601)
Total transactions with owners, recognised directly in equity	–	–	(36,000)	(36,000)	(6,601)	(42,601)
Balance at 31 December 2012	13,695	6,237	3,707	23,639	16,432	40,071

	Attributable to owners of the Company					
	Combined capital	Reserves	(Accumulated losses)/ retained earnings	Total	Non-controlling interests	Total equity
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Balance 1 January 2013	13,695	6,237	3,707	23,639	16,432	40,071
Comprehensive income						
Profit for the year	–	–	129,261	129,261	37,542	166,803
Other comprehensive income						
– Losses from changes in fair value of available-for-sale financial assets, net of tax	–	(235)	–	(235)	–	(235)
– Reclassification of changes in fair value of available-for-sale financial assets to profit or loss upon disposal of available-for-sale financial assets, net of tax	–	(61)	–	(61)	–	(61)
– Currency translation differences	–	95	–	95	1,073	1,168
– Reclassification of currency translation differences to profit or loss upon disposal of a subsidiary *(Note 34)*	–	(382)	–	(382)	–	(382)
Total comprehensive income	–	(583)	129,261	128,678	38,615	167,293
Balance at 31 December 2013	13,695	5,654	132,968	152,317	55,047	207,364
Balance 1 January 2014	13,695	5,654	132,968	152,317	55,047	207,364
Comprehensive income						
Profit for the period	–	–	61,423	61,423	30,128	91,551
Other comprehensive income						
– Gains from changes in fair value of available-for-sale financial assets, net of tax	–	218	–	218	–	218
– Currency translation differences	–	(1,078)	–	(1,078)	(502)	(1,580)
Total comprehensive income	–	(860)	61,423	60,563	29,626	90,189
Capital injection by non-controlling interests	–	–	–	–	380	380
Proceeds from shares issued	100	–	–	100	–	100
Changes in ownership interest in a subsidiary without change of control *(Note 20)*	–	7,264	–	7,264	(6,726)	538
Dividends *(Note 32)*	–	–	–	–	(12,374)	(12,374)
Total transactions with owners, recognised directly in equity	100	7,264	–	7,364	(18,720)	(11,356)
Balance at 30 June 2014	13,795	12,058	194,391	220,244	65,953	286,197

(Unaudited)	Attributable to owners of the Company Combined capital	Reserves	(Accumulated losses)/ retained earnings	Total	Non-controlling interests	Total equity
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Balance 1 January 2013	13,695	6,237	3,707	23,639	16,432	40,071
Comprehensive income						
Profit for the period	–	–	43,219	43,219	22,409	65,628
Other comprehensive income						
– Losses from changes in fair value of available-for-sale financial assets, net of tax	–	(327)	–	(327)	–	(327)
– Reclassification of changes in fair value of available-for-sale financial assets to profit or loss upon disposal of available-for-sale financial assets, net of tax	–	(61)	–	(61)	–	(61)
– Currency translation differences	–	547	–	547	483	1,030
Total comprehensive income	–	159	43,219	43,378	22,892	66,270
Balance at 30 June 2013	13,695	6,396	46,926	67,017	39,324	106,341

COMBINED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December 2011	2012	2013	Six months ended 30 June 2013	2014
		HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
					(Unaudited)	
Cash flows from operating activities						
Cash generated from operations	*33*	95,448	110,084	180,034	103,176	26,617
Interest paid		(3,900)	(3,697)	(7,896)	(3,942)	(4,571)
Income tax paid		(10,867)	(11,622)	(32,481)	(19,109)	(33,151)
Net cash generated from/(used in) operating activities		80,681	94,765	139,657	80,125	(11,105)
Cash flows from investing activities						
Purchases of property, plant and equipment		(27,044)	(27,971)	(35,565)	(16,106)	(6,070)
Payments for financial assets at fair value through profit or loss		(587)	(587)	(587)	(213)	(206)
Purchases of available-for-sale financial assets		(9,255)	–	(9,201)	(9,201)	–
Payments for investments in associates		–	(4,933)	(17,494)	–	–
Purchases of intangible assets		–	–	(1,153)	(840)	–
Prepayments for purchases of certain properties		–	(30,274)	(965)	–	–
Proceeds from disposal of available-for-sale financial assets	*28*	–	–	9,536	9,536	–
Proceeds from disposal of property, plant and equipment	*33*	388	2,332	177	158	52
Disposal of a subsidiary, net of cash disposed of	*34*	–	–	(151)	–	–
Interest received		733	1,334	3,836	801	1,325
Dividends on available-for-sale financial assets received	*27*	238	273	402	89	164
(Increase)/decrease in short-term deposits		(10,657)	(368)	(108,448)	(4,998)	1,173
Net cash used in investing activities		(46,184)	(60,194)	(159,613)	(20,774)	(3,562)
Cash flows from financing activities						
Proceeds from borrowings		59,185	60,227	110,288	109,541	149,114
Repayment of borrowings		(33,213)	(58,620)	(52,531)	(50,369)	(113,346)
Capital injection by non-controlling interests		–	–	–	–	380
Payment for acquisition of non-controlling interests	*20*	(276)	–	–	–	–
Prepayment for listing-related expenses		–	–	–	–	(5,967)
Dividends paid to non-controlling interests		–	(558)	(6,043)	(6,043)	(12,374)
Dividends paid to the then shareholders		–	(36,000)	–	–	–
Net cash generated from/(used in) financing activities		25,696	(34,951)	51,714	53,129	17,807
Net increase/(decrease) in cash and cash equivalents		60,193	(380)	31,758	112,480	3,140
Cash and cash equivalents at beginning of the year/period		97,338	164,190	164,099	164,099	200,548
Exchange gains/(losses) on cash and cash equivalents		6,659	289	4,691	3,317	(1,688)
Cash and cash equivalents at end of the year/period	*17*	164,190	164,099	200,548	279,896	202,000

II NOTES TO THE FINANCIAL INFORMATION

1. General information, reorganisation and basis of presentation

1.1 General information

Asiaray Media Group Limited (the "Company") was incorporated in the Cayman Islands on 20 May 2014 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The address of the Company's registered office is PO Box 309, Ugland House Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries now comprising the group (the "Group") are principally engaged in the development and operations of out-of-home advertising media, including advertising in airports, metro lines, billboards and building solutions (the "Listing Business") in the People's Republic of China (the "PRC") and Hong Kong.

The Financial Information is presented in Hong Kong dollars ("HKD"), unless otherwise stated.

1.2 Reorganisation

The Listing Business was controlled by Mr. Vincent Lam ("Mr. Lam") at the beginning of the Relevant Periods, or since the date when the companies first came under the common control by Mr. Lam, whichever is a shorter period.

Prior to the incorporation of the Company and the completion of the reorganisation as described below, the Listing Business was controlled through the holding company, Asiaray (Holdings) Limited ("Asiaray Holdings") which directly held 99.99968% equity interest in Asiaray Advertising Media Limited ("Asiaray Advertising Media"), 100% equity interest in Genesis Printing And Production Limited ("Genesis Printing"), 100% equity interest in Genesis Signmaker & Construction Limited ("Genesis Signmaker") and 100% equity interest in Asiaray Outdoor Media Limited ("Asiaray Outdoor"), and indirectly held 99% equity interest in Hong Kong Asiaray Advertising Limited ("Hong Kong Asiaray") and 90% equity interest in Asiaray Media Limited ("Asiaray Media") through Asiaray Advertising Media, and indirectly held 100% equity interest in Asiaray Metro Media Limited ("Asiaray Metro") and 80% equity interest in Shanghai Asiaray Advertising Co., Ltd. ("Shanghai Asiaray") (上海雅仕維廣告有限公司) through Hong Kong Asiaray.

The remaining 0.00032% equity interest in Asiaray Advertising Media, the remaining 1% equity interest in Hong Kong Asiaray and the remaining 10% interest in Asiaray Media were held by Ms. Chan (Mr. Lam's mother) in trust on behalf of Mr. Lam.

Among the remaining 20% interest in Shanghai Asiaray, 10% interest was held by Guangzhou Yunwei Advertising Company Limited ("Guangzhou Yunwei") (廣州市運為廣告有限公司) in trust on behalf of Hong Kong Asiaray, and 10% interest was held by Shanghai Kelefu Advertising Company Limited ("Shanghai Kelefu") (上海科樂福廣告有限公司) in trust on behalf of Hong Kong Asiaray. On 9 May 2014, each of Guangzhou Yunwei and Shanghai Kelefu transferred 10% interest in Shanghai Asiaray to Hong Kong Asiaray and Shanghai Asiaray has become a wholly-owned subsidiary of Hong Kong Asiaray since then.

Asiaray Advertising Media, Asiaray Outdoor, Asiaray Metro, Genesis Printing, Genesis Signmaker, Asiaray Media and Hong Kong Asiaray are limited liability companies established in Hong Kong, Shanghai Asiaray is a limited liability company established in the PRC.

In preparation for the initial listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), a group reorganisation (the "Reorganisation") was undertaken pursuant to which Asiaray Advertising Media, Asiaray Outdoor, Asiaray Metro, Genesis Printing, Genesis Signmaker, Asiaray Media, Hong Kong Asiaray and Shanghai Asiaray were transferred to the Company. The Reorganisation involved the following:

(1) On 20 May 2014, the Company was incorporated as an exempted company with limited liability under the laws of the Cayman Islands. The Company is a direct wholly-owned subsidiary of Media Cornerstone Limited ("Media Cornerstone").

(2) On 20 May 2014, Asiaray Media Holdings Limited ("Asiaray Media Holdings") was incorporated in the BVI as a limited liability company. At the time of incorporation, Asiaray Media Holdings was wholly owned by Mr. Lam.

(3) On 25 August 2014, Ms. Chan transferred eight shares of Asiaray Advertising Media, representing 0.00032% of the total issued share capital of Asiaray Advertising Media, to Asiaray Holdings. Upon completion, Asiaray Advertising Media became legally and wholly-owned by Asiaray Holdings.

(4) On 25 August 2014, Ms. Chan transferred one share of Hong Kong Asiaray, representing 1% of the total issued share capital of Hong Kong Asiaray, to Asiaray Advertising Media. Upon completion, Hong Kong Asiaray became legally and wholly-owned by Asiaray Advertising Media.

(5) On 25 August 2014, Ms. Chan transferred one share of Asiaray Media, representing 10% of the total issued share capital of Asiaray Media, to Asiaray Advertising Media. Upon completion, Asiaray Media became legally and wholly-owned by Asiaray Advertising Media.

(6) On 25 August 2014, Asiaray Advertising Media passed shareholder resolutions to issue 9,900 shares of Hong Kong Asiaray to Asiaray Media Holdings at consideration of HKD9,900. Such consideration was determined based on the nominal value of shares in Hong Kong Asiaray. On 25 August 2014, Hong Kong Asiaray and Asiaray Advertising Media entered into a share repurchase agreement, pursuant to which, Hong Kong Asiaray repurchased from Asiaray Advertising Media the remaining 100 shares in Hong Kong Asiaray at a consideration of HKD100. Such consideration was determined based on the nominal value of the shares in Hong Kong Asiaray. Upon completion, Hong Kong Asiaray became a wholly-owned subsidiary of Asiaray Media Holdings.

(7) On 25 August 2014, Asiaray Holdings transferred 2,500,000 shares in Asiaray Advertising Media, representing the entire issued share capital of Asiaray Advertising Media, to Asiaray Media Holdings at a consideration of HKD2,500,000, the payment of which was satisfied by allotment of 25,000,000 Shares in the Company to Space Management Limited ("Space Management"), a company directly wholly-owned by Mr. Lam. Such consideration was determined based on the nominal value of shares in Asiaray Advertising Media. Upon completion, Asiaray Advertising Media became a wholly-owned subsidiary of Asiaray Media Holdings.

(8) On 25 August 2014, Asiaray Holdings transferred 10,000 shares of Asiaray Outdoor, representing the entire issued share capital of Asiaray Outdoor, to Asiaray Media Holdings at a consideration of HKD10,000, the payment of which was satisfied by allotment of 100,000 Shares in the Company to Space Management. Such consideration was determined based on the nominal value of shares in Asiaray Outdoor. Upon completion, Asiaray Outdoor became a wholly-owned subsidiary of Asiaray Media Holdings.

(9) On 25 August 2014, Asiaray Holdings transferred 10,000 shares of Genesis Printing, representing the entire issued share capital of Genesis Printing, to Asiaray Media Holdings at a consideration of HKD10,000, the payment of which was satisfied by allotment of 100,000 Shares in the Company to Space Management. Such consideration was determined based on the nominal value of shares in Genesis Printing. Upon completion, Genesis Printing became a wholly-owned subsidiary of Asiaray Media Holdings.

(10) On 25 August 2014, Asiaray Holdings transferred 10,000 shares in Genesis Signmaker, representing the entire issued share capital of Genesis Signmaker, to Asiaray Media Holdings at a consideration of HKD10,000, the payment of which was satisfied by allotment of 100,000 Shares in the Company to Space Management. Such consideration was determined based on the nominal value of shares in Genesis Signmaker. Upon completion, Genesis Signmaker became a wholly-owned subsidiary of Asiaray Media Holdings.

(11) On 25 August 2014, Hong Kong Asiaray transferred one share in Asiaray Metro, representing the entire issued share capital of Asiaray Metro, to Asiaray Media Holdings at a consideration of HKD1, the payment of which was satisfied by allotment of 10 Shares in the Company to Space Management. Such consideration was determined based on the nominal value of shares in Asiaray Metro. Upon completion, Asiaray Metro became a wholly-owned subsidiary of Asiaray Media Holdings.

(12) On 25 August 2014, Mr. Lam and the Company entered into the Reorganisation Deed, pursuant to which Mr. Lam agreed to procure the completion of acquisitions by Asiaray Media Holdings of Hong Kong Asiaray, Asiaray Advertising Media, Asiaray Outdoor, Genesis Printing, Genesis Signmaker and Asiaray Metro, and transfer all the issued shares in Asiaray Media Holdings to the Company. As consideration, the Company has allotted and issued 88,000,000 Shares and 241,500,000 Shares to Space Management and Media Cornerstone respectively, pursuant to instructions from Mr. Lam. Such consideration was determined with reference to, among other things, the nominal value of the shares in Hong Kong Asiaray, Asiaray Advertising Media, Asiaray Outdoor, Genesis Printing, Genesis Signmaker and Asiaray Metro.

On 4 September 2014, Mr. Lam, as the settlor, established a family trust ("Family Trust") with UBS Trustees (BVI) Limited acting as the trustee (the "Trustee") of the Family Trust. Mr. Lam has transferred his entire interest in Media Cornerstone to Shalom Family Holding Limited for nil consideration for the settlement of the Family Trust. The sole shareholder of Shalom Family Holding Limited is UBS Nominees Limited, a company which holds the shares in Shalom Family Holding Limited as nominee for the Trustee. Ultimately, the Trustee holds the entire interest in Media Cornerstone on trust for the benefit of Mr. Lam and certain of his family members.

Upon completion of the Reorganisation and as at the date of this report, the Company had direct or indirect interests in the following subsidiaries:

Company Name	Place and date of incorporation/ establishment	Kind of legal entity	Issued and paid-in capital/ registered capital	Effective equity interests held				Principal activities and place of operation	Statutory auditors 31 December		
				31 December			30 June				
				2011	2012	2013	2014		2011	2012	2013
Directly held:											
Asiaray Media Holdings	BVI, 20 May 2014	Limited liability company	HKD50,000	NA	NA	NA	100%	Investment holding, BVI	NA	NA	NA
Indirectly held:											
Asiaray Metro	Hong Kong, 8 October 2010	Limited liability company	HKD1	100%	100%	100%	100%	Out-of-home advertising media services, Hong Kong	(i)	(i)	(i)
Asiaray Advertising Media	Hong Kong, 5 August 1993	Limited liability company	HKD2,500,000	100%	100%	100%	100%	Out-of-home advertising media services, Hong Kong	(i)	(i)	(i)
Asiaray Outdoor	Hong Kong, 8 October 2007	Limited liability company	HKD10,000	100%	100%	100%	100%	Out-of-home advertising media services, Hong Kong	(i)	(i)	(i)
Genesis Signmarker	Hong Kong, 8 October 2007	Limited liability company	HKD10,000	100%	100%	100%	100%	Design, consultancy, construction and maintenance services, Hong Kong	(i)	(i)	(i)
Genesis Printing	Hong Kong, 8 October 2007	Limited liability company	HKD10,000	100%	100%	100%	100%	Advertising, production, installation and dismantling services, Hong Kong	(i)	(i)	(i)
Asiaray Advertising Limited	Hong Kong, 28 September 2004	Limited liability company	HKD10,000	100%	100%	100%	100%	Inactive, Hong Kong	(i)	(i)	(i)
Hong Kong Asiaray	Hong Kong, 31 October 1995	Limited liability company	HKD9,900	100%	100%	100%	100%	Investment holding, Hong Kong	(i)	(i)	(i)
Asiaray Media	Hong Kong, 6 March 2002	Limited liability company	HKD10	100%	100%	100%	100%	Out-of-home advertising media services, Hong Kong	(i)	(i)	(i)
Shanghai Asiaray	The PRC, 27 April 1999	Limited liability company	RMB50,000,000	100%	100%	100%	100%	Out-of-home advertising media services, the PRC	(ii)	(iii)	(iii)

Company Name	Place and date of incorporation/ establishment	Kind of legal entity	Issued and paid-in capital/ registered capital	Effective equity interests held				Principal activities and place of operation	Statutory auditors 31 December		
				31 December			30 June				
				2011	2012	2013	2014		2011	2012	2013
Indirectly held:											
Shanghai Meidisi Advertising Media Company Limited (上海美狄斯廣告傳播有限公司)	The PRC, 25 September 2006	Limited liability company	RMB2,365,530	100%	100%	100%	100%	Out-of-home advertising media services, the PRC	(ii)	(iii)	(iii)
Zhejiang Asiaray Advertising Company Limited (浙江雅仕維廣告有限公司)	The PRC, 31 August 2010	Limited liability company	RMB5,000,000	100%	100%	100%	100%	Out-of-home advertising media services, the PRC	(ii)	(iii)	(iii)
Shenzhen Yatie Advertising Company Limited (深圳雅鐵廣告有限公司)	The PRC, 9 June 2010	Limited liability company	RMB1,000,000	100%	100%	100%	100%	Out-of-home advertising media services, the PRC	(ii)	(iii)	(iii)
Shanghai Asiaray Advertising Media Company Limited (上海雅仕維廣告傳播有限公司)	The PRC, 29 November 2006	Limited liability company	RMB40,000,000	100%	100%	100%	100%	Out-of-home advertising media services, the PRC	(ii)	(iii)	(iii)
Guangzhou Asiaray Advertising Company Limited ("Guangzhou Asiaray") (廣州雅仕維廣告有限公司)	The PRC, 26 September 2002	Limited liability company	RMB1,030,000	100%	100%	100%	100%	Out-of-home advertising media services, the PRC	(ii)	(iii)	(iii)
Yunnan Airport Asiaray Information Media Company Limited ("Yunnan Airport Asiaray") (雲南空港雅仕維信息傳媒有限公司)	The PRC, 26 June 2002	Limited liability company	RMB10,000,000	51%	51%	51%	51%	Out-of-home advertising media services, the PRC	(ii)	(iii)	(iii)
Shenzhen Asiaray Advertising Company Limited (深圳雅仕維廣告有限公司)	The PRC, 17 March 2004	Limited liability company	RMB1,000,000	100%	100%	100%	100%	Out-of-home advertising media services, the PRC	(ii)	(iii)	(iii)
Hainan Asiaray Advertising Company Limited (海南雅仕維廣告有限公司)	The PRC, 10 Jan 2008	Limited liability company	RMB2,000,000	100%	100%	100%	100%	Out-of-home advertising media services, the PRC	(ii)	(iii)	(iii)
Shenzhen Yashi Metro Company Limited (深圳雅仕城鐵有限公司) *(Note 20(b))*	The PRC, 3 November 2011	Limited liability company	RMB1,000,000	100%	100%	100%	45%	Out-of-home advertising media services, the PRC	(ii)	(iii)	(iii)

Company Name	Place and date of incorporation/ establishment	Kind of legal entity	Issued and paid-in capital/ registered capital	Effective equity interests held 31 December 2011	2012	2013	30 June 2014	Principal activities and place of operation	Statutory auditors 31 December 2011	2012	2013
Indirectly held:											
Chengdu Asiaray Advertising Company Limited ("Chengdu Asiaray") (成都雅仕維廣告有限公司)	The PRC, 20 September 2002	Limited liability company	RMB1,200,000	100%	100%	100%	100%	Out-of-home advertising media services, the PRC	(ii)	(iii)	(iii)
Beijing Asiaray Advertising Company Limited ("Beijing Asiaray") (北京雅仕維廣告有限公司)	The PRC, 9 July 1998	Limited liability company	RMB10,500,000	100%	100%	100%	100%	Out-of-home advertising media services, the PRC	(ii)	(iii)	(iii)
Xi'an Asiaray Advertising Company Limited (西安雅仕維廣告有限公司)	The PRC, 25 June 2003	Limited liability company	RMB1,000,000	100%	100%	100%	100%	Out-of-home advertising media services, the PRC	(ii)	(iii)	(iii)
Qingdao Asiaray Advertising Company Limited (青島雅仕維廣告有限公司)	The PRC, 2 July 2013	Limited liability company	RMB10,000,000	NA	NA	100%	100%	Out-of-home advertising media services, the PRC	NA	NA	(iii)
Shanghai Asiaray Cultural Media Company Limited (上海雅仕維文化傳媒有限公司)	The PRC, 7 May 2013	Limited liability company	RMB1,000,000	NA	NA	100%	100%	Out-of-home advertising media services, the PRC	NA	NA	(iii)
Henan Airport Asiaray Information Media Company Limited ("Henan Airport Asiaray") (河南空港雅仕維傳媒有限公司)	The PRC, 13 July 2007	Limited liability company	RMB5,000,000	51%	51%	51%	51%	Out-of-home advertising media services, the PRC	(ii)	(iii)	(iii)
Shenzhen Baimoshi Advertising Company Limited (深圳佰墨仕廣告有限公司)	The PRC, 3 September 2012	Limited liability company	RMB1,000,000	NA	100%	100%	100%	Advertising services, the PRC	NA	(iii)	(iii)
Wuxi Asiaray Metro Media Company Limited ("Wuxi Asiaray") (無錫雅仕維地鐵傳媒有限公司)	The PRC, 25 February 2014	Limited liability company	RMB3,000,000	NA	NA	NA	90%	Out-of-home advertising media services, the PRC	NA	NA	NA
Shanghai Asiaray Media Communication Company Limited (上海雅仕維廣告傳媒有限公司) (iv)	The PRC, 7 July 2014	Limited liability company	RMB1,000,000	NA	NA	NA	NA	Out-of-home advertising media services, the PRC	NA	NA	NA

Notes:

(i) The statutory financial statements of these subsidiaries for the years ended 31 December 2011, 2012 and 2013 were audited by PricewaterhouseCoopers.

(ii) The statutory financial statements of these subsidiaries for the year ended 31 December 2011 was audited by Baker Tilly China Certified Public Accountants (天職國際會計師事務所有限公司).

(iii) The statutory financial statements of these subsidiaries for the years ended 31 December 2012 and 2013 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)).

(iv) Shanghai Asiaray Media Communication Company Limited is an indirectly wholly owned subsidiary of the Company.

All companies now comprising the Group have adopted 31 December as their financial year end date for statutory reporting purpose.

The English names of certain subsidiaries and auditors referred to above represented the best efforts by management of the Company in translating their Chinese names, as they do not have official English names.

1.3 Basis of presentation

Mr. Lam owned and controlled the companies now comprising the Group immediately before the Reorganisation and continues to own and control these companies after the Reorganisation.

The Company has not been involved in any other business prior to the Reorganisation and its operation does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business and does not result in any changes in business substance, management nor controlling shareholders of the Listing Business, before and after the Reorganisation. Accordingly, the Financial Information has been prepared on a basis in accordance with the principles of the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The combined balance sheets, the combined statements of comprehensive income, changes in equity and cash flows of the Group for the Relevant Periods have been prepared as if the current group structure had been in existence throughout the Relevant Periods, since their respective dates of incorporation/establishment, or since the date when the companies first came under the control of Mr. Lam, whichever is shorter period, in a manner similar to the principles of merger accounting under Hong Kong Accounting Guidelines 5 "Merger Accounting for Common Control Combination" issued by the HKICPA.

Intercompany transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on combination.

2. Summary of principal accounting policies

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied throughout the Relevant Periods, unless otherwise stated.

2.1 Basis of preparation

The Financial Information have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA and are set out below. The Financial Information has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss.

The preparation of the Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 4 below.

All relevant standards, amendments and interpretation to the existing standards that are effective during the Relevant Periods have been adopted by the Group consistently throughout the Relevant Periods unless prohibited by the relevant standards to apply retrospectively.

New and revised standards and amendments to existing standards that have been issued and are relevant to the Group, but are not effective for the financial year beginning on 1 January 2014 and have not been early adopted are as follows:

- Annual improvements 2012, which include changes from the 2010-2012 cycle of the annual improvements project, that affect the following standards: HKFRS 2, 'Share-based payment', HKFRS 3, 'Business combinations' and consequential amendments to HKFRS 9, 'Financial instruments', HKAS 37, 'Provisions, contingent liabilities and contingent assets', HKAS 39, 'Financial instruments – Recognition and measurement', HKFRS 8, 'Operating segments', HKAS 16, 'Property, plant and equipment', HKAS 38, 'Intangible assets' and HKAS 24, 'Related Party Disclosures'. The above amendments will be effective for annual periods beginning on or after 1 July 2014.

- Annual improvements 2013, which include changes from the 2011-2013 cycle of the annual improvements project that affect the following standards: HKFRS 3, 'Business combinations', HKFRS 13, 'Fair value measurement' and HKAS 40, 'Investment property'. The above amendments will be effective for annual periods beginning on or after 1 July 2014.

- Amendments to HKAS 16 and HKAS 38 on clarification of acceptable methods of depreciation and amortisation, which clarify when a method of depreciation or amortisation based on revenue may be appropriate. The amendment to HKAS 16 clarifies that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate. The amendment to HKAS 38 establishes a rebuttable presumption that amortisation of an intangible asset based on revenue generated by using the asset is inappropriate. The presumption may only be rebutted in certain limited circumstances: (1) where the intangible asset is expressed as a measure of revenue; or (2) where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The above amendments will be effective for annual periods beginning on or after 1 January 2016.

- HKFRS15 "Revenue from Contracts with Customers", which establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes to an 'asset-liability' approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The above new standard will be effective for annual periods beginning on or after 1 January 2017.

- HKFRS 9, "Financial instruments", which the first standard issued as part of a wider project to replace HKAS 39. HKFRS 9 "Classification and Measurement" retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. For financial liabilities designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in other comprehensive income ("OCI"), unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. HKFRS 9 "Hedge Accounting" applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk. The new guidance better aligns hedge accounting with the risk management activities of an entity and provides relief from the more "rule-based" approach of HKAS 39. The guidance in HKAS 39 on impairment of financial assets continues to apply. The above new standard will be effective for annual periods beginning on or after 1 January 2018.

The Group is in the process of making an assessment of the impact of the above new standards and amendments to existing standards on the Group's operating results and financial position in their initial applications.

2.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business combinations

Except for common control combination described below, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Merger accounting for common control combination

The Financial Information incorporates the financial statement items of the combining entities or business in which the common control combination occurs as if they had been combined from the date when the combining entities or business first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised with respect to goodwill or any excess of an acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over its cost at the time of common control combination, to the extent of the contribution of the controlling party's interest.

The combined statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of common control combination.

Intra-group transactions, balances and unrealised gains on transactions between the combining entities or businesses are eliminated. Unrealised losses are eliminated but considered as an impairment indicator of the asset transferred. Accounting policies of combining entities or businesses have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using the merger accounting, are recognised as an expense in the period in which they are incurred.

(iii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) Disposals of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of loss in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that investments in associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit/(loss) of investments in associates" in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who are responsible for allocating resources and assessing performance of the operating segments and making strategic decisions. The chief operating decision-maker has been identified as the executive directors of the Company.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Information are presented in HKD, which is the Company's functional currency and the Group's presentation currency. The Company's Hong Kong and PRC subsidiaries regard HKD and Renminbi ("RMB") as their respective functional currencies.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other gains/losses – net'.

Translation differences on non-monetary financial assets and liabilities are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) All resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

2.6 Property, plant and equipment

All Property, plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment charge. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Shorter of remaining lease term or useful lives
Motor vehicles	5 years
Furniture and office equipment	3-5 years
Advertising fixtures	3-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "other gains/losses – net" in profit or loss.

2.7 Investment properties

Properties that are held for long-term rental yields, and that are not occupied by the Group, are classified as investment properties.

Investment properties are stated at historical cost less accumulated depreciation and impairment charge, if any. They are depreciated using the straight-line method over their estimated useful life of 20 years. Subsequent expenditure is charged to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

2.8 Intangible assets

(a) Concession rights contract

Concession rights contract acquired in a business combination is recognised at fair value at the acquisition date. The concession rights contract has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the estimated economic lives of four and a half years.

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and are amortised over their estimated useful lives of five years.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

2.11 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired, management's intentions and whether the assets are quoted in an active market. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those designated at fair value through profit or loss at inception. A financial asset is classified in this category if so designated by the directors of the Company. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. The Group's loans and receivables comprise "trade and other receivables excluding prepayments", "short-term deposits" and "cash and cash equivalents" in the combined balance sheets.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other category. They are included in non-current assets unless investment matures or management intends to dispose of the investment within 12 months after the end of the reporting period.

(b) Recognition and measurement

Regular way purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'Other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains or losses from available-for-sale financial assets.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

2.13 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the impairment loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(b) Assets classified as available-for-sale financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity securities classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the securities below its cost. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

2.14 Trade and other receivables

Trade receivables are amounts due from customers or agents for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. Otherwise, they are presented as non-current assets.

Trade and other receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.15 Cash and cash equivalents

In the combined statements of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank deposits with original maturities over three months but less than one year are classified as short-term deposits.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over their period using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.19 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction neither accounting nor taxable profit or loss is affected. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Employee benefits

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's PRC subsidiaries and Hong Kong subsidiaries contribute on a monthly basis to various defined contribution plans and the mandatory provident fund plan in Hong Kong, respectively. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Assets of the plans of the PRC subsidiaries are held and managed by the relevant PRC government authorities; while assets of the plans of the Hong Kong subsidiaries are held in separate trustee-administrated funds in Hong Kong. The assets of the plans are separated from those of the Group.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick and maternity leave are not recognised until the time of leave.

2.22 Revenue recognition

The Group's revenue is primarily derived from rendering advertising display and production, installation and dismantling services on the Group's media networks, primarily in airports, metro lines and billboards and buildings solutions. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of discounts and value-added taxes.

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that the economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Advertising display services

Revenue from advertising display services is recognised on a straight-line basis over the performance period for which the advertisements are displayed.

(b) Advertising production, installation and dismantling services

Revenue from advertising production, installation and dismantling services is recognised when the related services are rendered.

(c) Multiple element arrangements

The Group offers certain arrangements whereby a customer can purchase advertising display services together with the related advertising production, installation and dismantling services. Where such multiple element arrangements exist, the total arrangement consideration is allocated to each element based on their relative fair values, as determined based on the current market price of each of the elements when sold separately.

When the Group is unable to determine the fair value of each of the elements in an arrangement, it uses the residual value method. Under this method, the Group determines the fair value of the delivered element by deducting the fair value of the undelivered element from the contract consideration.

To the extent that there is a discount on the arrangement, such discount is allocated between the elements of the contract in such a manner as to reflect the fair value of the elements.

(d) Rental income

Rental income from operating lease of properties is recognised in profit or loss on a straight-line basis over the term of the lease.

(e) Principal agent consideration

The Group derives certain revenue from advertising display and production, installation and dismantling services through agents, and pays fixed percentage of revenue as commissions to these agents. The Group has evaluated the roles and responsibilities of the Group and the agents in rendering the relevant services and concluded that the Group takes the primary responsibilities in rendering services and has the sole latitude in establishing prices. Accordingly, the Group records the revenue derived through the agents on a gross basis, and the commissions paid to the agents are recorded as sales commissions.

2.23 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2.24 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.25 Government grants

Grants from government are recognised at their fair value where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.26 Concession fee charges for advertising spaces

The Group enters into concession right agreements with media resources owners such as metro lines and airports, under which the Group obtains the right to use the media resources owners' spaces for the display of the advertisements. The concession rights agreements under which significant portion of the risks and rewards of ownership are retained by media resources owners are treated as operating lease arrangements.

The concession fees payable to media resources owners were typically comprised of a minimum guaranteed amount with yearly escalation and/or a percentage share of the revenue earned from the operations (the commission fees). The minimum guaranteed concession fees with yearly escalation are charged to profit or loss on a straight-line basis over the agreement periods and the commission fees were recognised in the period in which they are actually incurred.

2.27 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.28 Dividends distribution

Dividends distribution to the shareholders is recognised as a liability in the Financial Information in the period in which the dividend is approved by the shareholders or board of directors, where appropriate.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risk factors: market risk (including price risk, foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the board of directors.

(a) Market risk

(i) Foreign exchange risk

The Group operates in the PRC and Hong Kong. The Group's foreign exchange risk occur mainly due to the fact that the Group's Hong Kong subsidiaries have business activities denominated in foreign currencies, primarily with respect to United States dollars ("USD"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Group currently did not have a foreign currency hedge policy during the Relevant Periods.

As HKD has been pegged to USD, the directors of the Company are of the opinion that the foreign exchange exposure between USD and HKD is insignificant.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from interest-bearing short-term deposits and bank borrowings. Short-term deposits and bank borrowings issued at variable rates expose the Group to cash flow interest rate risk. Bank borrowings at fixed rates expose the Group to fair value interest rate risk.

Other than interest-bearing short-term deposits, the Group has no other significant interest-bearing assets. The directors of the Company do not anticipate there is any significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of short-term deposit are not expected to change significantly.

As at 31 December 2011, 2012 and 2013 and 30 June 2014, the Group's interest-bearing borrowings at variable rates and fixed rates were as follows:

	As at 31 December			**As at 30 June**
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Borrowings at fixed rate	45,839	26,167	114,731	123,466
Borrowings at floating rate . . .	17,873	39,159	11,130	36,994
	63,712	65,326	125,861	160,460

For the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, if the floating interest rate on borrowings had been higher/lower by 50 basis points with all other variables held constant, the post-tax profit would have changed mainly as a result of higher/lower interest expenses on floating rate borrowings. Details of changes are as follows:

	Year ended 31 December			Six months ended 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
(Decrease)/increase				
– 50 basis points higher	(67)	(147)	(42)	(139)
– 50 basis points lower	67	147	42	139

For the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, if the fixed interest rate on borrowings had been higher/lower by 50 basis points with all other variables held constant, the fair value of the borrowings would have changed mainly as a result of higher/lower interest expense on fixed rate borrowings. Details of changes are as follows:

	Year ended 31 December			Six months ended 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
(Decrease)/increase				
– 50 basis points higher	(146)	(17)	(86)	(382)
– 50 basis points lower	146	17	86	382

(iii) Price risk

The Group is exposed to price risk because of investments held by the Group, which are classified as financial assets at fair value through profit or loss or available-for-sale financial assets. The Group is not exposed to commodity price risk.

The sensitivity analysis is determined based on the exposure to price risk of the financial assets at fair value through profit or loss and available-for-sale financial assets at the end of each reporting period. If the fair values of the financial assets at fair value through profit or loss held by the Group had been 5% higher/lower, post-tax profit would be approximately HKD72,000, HKD103,000, HKD135,000, and HKD150,000 higher/lower, for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively. If the fair values of the available-for-sale financial assets held by the Group had been 5% higher/lower, the other comprehensive income would be approximately HKD413,000, HKD466,000, HKD446,000, and HKD459,000 higher/lower, for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, respectively.

(b) Credit risk

Credit risk mainly arises from short-term deposits, restricted cash, bank balances, trade and other receivables, financial assets at fair value through profit or loss and available-for-sale financial assets. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the combined balance sheets.

The credit risk of short-term deposits, restricted cash and bank balances is limited because the counterparties are state-owned or reputable commercial banks which are high-credit-quality financial institutions in the PRC and Hong Kong.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payment when due and current ability to pay, and take into account information specific to the customer. The Group does not obtain collateral from customers. In the opinion of the directors, the default risk is considered to be low.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

The credit risk on financial assets at fair value through profit or loss and available-for-sale financial assets is limited because the counterparties are reputable and creditworthy banks.

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate cash and cash equivalents.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
At 31 December 2011					
Borrowings (principal plus interest)	61,106	2,690	3,135	–	66,931
Trade and other payables (excluding advances received from customers and other taxes payable)	297,020	7,293	–	–	304,313
	358,126	9,983	3,135	–	371,244
At 31 December 2012					
Borrowings (principal plus interest)	53,997	4,248	6,320	7,486	72,051
Trade and other payables (excluding advances received from customers and other taxes payable)	340,434	15,400	–	–	355,834
	394,431	19,648	6,320	7,486	427,885
At 31 December 2013					
Borrowings (principal plus interest)	122,477	2,560	5,679	5,878	136,594
Trade and other payables (excluding advances received from customers and other taxes payable)	325,501	9,819	–	–	335,320
	447,978	12,379	5,679	5,878	471,914
At 30 June 2014					
Borrowings (principal plus interest)	135,126	9,981	17,754	4,205	167,066
Trade and other payables (excluding advances received from customers and other taxes payable)	341,171	4,547	–	–	345,718
	476,297	14,528	17,754	4,205	512,784

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the combined balance sheets) less cash and cash equivalents.

As the Group's cash and cash equivalents balances exceeded its borrowings balances at the end of each reporting period, the directors of the Company consider the Group's capital risk is low.

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value at 31 December 2011:

	Level 1	**Level 2**	**Level 3**	**Total**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Financial assets at fair value through profit or loss				
– Non-quoted investments in key-man life insurance policy	–	–	1,444	1,444
Available-for-sale financial assets				
– Non-quoted investments in certain bond funds	–	–	8,251	8,251
	–	–	9,695	9,695

The following table presents the Group's assets that are measured at fair value at 31 December 2012:

	Level 1	**Level 2**	**Level 3**	**Total**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Financial assets at fair value through profit or loss				
– Non-quoted investments in key-man life insurance policy	–	–	2,060	2,060
Available-for-sale financial assets				
– Non-quoted investments in certain bond funds	–	–	9,328	9,328
	–	–	11,388	11,388

The following table presents the Group's assets that are measured at fair value at 31 December 2013:

	Level 1	Level 2	Level 3	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Financial assets at fair value through profit or loss				
– Non-quoted investments in key-man life insurance policy	–	–	2,697	2,697
Available-for-sale financial assets				
– Non-quoted investments in certain bond funds	–	–	8,919	8,919
	–	–	11,616	11,616

The following table presents the Group's assets that are measured at fair value at 30 June 2014:

	Level 1	Level 2	Level 3	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Financial assets at fair value through profit or loss				
– Non-quoted investment in key-man life insurance policy	–	–	2,993	2,993
Available-for-sale financial assets				
– Non-quoted investments in certain bond funds	–	–	9,180	9,180
	–	–	12,173	12,173

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no significant transfers of financial assets between level 1 and level 3 fair value hierarchy classifications.

The following table presents the changes in level 3 instruments for the year ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014:

	Year ended 31 December			Six months ended 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Investment in key-man life insurance policy:				
At 1 January	845	1,444	2,060	2,697
Additions	587	587	587	206
Fair value gains on revaluation	12	29	50	90
At 31 December/30 June	1,444	2,060	2,697	2,993
Total gains or losses included in profit or loss for assets held at the end of the reporting period, under "Other (losses)/gains – net"	12	29	50	90

	Year ended 31 December			Six months ended 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Investments in certain bond funds:				
At 1 January	–	8,251	9,328	8,919
Additions	9,255	–	9,201	–
Disposals	–	–	(9,328)	–
Fair value (losses)/gains	(1,004)	1,077	(282)	261
At 31 December/30 June	8,251	9,328	8,919	9,180
Total gains or losses included in the other comprehensive income for assets held at the end of the reporting period	(1,004)	1,077	(282)	261

The carrying values less impairment provision of the current portion of receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments, unless the effect of discounting is immaterial. Details of the valuation technique and significant assumptions utilised in determining the fair value of financial assets at fair value through profit or loss and available-for-sale financial assets are set out in Note 9.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Provision for impairment of trade and other receivables

Impairment of trade and other receivables is made based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires management's judgment and estimates. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Where the actual outcome or further expectation is different from the original estimate, such differences will impact the carrying value of the receivables and the amount of doubtful debt expenses or write-back of provision for impairment of receivables in the period in which such estimate has been changed. Based on the Group's assessment on the collectability of trade and other receivables, impairment provision of approximately HKD4,136,000, HKD4,789,000, HKD7,202,000, and HKD8,214,000 was provided against them as at 31 December 2011, 2012 and 2013 and 30 June 2014, respectively.

(b) Current and deferred income taxes

The Group is subject to income taxes in several jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises deferred tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred tax assets mainly involved management's judgments and estimations about the timing and the amount of taxable profits of the companies which had tax losses.

(c) Consolidation of non-wholly-owned subsidiaries

The directors of the Company have assessed the level of control on the subsidiaries with non-controlling interests and considered that the Group has control over these subsidiaries based on the substantive power to direct the activities that significantly affect returns over these subsidiaries.

5. Segment information

The chief operating decision-maker has been identified as the executive directors of the Company. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The executive directors considered the business from product perspective, and determined that the Group has the following operating segments:

– Airport business – operation of advertising services in airports;

– Metro lines business – operation of advertising services in metro lines; and

– Billboards and building solutions – operation of advertising services on billboards and building solutions.

The chief operating decision-maker assesses the performance of the operating segments mainly based on revenue and gross profit of each operating segment. Substantially all of the businesses of the Group were carried out in the PRC and Hong Kong during the Relevant Periods. Selling and marketing expenses and administrative expenses are common costs incurred for the operating segments as a whole and therefore they are not included in the measure of the segments' performance which is used by the chief operating decision-maker as a basis for the purpose of resource allocation and assessment of segment performance. Other income, other (losses)/gains – net, finance costs – net and income tax expense are also not allocated to individual operating segment.

There were no segment assets and liabilities information provided to the chief operating decision maker.

The segment information for the operating segments during the Relevant Periods is as follows:

	Airport business	**Metro lines business**	**Billboards and building solutions**	**Others**	**Total**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Year ended 31 December 2011					
Revenue	418,320	143,288	129,557	26,371	717,536
Cost of revenue	(350,971)	(149,701)	(93,913)	(23,876)	(618,461)
Gross profit/(loss)	67,349	(6,413)	35,644	2,495	99,075
Selling and marketing expenses					(44,163)
Administrative expenses					(63,631)
Other income					5,696
Other losses – net					(547)
Operating loss					(3,570)
Finance income					733
Finance costs					(3,900)
Finance costs – net					(3,167)
Share of profit of investments in associates	3,137	–	–	–	3,137
Loss before income tax					(3,600)
Income tax expense					(9,803)
Loss for the year					(13,403)

	Airport business	Metro lines business	Billboards and building solutions	Others	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Year ended 31 December 2012					
Revenue	565,989	203,051	140,393	43,662	953,095
Cost of revenue	(413,114)	(180,398)	(100,081)	(35,576)	(729,169)
Gross profit	152,875	22,653	40,312	8,086	223,926
Selling and marketing expenses					(59,480)
Administrative expenses					(76,341)
Other income					7,126
Other gains – net					2,978
Operating profit					98,209
Finance income					1,334
Finance costs					(3,778)
Finance costs – net					(2,444)
Share of profit of investments in associates	1,485	–	–	–	1,485
Profit before income tax					97,250
Income tax expense					(25,448)
Profit for the year					71,802

	Airport business	Metro lines business	Billboards and building solutions	Others	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Year ended 31 December 2013					
Revenue	738,770	275,267	155,534	41,738	1,211,309
Cost of revenue	(489,955)	(207,059)	(113,048)	(36,702)	(846,764)
Gross profit	248,815	68,208	42,486	5,036	364,545
Selling and marketing expenses					(74,986)
Administrative expenses					(95,294)
Other income					8,025
Other gains – net					1,530
Operating profit					203,820
Finance income					5,792
Finance costs					(8,114)
Finance costs – net					(2,322)
Share of profit of investments in associates	3,122	–	–	–	3,122
Profit before income tax					204,620
Income tax expense					(37,817)
Profit for the year					166,803

(Unaudited)	Airport business	Metro lines business	Billboards and building solutions	Others	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Period ended 30 June 2013					
Revenue	360,118	116,384	65,313	18,109	559,924
Cost of revenue	(234,729)	(95,436)	(53,460)	(15,729)	(399,354)
Gross profit	125,389	20,948	11,853	2,380	160,570
Selling and marketing expenses					(30,217)
Administrative expenses					(40,576)
Other income					1,345
Other gains – net					362
Operating profit					91,484
Finance income					801
Finance costs					(3,861)
Finance costs – net					(3,060)
Share of profit of investments in associates	1,698	–	–	–	1,698
Profit before income tax					90,122
Income tax expense					(24,494)
Profit for the period					65,628

	Airport business	Metro lines business	Billboards and building solutions	Others	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Period ended 30 June 2014					
Revenue	338,347	141,530	78,757	53,459	612,093
Cost of revenue	(186,115)	(99,937)	(54,811)	(50,067)	(390,930)
Gross profit	152,232	41,593	23,946	3,392	221,163
Selling and marketing expenses					(33,919)
Administrative expenses					(66,823)
Other income					2,442
Other gains – net					898
Operating profit					123,761
Finance income					2,771
Finance costs					(4,272)
Finance costs – net					(1,501)
Share of loss of investments in associates	(7,949)	–	–	–	(7,949)
Profit before income tax					114,311
Income tax expense					(22,760)
Profit for the period					91,551

Revenue consists of the following:

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Analysis of revenue by category:					
Advertising display revenue	671,226	895,702	1,115,380	523,192	568,036
Advertising production, installation and dismantling revenue	46,310	57,393	95,929	36,732	44,057
	717,536	953,095	1,211,309	559,924	612,093

The geographical distribution of the Group's revenue during the Relevant Periods was as follows:

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Revenue from external customers:					
Mainland China	525,461	721,469	935,650	444,741	476,999
Hong Kong	192,075	231,626	275,659	115,183	135,094
	717,536	953,095	1,211,309	559,924	612,093

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during the Relevant Periods.

The Group's non-current assets other than financial instruments and deferred income tax assets were located in the PRC and Hong Kong at 31 December 2011, 2012 and 2013 and 30 June 2014 as follows:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Mainland China	68,410	107,122	138,256	125,652
Hong Kong	26,449	26,605	25,946	2,872
	94,859	133,727	164,202	128,524

6. Property, plant and equipment

	Advertising fixtures	Leasehold improvements	Motor vehicles	Furniture and office equipment	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
At 1 January 2011					
Cost	45,242	2,297	7,983	8,768	64,290
Accumulated depreciation	(12,851)	(1,212)	(3,884)	(5,407)	(23,354)
Net book amount	32,391	1,085	4,099	3,361	40,936
Year ended 31 December 2011					
Opening net book amount	32,391	1,085	4,099	3,361	40,936
Additions	23,674	685	1,023	1,662	27,044
Depreciation	(12,318)	(499)	(1,222)	(1,520)	(15,559)
Disposals	–	(148)	(45)	(139)	(332)
Currency translation differences	1,846	37	182	139	2,204
Closing net book amount	45,593	1,160	4,037	3,503	54,293
At 31 December 2011					
Cost	71,661	2,806	9,154	10,601	94,222
Accumulated depreciation	(26,068)	(1,646)	(5,117)	(7,098)	(39,929)
Net book amount	45,593	1,160	4,037	3,503	54,293
Year ended 31 December 2012					
Opening net book amount	45,593	1,160	4,037	3,503	54,293
Additions	24,733	283	1,007	1,948	27,971
Depreciation	(20,567)	(680)	(1,344)	(1,673)	(24,264)
Disposals	–	–	(334)	(28)	(362)
Currency translation differences	10	(2)	(4)	–	4
Closing net book amount	49,769	761	3,362	3,750	57,642
At 31 December 2012					
Cost	96,472	2,809	9,166	12,342	120,789
Accumulated depreciation	(46,703)	(2,048)	(5,804)	(8,592)	(63,147)
Net book amount	49,769	761	3,362	3,750	57,642
Year ended 31 December 2013					
Opening net book amount	49,769	761	3,362	3,750	57,642
Additions	30,735	702	692	3,436	35,565
Depreciation	(27,373)	(487)	(1,230)	(1,913)	(31,003)
Disposal of a subsidiary *(Note 34)*	–	–	–	(64)	(64)
Other disposals	–	–	–	(6)	(6)
Currency translation differences	1,606	15	75	178	1,874
Closing net book amount	54,737	991	2,899	5,381	64,008
At 31 December 2013					
Cost	130,682	3,581	10,128	16,108	160,499
Accumulated depreciation	(75,945)	(2,590)	(7,229)	(10,727)	(96,491)
Net book amount	54,737	991	2,899	5,381	64,008

	Advertising fixtures	Leasehold improvements	Motor vehicles	Furniture and office equipment	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Six months ended 30 June 2014					
Opening net book amount	54,737	991	2,899	5,381	64,008
Additions	3,031	653	278	2,108	6,070
Depreciation	(11,755)	(248)	(581)	(1,156)	(13,740)
Disposals	–	–	(4)	(30)	(34)
Currency translation differences	(501)	(6)	(19)	(44)	(570)
Closing net book amount	45,512	1,390	2,573	6,259	55,734
At 30 June 2014					
Cost	132,463	4,208	10,176	17,276	164,123
Accumulated depreciation	(86,951)	(2,818)	(7,603)	(11,017)	(108,389)
Net book amount	45,512	1,390	2,573	6,259	55,734

Depreciation charges were expensed in the following categories in the combined statements of comprehensive income:

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Cost of revenue	12,730	21,079	27,751	11,544	11,977
Administrative expenses	2,471	2,771	2,950	1,430	1,660
Selling and marketing expenses	358	414	302	198	103
	15,559	24,264	31,003	13,172	13,740

7. Investment properties

	Office units
	HKD'000
At 1 January 2011	
Cost	1,828
Accumulated depreciation	(753)
Net book amount	1,075
Year ended 31 December 2011	
Opening net book amount	1,075
Depreciation	(89)
Currency translation differences	52
Closing net book amount	1,038
At 31 December 2011	
Cost	1,919
Accumulated depreciation	(881)
Net book amount	1,038

	Office units
	HKD'000
Year ended 31 December 2012	
Opening net book amount	1,038
Depreciation	(91)
Currency translation differences	–
Closing net book amount	947
At 31 December 2012	
Cost	1,919
Accumulated depreciation	(972)
Net book amount	947
Year ended 31 December 2013	
Opening net book amount	947
Depreciation	(93)
Currency translation differences	28
Closing net book amount	882
At 31 December 2013	
Cost	1,979
Accumulated depreciation	(1,097)
Net book amount	882
Six months ended 30 June 2014	
Opening net book amount	882
Depreciation	(47)
Currency translation differences	(8)
Closing net book amount	827
At 30 June 2014	
Cost	1,960
Accumulated depreciation	(1,133)
Net book amount	827

Depreciation charges were expensed in administrative expenses during the Relevant Periods.

As at 31 December 2011, 2012 and 2013 and 30 June 2014, investment properties of HKD1,038,000, HKD947,000, HKD882,000 and HKD827,000 have been pledged as security for bank borrowings of HKD38,239,000, HKD20,967,000, HKD26,711,000, and HKD26,457,000, respectively (Note 21).

(a) Amounts recognised in profit or loss for investment properties

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Rental income from investment properties *(Note 27)*	288	270	170	85	86
Direct operating expenses arising from investment properties that generate rental income	(89)	(91)	(93)	(46)	(47)
	199	179	77	39	39

As at 31 December 2011, 2012 and 2013 and 30 June 2014, the Group had no un-provided contractual obligations for future repairs and maintenance.

(b) Leasing arrangements

The investment properties are located in the PRC and leased to tenants under operating leases of approximately 1 to 5 years with rental payable monthly. Minimum lease payments under non-cancellable operating leases of investment properties are receivable as follows:

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Within one year	178	178	107	181
Later than one year but not later than 5 years	237	104	–	197
	415	282	107	378

(c) Fair value of investment properties

The fair value of the Group's investment properties was approximately RMB4,452,000, RMB5,173,000, RMB4,883,000, and HKD4,935,000 as at 31 December 2011, 2012, 2013 and 30 June 2014, respectively, as determined by the directors of the Company with reference to the valuation performed by Beijing Zhong Tian Hua Asset Appraisal Company Limited (北京中天華資產評估有限責任公司), an independent qualified professional valuer. Valuation was performed using the direct comparison method on the assumption that the property can be sold in its existing state subject to existing tenancies or otherwise with the benefit of vacant possession and making references to comparable sales transactions as available in the relevant market. The fair value measurement of the investment properties is categorised within level 3 of the fair value hierarchy.

8. Intangible assets

	Concession rights contract	Computer software	Total
	HKD'000	*HKD'000*	*HKD'000*
At 1 January 2011			
Cost	9,220	717	9,937
Accumulated amortisation	(6,147)	(606)	(6,753)
Net book amount	3,073	111	3,184
Year ended 31 December 2011			
Opening net book amount	3,073	111	3,184
Amortisation	(2,106)	(70)	(2,176)
Currency translation differences	108	4	112
Closing net book amount	1,075	45	1,120
At 31 December 2011			
Cost	9,677	753	10,430
Accumulated amortisation	(8,602)	(708)	(9,310)
Net book amount	1,075	45	1,120
Year ended 31 December 2012			
Opening net book amount	1,075	45	1,120
Amortisation	(1,068)	(7)	(1,075)
Currency translation differences	(7)	–	(7)
Closing net book amount	–	38	38
At 31 December 2012			
Cost	–	753	753
Accumulated amortisation	–	(715)	(715)
Net book amount	–	38	38
Year ended 31 December 2013			
Opening net book amount	–	38	38
Additions	–	1,153	1,153
Amortisation	–	(155)	(155)
Currency translation differences	–	16	16
Closing net book amount	–	1,052	1,052
At 31 December 2013			
Cost	–	1,946	1,946
Accumulated amortisation	–	(894)	(894)
Net book amount	–	1,052	1,052

	Concession rights contract	Computer software	Total
	HKD'000	*HKD'000*	*HKD'000*
Six months ended 30 June 2014			
Opening net book amount	–	1,052	1,052
Amortisation	–	(130)	(130)
Currency translation differences	–	(10)	(10)
Closing net book amount	–	912	912
At 30 June 2014			
Cost	–	1,928	1,928
Accumulated amortisation	–	(1,016)	(1,016)
Net book amount	–	912	912

Amortisation charges were expensed in the following categories in the combined statements of comprehensive income:

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Cost of revenue	2,106	1,068	–	–	–
Administrative expenses	70	7	155	26	130
	2,176	1,075	155	26	130

9. Financial assets at fair value through profit or loss and available-for-sale financial assets

(a) Financial assets at fair value through profit or loss

	Year ended 31 December			Six months ended 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
At beginning of the year/period	845	1,444	2,060	2,697
Additions	587	587	587	206
Fair value gains recognised in profit or loss *(Note 28)*	12	29	50	90
At end of the year/period, all non-current and unlisted	1,444	2,060	2,697	2,993

The financial assets at fair value through profit or loss represented two key-man life insurance policies. The Group is the beneficiary of the insurance policies. The insurance policies were pledged to the bank as securities for certain facilities granted to the Group. The investments in key-man life insurance policies were designated as financial assets at fair value through profit or loss at inception. Changes in fair values of financial assets at fair value through profit or loss are recorded in 'other (loss)/gains – net' in the statement of comprehensive income.

Discounted cash flow ("DCF") model was applied to determine the fair value of the investments in key-man life insurance policies. The significant assumptions and inputs used in the DCF model were as follows:

Mortality rate: 66%; and
Discount rate: 3.53% to 3.78%.

(b) Available-for-sale financial assets

	Year ended 31 December			Six months ended 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
At beginning of the year/period	–	8,251	9,328	8,919
Additions	9,255	–	9,201	–
Disposals	–	–	(9,328)	–
Fair value (losses)/gains	(1,004)	1,077	(282)	261
At end of the year/period, all non-current and unlisted	8,251	9,328	8,919	9,180

The available-for-sale financial assets represented certain unquoted bond funds. The fair values of these traded investments are based on the statements provided by the bank. The bond funds were pledged to the bank as securities for certain facilities granted to the Group. The directors of the Company believe that the estimated fair values based on the statements provided by the bank are reasonable, and that they are the most appropriate values at the end of each reporting period.

Financial assets at fair value through profit or loss and available-for-sale financial assets are denominated in HKD.

The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets at fair value through profit or loss and available-for-sale financial assets.

10. Financial instruments by category

	Loans and receivables	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Assets per balance sheet				
At 31 December 2011				
Trade and other receivables excluding prepaid taxes and other prepayments	125,657	–	–	125,657
Financial assets at fair value through profit or loss	–	1,444	–	1,444
Available-for-sale financial assets	–	–	8,251	8,251
Restricted cash	3,587	–	–	3,587
Short-term deposits	10,657	–	–	10,657
Cash and cash equivalents	164,190	–	–	164,190
	304,091	1,444	8,251	313,786
At 31 December 2012				
Trade and other receivables excluding prepaid taxes and other prepayments	209,907	–	–	209,907
Financial assets at fair value through profit or loss	–	2,060	–	2,060
Available-for-sale financial assets	–	–	9,328	9,328
Restricted cash	27,082	–	–	27,082
Short-term deposits	11,025	–	–	11,025
Cash and cash equivalents	164,099	–	–	164,099
	412,113	2,060	9,328	423,501

	Loans and receivables	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
At 31 December 2013				
Trade and other receivables excluding prepaid taxes and other prepayments	280,335	–	–	280,335
Financial assets at fair value through profit or loss	–	2,697	–	2,697
Available-for-sale financial assets	–	–	8,919	8,919
Restricted cash	11,043	–	–	11,043
Short-term deposits	119,473	–	–	119,473
Cash and cash equivalents	200,548	–	–	200,548
	611,399	2,697	8,919	623,015
At 30 June 2014				
Trade and other receivables excluding prepaid taxes and other prepayments	350,001	–	–	350,001
Financial assets at fair value through profit or loss	–	2,993	–	2,993
Available-for-sale financial assets	–	–	9,180	9,180
Restricted cash	66,181	–	–	66,181
Short-term deposits	118,300	–	–	118,300
Cash and cash equivalents	202,000	–	–	202,000
	736,482	2,993	9,180	748,655

	Liabilities at amortised cost
	HKD'000
Liabilities per balance sheet	
At 31 December 2011	
Borrowings	63,712
Trade and other payables excluding advance received from customers and other taxes payable	304,313
	368,025
At 31 December 2012	
Borrowings	65,326
Trade and other payables excluding advance received from customers and other taxes payable	355,834
	421,160
At 31 December 2013	
Borrowings	125,861
Trade and other payables excluding advance received from customers and other taxes payable	335,320
	461,181
At 30 June 2014	
Borrowings	160,460
Trade and other payables excluding advance received from customers and other taxes payable	345,718
	506,178

11. Investments in associates

	Year ended 31 December			Six months ended 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
At beginning of the year/period	32,991	37,831	44,249	66,444
Capital injections	–	4,933	17,494	514
Share of profit/(loss)	3,137	1,485	3,122	(7,949)
Transfer to assets held for sale *(Note 18)*	–	–	–	(19,389)
Currency translation differences	1,703	–	1,579	(83)
At end of the year/period	37,831	44,249	66,444	39,537

Set out below are the associates of the Group as at 31 December 2011, 2012 and 2013 and 30 June 2014. The associates as listed below are held directly by the Group, their country of incorporation is also their principal place of business.

Name of entity	Date of incorporation	Place of business/ country of incorporation	% of ownership interest 31 December 2011	2012	2013	30 June 2014	Nature of business
Fujian Zhaoxiang Asiaray Advertising Company Limited (福建兆翔雅仕維聯合廣告有限公司) ("Fujian Zhaoxiang Asiaray")	29 April 2006	The PRC	49%	49%	49%	49%	Development and operations of out-of-home advertising media
Guangxi Top Source Media Company Limited (廣西頂源傳媒責任有限公司) ("Guangxi Top Source")	20 June 2012	The PRC	NA	40%	40%	40%	Development and operations of out-of-home advertising media
Shenzhen Airport Asiaray Media Company Limited (深圳機場雅仕維傳媒有限公司) ("Shenzhen Airport Asiaray")	29 September 2013	The PRC	NA	NA	49%	49%	Development and operations of out-of-home advertising media

These associates are strategic partners of the Group, providing access to new customers and markets in different cities in PRC.

All of the associates are private companies and there are no market values available for the associates. There are no significant contingent liabilities relating to the Group's interests in the associates and there are no significant restrictions on the transfer of assets or earnings from the associates to the Group.

The English names of the above associates referred to above represented the best efforts by management of the Company in translating their Chinese names, as they do not have official English names.

In the opinion of the directors, Fujian Zhaoxiang Asiaray and Shenzhen Airport Asiaray are material to the Group, while Guangxi Top Source is immaterial to the Group.

Summarised financial information for Fujian Zhaoxiang Asiaray:

Summarised balance sheet

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Current				
Assets	89,076	115,253	131,402	122,311
Liabilities	(68,567)	(81,455)	(79,199)	(72,748)
Total current net assets	20,509	33,798	52,203	49,563
Non-current				
Assets	54,588	51,081	47,476	47,864
Liabilities	(12,561)	(11,593)	(10,960)	(10,362)
Total non-current net assets	42,027	39,488	36,516	37,502
Net assets	62,536	73,286	88,719	87,065

Summarised statement of comprehensive income

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Revenue	94,034	118,742	139,483	123,940	102,964
Profit/(loss) and total comprehensive income/(loss) for the year/period	6,403	10,721	12,948	5,838	(812)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in Fujian Zhaoxiang Asiaray is as follows:

	Year ended/As at 31 December			Six months ended/As at 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Net assets at beginning of the year/period	53,340	62,536	73,286	88,719
Profit/(loss) for the year/period	6,403	10,721	12,948	(812)
Currency translation differences	2,793	29	2,485	(842)
Closing net assets	62,536	73,286	88,719	87,065
Interest in the associate (49%)	30,642	35,910	43,472	42,662
Goodwill	7,189	7,187	7,411	7,342
Transfer to assets held for sale *(Note 18)*	–	–	–	(19,389)
Carrying value	37,831	43,097	50,883	30,615

Summarised financial information for Shenzhen Airport Asiaray:

Summarised balance sheet

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Current				
Assets	–	–	70,998	156,381
Liabilities	–	–	(41,516)	(148,721)
Total current net assets	–	–	29,482	7,660
Non-current				
Assets	–	–	3,371	10,549
Liabilities	–	–	–	–
Total non-current net assets	–	–	3,371	10,549
Net assets	–	–	32,853	18,209

Summarised statement of comprehensive income

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Revenue	–	–	15,277	–	169,122
Loss and total comprehensive loss for the year/period	–	–	(4,188)	–	(15,411)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in Shenzhen Airport Asiaray is as follows:

	Year ended/As at 31 December			Six months ended/As at 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Net assets at beginning of the year/period	–	–	–	32,853
Loss for the year/period	–	–	(4,188)	(15,411)
Capital injection			36,791	1,048
Currency translation differences	–	–	250	(281)
Closing net assets	–	–	32,853	18,209
Interest in the associate (49%)	–	–	15,561	8,922
Carrying value	–	–	15,561	8,922

Summarised financial information for Guangxi Top Source is as follows:

	As at/Year ended 31 December			As at/Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Carrying amount in the Financial Information	–	1,152	–	–	–
Revenue	–	8,260	24,320	10,014	13,163
Share of loss and total comprehensive loss	–	(3,768)	(1,171)	(1,163)	–

The carrying amount of the investment in Guangxi Top Source was reduced to nil as at 31 December 2013 and 30 June 2014 as the Group's share of loss had exceeded its interest in Guangxi Top Source. Share of loss HKD5,606,000 and HKD2,462,000 was not recognised for the year ended 31 December 2013 and the six months ended 30 June 2014.

12. Subsidiaries with material non-controlling interests

The subsidiaries of the Group are disclosed in Note 1.2 of the Financial Information.

All subsidiaries are included in the combination. The proportion of the voting rights in the subsidiaries held directly by the parent company does not differ from the proportion of equity interests held.

The non-controlling interests of HKD18,920,000, HKD24,704,000, HKD61,932,000 and HKD71,223,000 as at 31 December 2011, 2012 and 2013 and 30 June 2014 was relating to the non-controlling interest in Yunnan Airport Asiaray.

The non-controlling interests with deficit balance of HKD8,102,000, HKD8,272,000, HKD6,885,000 and HKD1,607,000 as at 31 December 2011, 2012 and 2013 and 30 June 2014 was relating to the non-controlling interest in Henan Airport Asiaray.

As the Group has the power to control the financial and operating policies of the above two subsidiaries, they are accounted for as subsidiaries of the Group.

Significant restrictions

Cash and short-term deposits of HKD33,194,000, HKD107,203,000, HKD172,571,000 and HKD198,065,000 were held in mainland China as at 31 December 2011, 2012 and 2013 and 30 June 2014, respectively, and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

Summarised financial information for subsidiaries with material non-controlling interests

(i) Set out below are the summarised financial information of Yunnan Airport Asiaray:

Summarised balance sheet

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Current				
Assets	45,916	125,287	215,678	274,204
Liabilities	(33,583)	(105,100)	(118,044)	(153,864)
Total net current assets	12,333	20,187	97,634	120,340
Non-current				
Assets	26,441	30,229	28,758	25,013
Liabilities	(161)	–	–	–
Total net non-current assets	26,280	30,229	28,758	25,013
Net assets	38,613	50,416	126,392	145,353

Summarised statement of comprehensive income

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Revenue	61,977	139,262	262,641	121,850	131,831
Profit before income tax	13,404	28,385	86,477	42,908	53,519
Income tax expense	(2,581)	(4,325)	(13,170)	(6,453)	(8,058)
Profit from continuing operations	10,823	24,060	73,307	36,455	45,461
Other comprehensive income/(loss)	1,532	78	2,669	1,208	(1,247)
Total comprehensive income	12,355	24,138	75,976	37,663	44,214
Total comprehensive income allocated to non-controlling interests	6,054	11,827	37,228	18,455	21,665
Dividend payable to non-controlling interests	–	6,043	–	–	12,374

Summarised statement of cash flows

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Cash flows from operating activities					
Cash (used in)/ generated from operations	(1,198)	97,102	82,684	31,822	63,881
Income tax paid	(1,166)	(1,979)	(1,166)	(5,770)	(16,251)
Net cash (used in)/ generated from operating activities	(2,364)	95,123	81,518	26,052	47,630
Net cash used in investing activities	(209)	(25,539)	(7,655)	(5,121)	(114,058)
Net cash used in financing activities	–	–	(12,079)	(12,965)	(25,885)
Net (decrease)/ increase in cash and cash equivalents	(2,573)	69,584	61,784	7,966	(92,313)
Cash and cash equivalents at beginning of the year/period	23,791	22,343	93,393	93,393	161,376
Exchange gains/(losses) on cash and cash equivalents	1,125	1,466	6,199	1,732	(1,582)
Cash and cash equivalents at the end of the year/period	22,343	93,393	161,376	103,091	67,481

(ii) Set out below are the summarised financial information of Henan Airport Asiaray:

Summarised balance sheet

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Current				
Assets	13,270	20,775	16,215	28,115
Liabilities	(44,760)	(70,941)	(68,127)	(64,297)
Total net current assets	(31,490)	(50,166)	(51,912)	(36,182)
Non-current				
Assets	14,956	44,076	47,718	42,036
Liabilities	–	(10,792)	(9,858)	(9,134)
Total net non-current assets	14,956	33,284	37,860	32,902
Deficit on net assets	(16,534)	(16,882)	(14,052)	(3,280)

Summarised statement of comprehensive income

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Revenue	65,362	85,322	102,132	48,266	55,071
(Loss)/profit before income tax	(1,291)	1,281	4,580	12,443	14,253
Income tax credit/(expense)	223	(491)	(1,271)	(3,164)	(3,591)
(Loss)/profit from continuing operations	(1,068)	790	3,309	9,279	10,662
Other comprehensive (loss)/income	(752)	1	(479)	(222)	110
Total comprehensive (loss)/income	(1,820)	791	2,830	9,057	10,772
Total comprehensive (loss)/income allocated to non-controlling interests	(892)	388	1,387	4,437	5,278
Dividend paid to non-controlling interests	–	558	–	–	–

Summarised statement of cash flows

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Cash flows from operating activities					
Cash generated from operations	2,380	24,133	4,271	9,368	7,355
Interest paid	–	(235)	(882)	(467)	(424)
Income tax paid	(381)	(380)	(466)	(444)	(369)
Net cash generated from operating activities	1,999	23,518	2,923	8,457	6,562
Net cash (used in)/ generated from investing activities	(1,533)	(31,211)	(4,608)	(2,958)	211
Net cash generated from/(used in) financing activities	–	10,593	(1,208)	(622)	(631)
Net increase/ (decrease) in cash and cash equivalents	466	2,900	(2,893)	4,877	6,142
Cash and cash equivalents at beginning of the year/period	9,886	10,851	13,810	13,810	11,195
Exchange gains/(losses) on cash and cash equivalents	499	59	278	287	(120)
Cash and cash equivalents at the end of the year/period	10,851	13,810	11,195	18,974	17,217

13. Deferred income tax

The analysis of deferred income tax assets and liabilities is as follows:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Deferred income tax assets:				
– to be recovered within 12 months	35,984	35,329	41,623	38,357
– to be recovered after 12 months	6,969	3,626	1,756	4,199
	42,953	38,955	43,379	42,556
Deferred income tax liabilities:				
– to be settled within 12 months	(161)	(20)	–	(75)
	42,792	38,935	43,379	42,481

The net movement on the deferred income tax account is as follows:

	Year ended 31 December			Six months ended 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Beginning of the year/period	36,373	42,792	38,935	43,379
Recognised in profit or loss *(Note 30)*	4,451	(3,664)	3,324	(433)
Credited/(charged) to other comprehensive income	166	(178)	47	(43)
Disposal of a subsidiary *(Note 34)*	–	–	(185)	–
Currency translation differences	1,802	(15)	1,258	(422)
End of the year/period	42,792	38,935	43,379	42,481

Movement in deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Deferred income tax assets:

	Accruals	Provision for impairment of receivables	Tax losses	Depreciation allowance	Fair value change on available-for-sale financial assets	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Year ended 31 December 2011						
At beginning of the year	26,715	759	9,289	8	66	36,837
Credited/(charged) to profit or loss	6,683	132	(2,635)	(45)	–	4,135
Credited to other comprehensive income	–	–	–	–	163	163
Currency translation differences	1,463	40	315	–	–	1,818
At end of the year	34,861	931	6,969	(37)	229	42,953
Year ended 31 December 2012						
At beginning of the year	34,861	931	6,969	(37)	229	42,953
(Charged)/credited to profit or loss	(753)	210	(3,340)	58	–	(3,825)
Charged to other comprehensive income	–	–	–	–	(158)	(158)
Currency translation differences	(13)	1	(3)	–	–	(15)
At end of the year	34,095	1,142	3,626	21	71	38,955

	Accruals	Provision for impairment of receivables	Tax losses	Depreciation allowance	Fair value change on available-for-sale financial assets	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
Year ended 31 December 2013						
At beginning of the year	34,095	1,142	3,626	21	71	38,955
Credited/(charged) to profit or loss	4,651	449	(1,761)	(15)	–	3,324
Credited to other comprehensive income	–	–	–	–	27	27
Disposal of a subsidiary *(Note 34)*	–	–	(185)	–	–	(185)
Currency translation differences	1,140	42	76	–	–	1,258
At end of the year	39,886	1,633	1,756	6	98	43,379
Six months ended 30 June 2014						
At beginning of the period	39,886	1,633	1,756	6	98	43,379
(Charged)/credited to profit or loss	(3,065)	236	2,476	(6)	(9)	(368)
Charged to other comprehensive income	–	–	–	–	(33)	(33)
Currency translation differences	(373)	(16)	(33)	–	–	(422)
At end of the period	36,448	1,853	4,199	–	56	42,556

The Group did not recognise deferred income tax assets of HKD6,118,000, HKD12,945,000, HKD16,368,000 and HKD15,430,000 in respect of tax losses amounting to HKD29,774,000, HKD56,975,000, HKD70,823,000 and HKD66,975,000 that can be carried forward against future taxable income as at 31 December 2011, 2012 and 2013 and 30 June 2014.

The Group did not recognise deferred income tax assets of HKD19,525,000, HKD19,831,000, HKD11,960,000 and HKD7,033,000 in respect of other deductible temporary differences amounting to HKD78,100,000, HKD79,323,000, HKD47,842,000 and HKD28,130,000 that can be carried forward against future taxable income as at 31 December 2011, 2012 and 2013 and 30 June 2014, respectively.

The expiry date of the tax losses for which deferred tax assets were not recognised is as follows:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Expire within 1 year	167	–	981	1,692
Expire in 1 to 2 years	–	981	3,450	4,428
Expire in 2 to 3 years	981	3,799	8,010	27,040
Expire in 3 to 4 years	3,799	8,010	27,040	14,491
Expire in 4 to 5 years	8,010	27,040	14,491	1,233
Over 5 years and not subject to expiration	16,817	17,145	16,851	18,091
	29,774	56,975	70,823	66,975

Deferred income tax liabilities:

	Depreciation allowance	Fair value gains on business combination	Fair value gains on available-for-sale financial assets	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Year ended 31 December 2011				
At beginning of the year	–	(461)	(3)	(464)
Credited to profit or loss	–	316	–	316
Credited to other comprehensive income	–	–	3	3
Currency translation difference	–	(16)	–	(16)
At end of the year	–	(161)	–	(161)
Year ended 31 December 2012				
At beginning of the year	–	(161)	–	(161)
Credited to profit or loss	–	161	–	161
Charged to other comprehensive income	–	–	(20)	(20)
At end of the year	–	–	(20)	(20)
Year ended 31 December 2013				
At beginning of the year	–	–	(20)	(20)
Credited to other comprehensive income	–	–	20	20
At end of the year	–	–	–	–
Six months ended 30 June 2014				
At beginning of the period	–	–	–	–
Charged to profit or loss	(65)	–	–	(65)
Charged to other comprehensive income	–	–	(10)	(10)
At end of the period	(65)	–	(10)	(75)

14. Other non-current assets

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Prepayments for purchase of certain properties *(a)*	577	30,851	31,816	31,514

(a) It represented the prepayments for the purchase of certain office units under mortgage financing arrangement by Henan Airport Asiaray for self-use, the ownership title of these office units have been pledged as security for the related mortgage borrowings of HKD12,025,000, HKD11,130,000 and HKD10,394,000 as at 31 December 2012, 2013 and 30 June 2014 respectively (Note 21). These office units were subsequently delivered to the Group in August 2014.

15. Trade and other receivables

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Trade receivables *(a, b, f)*	72,853	122,245	178,195	240,706
– Due from related parties *(Note 35(b))*	–	–	187	–
– Due from third parties	72,853	122,245	178,008	240,706
Less: allowance for impairment of trade receivables *(b)*	(2,019)	(3,792)	(6,172)	(7,196)
Trade receivables, net	70,834	118,453	172,023	233,510
Other receivables *(c, d, f)*	56,940	92,451	107,386	114,107
– Due from related parties *(Note 35(b))*	24,189	32,192	61,862	63,656
– Due from third parties	32,751	60,259	45,524	50,451
Less: allowance for impairment of other receivables *(d)*	(2,117)	(997)	(1,030)	(1,018)
Other receivables, net	54,823	91,454	106,356	113,089
Interest receivable	–	–	1,956	3,402
Prepaid taxes	6,678	4,462	3,118	5,803
Other prepayments *(e)*	39,503	26,306	22,326	37,177
– Paid to related parties *(Note 35(b))*	1,674	3,553	1,319	429
– Paid to third parties	37,829	22,753	21,007	36,748
	171,838	240,675	305,779	392,981

(a) The Group has no specified credit terms for its customers. Ageing analysis of the gross trade receivables based on revenue recognition date at the respective balance sheet dates is as follows:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Up to 6 months	59,955	106,006	153,756	187,881
6 months to 12 months	7,389	6,272	8,454	34,475
1 year to 2 years	3,279	5,500	11,439	12,499
2 years to 3 years	887	2,283	557	1,814
Over 3 years	1,343	2,184	3,989	4,037
	72,853	122,245	178,195	240,706

As at 31 December 2011, 2012 and 2013 and 30 June 2014, trade receivables past due but not impaired were approximately HKD59,955,000, HKD106,006,000, HKD153,756,000 and HKD187,881,000 respectively. These mainly relate to a number of independent customers for whom there were no significant financial difficulties and based on the past experience, the overdue amount can be recovered. The ageing analysis of these trade receivables was as follows:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Up to 6 months	59,955	106,006	153,756	187,881

As at 31 December 2011, 2012 and 2013 and 30 June 2014, trade receivables of HKD12,898,000, HKD16,239,000, HKD24,439,000 and HKD52,825,000 were impaired. The amount of the provision were HKD2,019,000, HKD3,792,000, HKD6,172,000 and HKD7,196,000 as of 31 December 2011, 2012 and 2013 and 30 June 2014. The ageing of these receivables is as follows:

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
6 months to 12 months	7,389	6,272	8,454	34,475
1 year to 2 years	3,279	5,500	11,439	12,499
2 years to 3 years	887	2,283	557	1,814
Over 3 years	1,343	2,184	3,989	4,037
	12,898	16,239	24,439	52,825

(b) Movements on the Group's provision for impairment of trade receivables are as follows:

	Year ended 31 December			Six months ended 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
At beginning of the year/period	1,060	2,019	3,792	6,172
Provision for impairment	935	2,013	2,311	1,166
Provision written off	(59)	(242)	–	–
Translation differences	83	2	69	(142)
At end of the year/period	2,019	3,792	6,172	7,196

The provision for impaired receivables had been included in "administrative expenses" in the combined statements of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

(c) Other receivables mainly represent guaranteed deposits paid to various media resources owners and amounts due from certain related parties. As at 31 December 2011, 2012 and 2013 and 30 June 2014, other receivables past due but not impaired were approximately HKD24,189,000, HKD32,192,000, HKD61,862,000 and HKD63,656,000, respectively. These mainly relate to certain related companies for whom there were no significant financial difficulties and based on the past experience, the overdue amount can be recovered. The ageing analysis of these other receivables was as follows:

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
180 days or less	7,798	11,261	34,033	56,482
Over 180 days	16,391	20,931	27,829	7,174
	24,189	32,192	61,862	63,656

As at 31 December 2011, 2012 and 2013 and 30 June 2014, other receivables of HKD12,938,000, HKD18,967,000, HKD15,748,000 and HKD2,486,000 were impaired. The amount of the provision were HKD2,117,000, HKD997,000, HKD1,030,000 and HKD1,018,000 as of 31 December 2011, 2012 and 2013 and 30 June 2014. The ageing of these receivables is as follows:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
180 days or less	5,137	9,166	4,773	1,238
Over 180 days	7,801	9,801	10,975	1,248
	12,938	18,967	15,748	2,486

(d) Movements on the Group's provision for impairment of other receivables are as follows:

	Year ended 31 December			Six months ended 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
At beginning of the year/period	2,136	2,117	997	1,030
(Reversal of provision)/provision for impairment	(122)	(607)	2	(3)
Provision written off	–	(509)	–	–
Translation differences	103	(4)	31	(9)
At end of the year/period	2,117	997	1,030	1,018

The provision and reversal of provision for impaired other receivables have been included in "administrative expenses" in the combined statements of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

(e) Analysis of other prepayments is as follows:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Prepayments for concession fee charges for advertising spaces	37,978	24,297	19,601	26,941
Prepaid listing-related expenses	–	–	636	6,603
Others	1,525	2,009	2,089	3,633
	39,503	26,306	22,326	37,177

(f) The carrying amount of the Group's trade and other receivables are denominated in the following currencies:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
RMB	109,728	171,858	201,876	296,700
HKD	62,110	68,817	103,903	96,281
	171,838	240,675	305,779	392,981

16. Short-term deposits

The effective interest rate for the short-term deposits of the Group with initial terms ranging from 6 months to 1 year for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 was 3.40%, 3.30%, 3.17% and 3.19% respectively.

The Group's short-term deposits were denominated in RMB.

Short-term deposits were neither past due nor impaired. The directors of the Company considered that the carrying amount of the short-term deposits approximated their fair value as at 31 December 2011, 2012 and 2013 and 30 June 2014.

17. Cash and cash equivalents

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Cash at bank and on hand	167,777	191,181	211,591	268,181
Less: Restricted cash *(b)*	(3,587)	(27,082)	(11,043)	(66,181)
Cash and cash equivalents *(a)*	164,190	164,099	200,548	202,000

(a) Cash and cash equivalents were denominated in the following currencies:

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
RMB	129,019	133,923	176,680	178,629
HKD	27,929	23,027	23,867	23,370
United States dollar	101	4	–	–
New Taiwan dollar	7,141	7,145	1	1
	164,190	164,099	200,548	202,000

(b) Restricted cash was denominated in RMB. An analysis of restricted cash is as follows:

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Guaranteed deposits for letter of guarantee issued by certain banks	3,587	27,082	11,043	66,181

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

18. Assets held for sale

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Transferred from investment in an associate *(Note 11)*	–	–	–	19,389

On 3 June 2014, the Group entered into a supplemental agreement with Xiamen Iport Group Co., Ltd. ("Xiamen Iport", 廈門翔業集團有限公司), the controlling shareholder of Fujian Zhaoxiang Asiaray. Pursuant to the supplemental agreement, the Group will sell its 19% equity interest in Fujian Zhaoxiang Asiaray to Xiamen Iport at a consideration of approximately RMB10,857,000 and the Group is entitled to 49% of the retained earnings of Fujian Zhaoxiang Asiaray as at 30 June 2014 to be declared as dividends. The 19% equity interest in Fujian Zhaoxiang Asiaray to be sold was classified as assets held for sale as at 30 June 2014. Subsequent to 30 June 2014, the Group entered into a formal equity transfer agreement with Xiamen Iport in October 2014 and the above transaction has been completed as of the date of this report, which resulted in a gain of approximately HKD1.8 million.

19. Combined capital

Combined capital during the Relevant Periods represented the combined share/paid-in capital of the companies now comprising the Group after elimination of inter-company investment.

Authorised and issued share capital

The Company was incorporated in the Cayman Islands on 20 May 2014 with authorised and issued share capital of HKD50,000 divided into 500,000 share of HKD0.10 each. On 25 August 2014, the authorised share capital of the Company was increased from HKD50,000 divided into 500,000 shares to HKD100,000,000 divided into 1,000,000,000 shares by the creation of an additional 999,500,000 shares.

As disclosed in Note 1.2 above, the Company allotted and issued a total of 329,500,000 shares on 25 August 2014 and accordingly, the issued share capital of the Company as at 25 August 2014 and the date of this report was increased from HKD50,000 divided into 500,000 shares to HKD33,000,000 divided into 330,000,000 shares.

20. Reserves

	Translation reserve	Available-for-sale financial assets revaluation reserve	Other reserves	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Balance at 1 January 2011	7,466	(3)	–	7,463
Change in ownership interest of a subsidiary without change of control *(a)*	–	–	(965)	(965)
Fair value losses on available-for-sale financial assets, net of tax	–	(838)	–	(838)
Currency translation differences	(497)	–	–	(497)
Balance at 31 December 2011	6,969	(841)	(965)	5,163
Fair value gains on available-for-sale financial assets, net of tax	–	899	–	899
Currency translation differences	175	–	–	175
Balance at 31 December 2012	7,144	58	(965)	6,237
Fair value losses on available-for-sale financial assets, net of tax	–	(235)	–	(235)
Reclassification of changes in fair value of available-for-sale financial assets to profit or loss upon disposal net of tax	–	(61)	–	(61)
Currency translation differences	95	–	–	95
Reclassification of currency translation differences to profit or loss upon disposal of a subsidiary *(Note 34)*	(382)	–	–	(382)
Balance at 31 December 2013	6,857	(238)	(965)	5,654
Balance at 1 January 2013	7,144	58	(965)	6,237
Fair value losses on available-for-sale financial assets, net of tax	–	(327)	–	(327)
Reclassification of changes in fair value of available-for-sale financial assets to profit or loss upon disposal net of tax	–	(61)	–	(61)
Currency translation differences	547	–	–	547
Balance at 30 June 2013	7,691	(330)	(965)	6,396
Balance at 1 January 2014	6,857	(238)	(965)	5,654
Change in ownership interest of a subsidiary without change of control *(b)*	–	–	7,264	7,264
Fair value losses on available-for-sale financial assets, net of tax	–	218	–	218
Currency translation differences	(1,078)	–	–	(1,078)
Balance at 30 June 2014	5,779	(20)	6,299	12,058

(a) Change in ownership interest in a subsidiary without change of control

On 18 July 2011, the Group acquired an additional 22% equity interest in Guangzhou Asiaray, a subsidiary of the Group, at a consideration of HKD276,000. Guangzhou Asiaray became the wholly-owned subsidiary of the Group after the acquisition. The effect of the changes in the ownership interests of Guangzhou Asiaray on the equity attributable to owners of the Company during 2011 was as follows:

	HKD'000
Consideration paid to non-controlling interests	276
Less: carrying amount of non-controlling interests acquired	(689)
Excess of consideration paid recognised within equity	965

(b) On 14 March 2014, Shanghai Asiaray completed the transfer of its 55% equity interest in Shenzhen Yashi Metro Co., Ltd. ("Yashi Metro"), which was previously wholly-owned by Shanghai Asiaray, to Shenzhen Airport Asiaray, an associate of the Group, as part of its capital injection into Shenzhen Airport Asiaray. As Shanghai Asiaray retains the power to control the financial and operating policies of Yashi Metro, Yashi Metro continues to be accounted for as a subsidiary of the Group and the difference of HKD7,264,000 between the fair value and carrying amount of the equity interest in Yashi Metro disposed of at the Group level was recorded in other reserves.

21. Borrowings

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Non-current bank borrowings				
– secured (a)	–	12,025	11,130	25,394
Less: current portion of non-current borrowings	–	(1,233)	(1,272)	(6,260)
– guaranteed (a)	7,600	5,200	2,800	13,200
Less: current portion of non-current borrowings	(2,400)	(2,400)	(2,400)	(4,000)
	5,200	13,592	10,258	28,334
Current bank borrowings				
– secured (a)	56,112	48,101	111,931	110,866
– guaranteed (a)	–	–	–	11,000
– current portion of non-current borrowings	2,400	3,633	3,672	10,260
	58,512	51,734	115,603	132,126
Total bank borrowings	63,712	65,326	125,861	160,460

(a) The details of the secured and guaranteed borrowings are as follows:

Secured borrowings:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Secured by the pledge of certain properties of Billion China International Limited ("Billion China International") (億華國際有限公司), a related company controlled by Mr. Lam.	–	–	85,220	84,409
Secured by the pledge of certain properties of Asiaray China Media Limited ("Asiaray China Media"), a related company controlled by Mr. Lam, and investment properties of Shanghai Asiaray *(Note 7)*	20,970	20,967	26,711	26,457
Secured by the pledge of certain properties of Billion China International and certain properties of Asiaray China Media and investment properties of Shanghai Asiaray *(Note 7)*	17,269	–	–	–
Secured by the pledge of certain properties of Mr. Lam	17,873	27,134	–	–
Secured by the pledge of certain properties of Henan Airport Asiaray *(Note 14)*	–	12,025	11,130	10,394
Secured by the pledge of financial assets at fair value through profit or loss of AAML, certain properties of Universal Glory Holding Limited and Postar Advertising Media Investment Limited, related companies controlled by Mr. Lam, and guaranteed by Mr. Lam and Asiaray Holdings, a related company controlled by Mr. Lam	–	–	–	15,000
	56,112	60,126	123,061	136,260

Guaranteed borrowings:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Guaranteed by the Government of the Hong Kong Special Administrative Region and Mr. Lam	7,600	5,200	2,800	12,600
Guaranteed by Universal Glory Holdings Ltd, Postar Advertising Media Investment Ltd and Main Element Profit Ltd, related companies controlled by Mr. Lam, and Hong Kong Mortgage Corporation Ltd and Mr. Lam	–	–	–	11,600
	7,600	5,200	2,800	24,200

(b) The weighted average effective interest rates at each balance sheet date were as follows:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
Non-current borrowings	3.25%	6.99%	7.70%	4.66%
Current borrowings	7.06%	7.44%	6.54%	4.77%

(c) At 31 December 2011, 2012 and 2013 and 30 June 2014, the Group's borrowings were repayable as follows:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Within 1 year	58,512	51,735	115,603	132,126
Between 1 and 2 years	2,400	3,633	1,672	8,660
Between 2 and 5 years	2,800	4,100	3,816	15,980
Over 5 years	–	5,858	4,770	3,694
	63,712	65,326	125,861	160,460

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Wholly repayable within 5 years	63,712	54,534	116,003	152,566
Wholly repayable after 5 years	–	10,792	9,858	7,894
	63,712	65,326	125,861	160,460

(d) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the year/period are as follows:

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
6 months or less	19,073	32,004	113,767	5,530
6-12 months	39,439	19,731	1,836	126,596
1-5 years	5,200	7,733	5,488	24,239
over 5 years	–	5,858	4,770	4,095
	63,712	65,326	125,861	160,460

(e) The fair value of current borrowings approximated their carrying amount as the impact of discounting was not significant.

The carrying amount and fair value of the non-current borrowings are as follows:

	Carrying amount			
	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Bank borrowings	5,200	13,592	10,258	28,334

	Fair value			
	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Bank borrowings	5,094	13,556	10,256	28,291

The fair values of non-current borrowings were based on the cash flows discounted using a rate based on the prevailing borrowings rate and were categorised within level 3 of the fair value hierarchy.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
RMB	56,112	60,126	123,061	121,260
HKD	7,600	5,200	2,800	39,200
	63,712	65,326	125,861	160,460

22. Trade and other payables

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Trade payables *(a)*	27,071	53,750	59,809	46,497
– Due to related parties *(Note 35(b))*	62	–	903	17,588
– Due to third parties	27,009	53,750	58,906	28,909
Accrued concession fee charges for advertising spaces *(b)*	238,653	214,764	199,914	219,085
– Due to related parties *(Note 35(b))*	38,303	47,028	62,487	106,466
– Due to third parties	200,350	167,736	137,427	112,619
Advances received from customers	102,260	130,964	155,161	168,125
Other taxes payable	9,084	16,108	5,301	5,125
Salary and staff welfare payables	8,781	11,200	18,528	13,935
Dividend payable	–	6,043	–	–
Other payables *(c)*	29,808	69,996	56,770	66,201
– Due to related parties *(Note 35(b))*	24,929	51,918	34,697	36,659
– Due to third parties	4,879	18,078	22,073	29,542
Accrued interest expense	–	81	299	–
	415,657	502,906	495,782	518,968
Less: non-current portion of accrued concession fee charges for advertising spaces	(7,293)	(15,400)	(9,819)	(4,547)
	408,364	487,506	485,963	514,421

(a) As at 31 December 2011, 2012 and 2013 and 30 June 2014, the ageing analysis of the trade payables based on invoice date was as follows:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Up to 6 months	11,925	16,064	36,814	34,238
6 months to 12 months	11,351	17,970	7,039	4,402
1 year to 2 years	1,969	17,637	6,094	6,168
2 years to 3 years	1,460	342	8,401	1,225
Over 3 years	366	1,737	1,461	464
	27,071	53,750	59,809	46,497

(b) This mainly represented the differences between the minimum guaranteed concession fee charges recognised in profit or loss on a straight-line basis over the beneficial periods and the minimum guaranteed concession fee charges payable according to the concession rights agreements.

(c) Other payables mainly represented guarantee deposits received from customers and certain amounts due to related parties.

23. Cost of revenue

Expenses included in cost of revenue are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Concession fee charges for advertising spaces	528,016	612,337	699,879	343,549	341,115
Project installation and dismantling costs	32,284	37,680	53,980	17,050	20,383
Business tax and the related surcharges *(a)*	25,541	36,149	41,544	16,580	10,668
Depreciation of property, plant and equipment *(Note 6)*	12,730	21,079	27,751	11,544	11,977
Amortisation of concession rights contract *(Note 8)*	2,106	1,068	–	–	–
Utilities	4,472	10,067	12,831	3,980	3,988
Others	13,312	10,789	10,779	6,651	2,799
	618,461	729,169	846,764	399,354	390,930

(a) Business tax and the related surcharges that are applicable to the Group are as follows:

Category	Tax rate	Basis of levis
Business tax ("BT")	5% *(*)*	Revenue from rendering advertising services
City construction tax	7%	Actual BT payment
Educational surcharges	3%	Actual BT payment
Local educational surcharges	2%	Actual BT payment

(*) Pursuant to the Circular on the Pilot Plan for Levying VAT in place of Business Tax (Caishui No. 110, 2011) and the Circular on Launch of Levying VAT in place of Business Tax for the Transportation Industry and Some Modern Service Industries (Caishui No. 37, 2013) jointly issued by the Ministry of Finance and the State Administration of Taxation, the Group's subsidiaries located in Shanghai, the PRC are subject to value-added tax from 1 January 2012, while the Group's other PRC subsidiaries are subject to value-added tax from 1 August 2013. The applicable value-added tax rate is 6%.

24. Selling and marketing expenses

Expenses included in selling and marketing expenses are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Employee benefit expenses	35,027	43,518	57,699	24,271	27,849
Travelling and entertainment expenses	4,358	6,657	7,398	3,001	3,149
Marketing research expense	–	3,011	4,633	387	1,294
Office expenses	1,121	1,408	1,610	702	907
Office rental expense	477	501	785	271	326
Sales commissions *(Note 35(a))*	1,810	2,906	619	455	99
Depreciation of property, plant and equipment *(Note 6)*	358	414	302	198	103
Others	1,012	1,065	1,940	932	192
	44,163	59,480	74,986	30,217	33,919

25. Administrative expenses

Expenses included in administrative expenses are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Employee benefit expenses	26,363	34,546	44,693	18,297	22,818
Travelling and entertainment expenses	10,356	10,074	13,873	5,931	5,683
Office rental expense	7,809	9,176	11,604	5,254	5,673
Office expenses	5,213	7,480	9,513	3,291	3,641
Auditors' remunerations	1,115	1,267	1,940	818	511
Other professional service fees	5,388	2,260	2,633	1,555	1,980
Depreciation of property, plant and equipment *(Note 6)*	2,471	2,771	2,950	1,430	1,660
Impairment provision for receivables	813	1,406	2,313	1,237	1,163
Listing-related expenses	–	–	1,880	–	18,009
Bank charges	2,016	2,634	1,750	1,677	4,199
Taxes and surcharges	936	1,054	1,622	825	804
Amortisation of computer software *(Note 8)*	70	7	155	26	130
Depreciation of investment properties *(Note 7)*	89	91	93	46	47
Others	992	3,575	275	189	505
	63,631	76,341	95,294	40,576	66,823

26. Employee benefit expenses, including directors' emoluments

(a) Employee benefit expenses

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Wages, salaries and bonuses	53,209	66,097	86,311	35,712	42,092
Welfare, medical and others	1,658	2,922	3,745	1,314	1,673
Pension costs – defined contribution plans	6,523	9,045	12,336	5,542	6,902
	61,390	78,064	102,392	42,568	50,667

Employee benefit expenses were charged in the following categories in the combined statements of comprehensive income:

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Selling and marketing expenses	35,027	43,518	57,699	24,271	27,849
Administrative expenses	26,363	34,546	44,693	18,297	22,818
	61,390	78,064	102,392	42,568	50,667

Employees of the Group's subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal governments. The Group contributes funds which are calculated on fixed percentage ranging from 20% to 22% of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees.

The Group's subsidiaries incorporated in Hong Kong operate a defined contribution plan, the assets of which are generally held in a separate trustee-administered fund. These subsidiaries pay fixed contribution into such defined contribution plan on a fixed percentage of 5% of the employee's salary.

(b) Directors' emoluments

The remuneration of each director for the year ended 31 December 2011 is set out as below:

Name of director	Fees	Salaries, bonus, allowance and benefits	Employer's contribution to pension scheme	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Mr. Lam	–	104	5	109
Mr. Yung Chung Man	–	1,365	–	1,365
Mr. Lam Ka Po	–	1,235	12	1,247
Mr. So Chi Man	–	935	8	943
Mr. Ma Andrew Chiu Cheung	–	–	–	–
Mr. Ma Ho Fai	–	–	–	–
Mr. Chan Chi Fai	–	–	–	–

The remuneration of each director for the year ended 31 December 2012 is set out as below:

Name of director	Fees	Salaries, bonus, allowance and benefits	Employer's contribution to pension scheme	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Mr. Lam	–	156	6	162
Mr. Yung Chung Man	–	1,696	–	1,696
Mr. Lam Ka Po	–	1,417	14	1,431
Mr. So Chi Man	–	1,160	14	1,174
Mr. Ma Andrew Chiu Cheung	–	–	–	–
Mr. Ma Ho Fai	–	–	–	–
Mr. Chan Chi Fai	–	–	–	–

The remuneration of each director for the year ended 31 December 2013 is set out as below:

Name of director	Fees	Salaries, bonus, allowance and benefits	Employer's contribution to pension scheme	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Mr. Lam	–	168	9	177
Mr. Yung Chung Man	–	1,994	–	1,994
Mr. Lam Ka Po	–	1,386	15	1,401
Mr. So Chi Man	–	1,325	15	1,340
Mr. Ma Andrew Chiu Cheung	–	–	–	–
Mr. Ma Ho Fai	–	–	–	–
Mr. Chan Chi Fai	–	–	–	–

The remuneration of each director for the period ended 30 June 2013 is set out as below:

Name of director	Fees	Salaries, bonus, allowance and benefits	Employer's contribution to pension scheme	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Mr. Lam	–	72	4	76
Mr. Yung Chung Man	–	1,008	–	1,008
Mr. Lam Ka Po	–	632	8	640
Mr. So Chi Man	–	600	8	608
Mr. Ma Andrew Chiu Cheung	–	–	–	–
Mr. Ma Ho Fai	–	–	–	–
Mr. Chan Chi Fai	–	–	–	–

The remuneration of each director for the period ended 30 June 2014 is set out as below:

Name of director	Fees	Salaries, bonus, allowance and benefits	Employer's contribution to pension scheme	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Mr. Lam	–	72	4	76
Mr. Yung Chung Man	–	1,005	–	1,005
Mr. Lam Ka Po	–	695	8	703
Mr. So Chi Man	–	630	8	638
Mr. Ma Andrew Chiu Cheung	–	–	–	–
Mr. Ma Ho Fai	–	–	–	–
Mr. Chan Chi Fai	–	–	–	–

Mr. Lam is the Chief Executive Officer of the Group. The above directors were appointed as the directors of the Company on 20 May 2014, and their emoluments as disclosed above for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2013 and 2014 included the remunerations prior to their appointment as directors.

(c) Five highest paid individuals

The 5 individuals whose emoluments were the highest in the Group for each of the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2013 and 2014 included 2, 3, 3, 3 and 3 directors whose emoluments are reflected in the analysis presented above, respectively. The aggregate amounts of emoluments for the remaining 3, 2, 2, 2 and 2 individuals for each of the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2013 and 2014 are set out below:

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Wages, salaries and bonuses	4,858	3,003	2,906	1,065	1,306
Pension cost – defined contribution plans	36	28	30	15	16
	4,894	3,031	2,936	1,080	1,322

The emoluments payable to these individuals for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2013 and 2014 fell within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
				(Unaudited)	
Emoluments band					
Nil to HKD1,000,000	–	–	–	2	2
HKD1,000,001 to HKD1,500,000	1	1	1	–	–
HKD1,500,001 to HKD2,000,000	2	1	1	–	–

During the Relevant Periods, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

27. Other income

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Government subsidy income *(a)*	4,742	5,817	4,755	102	286
Advertising consulting service income	108	651	1,346	89	272
Compensation from counter parties for breach of contracts	320	115	1,352	980	1,634
Rental income on investment properties	288	270	170	85	86
Dividend income on available-for-sale financial assets	238	273	402	89	164
	5,696	7,126	8,025	1,345	2,442

(a) Government subsidy income represented various tax refund granted by the relevant government authorities.

28. Other (losses)/gains – net

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Gains on disposal of a subsidiary *(Note 34)*	–	–	175	–	–
Gains on disposal of property, plant and equipment *(Note 33)*	56	1,970	171	153	18
Gains on disposal of available-for-sale financial assets *(a)*	–	–	281	281	–
Net exchange gains	371	551	45	47	486
Compensation loss *(b)*	(836)	–	–	–	–
Fair value gains on financial assets at fair value through profit or loss *(Note 9(a))*	12	29	50	73	90
Others	(150)	428	808	(192)	304
	(547)	2,978	1,530	362	898

(a) The gains on disposal of available-for-sale financial assets were calculated as follows:

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Proceeds from disposal of available-for-sale financial assets	–	–	9,536	9,536	–
Less: carrying amount of available-for-sale financial assets disposed of	–	–	(9,328)	(9,328)	–
Add: reclassification of fair value gain on available-for-sale financial assets to profit or loss	–	–	73	73	–
Gains on disposal of available-for-sale financial assets	–	–	281	281	–

(b) Compensation loss incurred in 2011 represented the compensation paid as a result of the settlement of a court case.

29. Finance costs – net

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Finance income					
Interest income on bank deposits	(733)	(1,334)	(5,792)	(801)	(2,771)
Finance costs					
Interest expense on bank borrowings	3,900	3,778	8,114	3,861	4,272
Finance costs – net	3,167	2,444	2,322	3,060	1,501

30. Income tax expense

The income tax expense of the Group for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014 is analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Current income tax					
– PRC corporate income tax	10,991	17,225	30,760	21,789	18,843
– Hong Kong profits tax	3,263	4,559	10,381	3,773	3,484
	14,254	21,784	41,141	25,562	22,327
Deferred tax *(Note 13)*	(4,451)	3,664	(3,324)	(1,068)	433
	9,803	25,448	37,817	24,494	22,760

(a) Cayman Island income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) Hong Kong profits tax

Hong Kong profits tax has been provided for as there was business operation that is subject to Hong Kong profits tax during the Relevant Periods. It has been provided for at the rate of 16.5% on the estimated assessable profits for each of the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014.

(c) PRC Corporate Income Tax ("CIT")

The income tax provision of the Group in respect of operations in the PRC has been calculated at the tax rate of 25% on the estimated assessable profits for each of the Relevant Periods, based on the existing legislation, interpretations and practices in respect thereof, unless preferential tax rates were applicable.

Yunnan Airport Asiaray, a subsidiary of the Group, was established in Yunnan Province, PRC. It was eligible for preferential tax policies applicable for the development of western regions in the PRC, and was entitled to a preferential income tax rate of 15% during the Relevant Periods.

(d) PRC withholding tax ("WHT")

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of combined entities in the respective jurisdictions as follows:

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
(Loss)/profit before income tax	(3,600)	97,250	204,620	90,122	114,311
Less: Share of (profit)/loss of investments in associates	(3,137)	(1,485)	(3,122)	(1,698)	7,949
	(6,737)	95,765	201,498	88,424	122,260
Tax calculated at a tax rate of 25%	(1,684)	23,941	50,375	22,106	30,565
Effect of different tax rates applicable to different subsidiaries of the Group	(2,825)	(5,979)	(11,915)	(5,079)	(3,751)
Income not subject to tax	(236)	(267)	(735)	(40)	(321)
Expenses not deductible for tax purposes	1,387	1,064	940	206	2,967
Tax losses not recognised for deferred tax assets	2,437	6,966	3,638	8,689	488
Temporary differences not recognised for deferred tax assets	9,929	330	13	23	18
Utilisation of tax losses previously not recognised in prior years	(34)	(152)	(152)	(56)	(1,439)
Reversal of temporary differences not recognised in prior years	–	(455)	(9,306)	(3,498)	(5,767)
PRC withholding income tax on distributed dividends	829	–	4,959	2,143	–
Income tax expense	9,803	25,448	37,817	24,494	22,760

31. Earnings per share

No earnings per share information is presented as the information, for the purpose of this Financial Information, is not considered meaningful due to the Reorganisation and the presentation of the results for the Relevant Periods on a combined basis as disclosed in Note 1.3 above.

32. Dividends

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Dividends	–	42,601	–	–	12,374

The above dividends were declared by certain subsidiaries of the Group to their then equity holders in 2012 and 2014 respectively, of which approximately HKD36,558,000 was paid in 2012, HKD6,043,000 was paid in 2013, and the remaining HKD12,374,000 was paid in 2014.

The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this accountant's report.

33. Cash generated from operations

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
(Loss)/profit before income tax	(3,600)	97,250	204,620	90,122	114,311
Adjustments for:					
– Impairment provision for receivables	813	1,406	2,313	1,237	1,163
– Interest expenses *(Note 29)*	3,900	3,778	8,114	3,861	4,272
– Interest income *(Note 29)*	(733)	(1,334)	(5,792)	(801)	(2,771)
– Dividend income on available-for-sale financial assets *(Note 27)*	(238)	(273)	(402)	(89)	(164)
– Depreciation of property, plant and equipment *(Note 6)*	15,559	24,264	31,003	13,172	13,740
– Depreciation of Investment properties *(Note 7)*	89	91	93	46	47
– Amortisation of intangible assets *(Note 8)*	2,176	1,075	155	26	130
– Gains on disposal of property, plant and equipment *(Note 28)*	(56)	(1,970)	(171)	(153)	(18)
– Gain on disposal of a subsidiary *(Note 34)*	–	–	(175)	–	–
– Gains on disposal of available-for-sale financial assets *(Note 28)*	–	–	(281)	(281)	–
– Fair value gains on financial assets at fair value through profit or loss *(Note 28)*	(12)	(29)	(50)	(73)	(90)
– Share of (profit)/loss from investments in associates *(Note 11)*	(3,137)	(1,485)	(3,122)	(1,698)	7,949
	14,761	122,773	236,305	105,369	138,569
Changes in working capital (excluding the effects of currency translation differences on combination and disposal of a subsidiary):					
– Inventories	85	(25)	(255)	(373)	195
– Trade and other receivables	10,473	(70,294)	(65,744)	(76,066)	(80,697)
– Trade and other payables	70,937	81,125	(6,311)	48,821	23,688
– Restricted cash	(808)	(23,495)	16,039	25,425	(55,138)
Cash generated from operations	95,448	110,084	180,034	103,176	26,617

In the combined statements of cash flows, proceeds from disposals of property, plant and equipment comprise:

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Net book amount *(Note 6)*	332	362	6	5	34
Gains on disposals *(Note 28)*	56	1,970	171	153	18
Proceeds from disposals	388	2,332	177	158	52

Non-cash transactions

The major non-cash transactions during the Relevant Periods represented the transfer of 55% equity interest in Yashi Metro by Shanghai Asiaray to Shenzhen Airport Asiaray as part of its capital injection into Shenzhen Airport Asiaray (Note 20).

34. Disposal of a subsidiary

On 14 November 2013, Asiaray Advertising Media entered into a consent letter agreement with Main Element Profits Limited, a related company controlled by Mr. Lam, pursuant to which Asiaray Advertising Media transferred the then 100% equity interest in Taiwan Asiaray Advertising Holdings Company Limited ("Taiwan Asiaray") (台灣雅仕維廣告股份有限公司) at a consideration of New Taiwan dollar 27,000,000 (equivalent to HKD6,606,000), the cash flows from the disposal were as follows:

	HKD'000
Consideration received	
– Cash consideration	6,606
Less: cash and cash equivalents held by Taiwan Asiaray	(6,757)
Net cash disposed of	(151)

Net assets of Taiwan Asiaray as at the date of the disposal were as follows:

	HKD'000
Cash	6,757
Trade and other receivables	182
Property, plant and equipment	64
Deferred income tax assets	185
Trade and other payables	(375)
	6,813

The gain on disposal of Taiwan Asiaray was calculated as follows:

	HKD'000
Consideration received	6,606
Less: net assets of Taiwan Asiaray on disposal date	(6,813)
Add: reclassification of the related translation reserve to profit or loss *(Note 20)*	382
	175

35. Significant related party transactions

The Group is controlled by Media Cornerstone, which owns 100% of the Company's shares. The ultimate controlling party of the Group is Mr. Lam.

Save as disclosed in other notes above, the following significant transactions were carried out between the Group and its related parties during the Relevant Periods. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Related party transactions

Continuing related party transactions

(i) Advertising display service income

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Associate:					
– Fujian Zhaoxiang Asiaray	3,312	–	6,925	–	3,415

(ii) Advertising production service income

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Associate:					
– Shenzhen Airport Asiaray	–	–	184	–	631

(iii) Concession fee charges for advertising spaces

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Associates:					
– Fujian Zhaoxiang Asiaray	7,065	10,262	8,769	6,096	2,150
– Guangxi Top Source	–	209	2,124	1,030	971
– Shenzhen Airport Asiaray	–	–	586	–	35,117
Controlled by Mr. Lam:					
– Guangzhou Wiseford Advertising Limited (廣州威斯福廣告有限公司)	173	–	–	–	–
Non-controlling interests in subsidiaries:					
– Yunnan Airport Group Company Limited (雲南機場集團有限責任公司) ("Yunnan Airport")	22,737	63,204	106,709	52,811	54,321
– Henan Zhengzhou Xinzheng Airport Management Company Limited (河南省鄭州新鄭國際機管理有限公司) ("Henan Airport")	35,997	42,874	47,048	23,742	21,313
	65,972	116,549	165,236	83,679	113,872

(iv) Sales commissions paid/payable

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Associate:					
– Fujian Zhaoxiang Asiaray.	1,810	2,906	619	455	99

(v) Office rental expenses

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Non-controlling interest in a subsidiary:					
– Yunnan Airport . .	792	838	1,065	543	339
Controlled by Mr. Lam:					
– Peaky Limited . . .	70	560	588	294	294
	862	1,398	1,653	837	633

Shanghai Asiaray leased office premises from Asiaray China Media Limited, a related company controlled by Mr. Lam, free of charges during the Relevant Periods. The leasing agreements are renewable at the end of the leasing period at the rate negotiated by both parties.

(vi) Utilities cost paid/payable

	Year ended 31 December			Six months ended 30 June	
	2011	2012	2013	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Non-controlling interest in subsidiaries:					
– Yunnan Airport . .	838	1,815	4,062	887	1,155
– Henan Airport . . .	573	735	910	120	184
	1,411	2,550	4,972	1,007	1,339

(vii) Key management compensation

The compensations paid or payable to key management personnel (including directors, CEO and other senior executives) for employee services are shown as below:

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Wages and salaries	5,901	6,742	7,070	3,205	3,448
Retirement scheme contributions	183	211	234	114	119
Total	6,084	6,953	7,304	3,319	3,567

Discontinued related party transactions:

(viii) Management fee

	Year ended 31 December			Six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
				(Unaudited)	
Controlled by Mr. Lam:					
– Asiaray (Holdings) Limited	215	1,704	38	–	–

(b) Balances with related parties

(i) Included in trade receivables:

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Associate:				
– Shenzhen Airport Asiaray	–	–	187	–

(ii) Included in trade payables:

	As at 31 December			As at 30 June
	2011	**2012**	**2013**	**2014**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Associates:				
– Fujian Zhaoxiang Asiaray	62	–	153	–
– Shenzhen Airport Asiaray	–	–	750	–
Non-controlling interests in subsidiaries:				
– Yunnan Airport	–	–	–	1,210
– Henan Airport	–	–	–	16,378
	62	–	903	17,588

(iii) Included in other prepayments:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Associates:				
– Fujian Zhaoxiang Asiaray	1,674	3,422	1,019	34
– Guangxi Top Source	–	131	300	395
	1,674	3,553	1,319	429

(iv) Included in accrued concession fee charges for advertising spaces:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Associate:				
– Fujian Zhaoxiang Asiaray	–	–	557	–
– Shenzhen Airport Asiaray	–	–	–	16,936
Controlled by Mr. Lam:				
– Guangzhou Wiseford Advertising Company Limited (廣州威斯福廣告有限公司)	–	–	–	746
Non-controlling interests in subsidiaries:				
– Yunnan Airport	6,449	15,319	32,633	77,722
– Henan Airport	31,854	31,709	29,297	11,062
	38,303	47,028	62,487	106,466

(v) Included in other receivables:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Associate:				
– Shenzhen Airport Asiaray	–	–	498	1,621
Controlled by Mr. Lam:				
– Guangzhou Yunwei	5,724	2,960	5,812	–
– Asiaray China Media Limited.	5,520	5,675	5,961	–
– Main Element Profits Limited	4,280	4,280	4,280	–
– Peaky Limited	2,776	2,492	2,200	–
– Universal Glory Holdings Limited	2,214	1,861	2,015	–
– Postar Advertising Media Investment Limited	950	826	601	–
– EGO Star Limited (BVI)	646	651	705	–
– Billion China International	60	79	84	–

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
– Wiseford Investments Limited (BVI)	50	55	60	–
– Saneford Company Limited (BVI)	56	61	66	–
– Asiaray (Holdings) Limited	–	46	–	–
– Beijing Wiseford Advertising Company Limited (北京威斯福廣告有限公司)	–	–	1,283	–
Non-controlling interest in a subsidiary:				
– Yunnan Airport	1,913	2,106	2,186	–
Ultimate controlling party:				
– Mr. Lam	–	11,100	36,111	62,035
	24,189	32,192	61,862	63,656

(vi) Included in other payables:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Controlled by Mr. Lam:				
– Shanghai Kelefu	–	824	–	–
– Main Element Profits Limited	10,932	10,924	3,933	–
– Times New Limited	6,150	6,146	6,141	–
– Asiaray (Holdings) Limited	4,564	15,582	15,256	–
– Postar Advertising Media Investment Limited	–	12	–	–
– Beijing Wiseford Advertising Company Limited (北京威斯福廣告有限公司)	1,355	–	–	–
– Guangzhou Taosike Trading Company Limited (廣州陶斯科貿易有限公司)	123	–	–	–
Ultimate controlling party:				
– Mr. Lam	1,805	18,430	9,367	36,659
	24,929	51,918	34,697	36,659

The above balances with related parties were unsecured, interest-free and repayable on demand. The above other receivables due from related parties and other payables due to related parties were non-trading in nature and have been settled as of the date of this report.

The English names of certain related parties referred to above represented the best efforts by management of the Company in translating their Chinese names, as they do not have official English names.

36. Operating lease commitments

The Group leases certain office buildings and certain media resources under non-cancellable operating lease agreements. The lease terms for office buildings are negotiated for terms ranging from 1 to 10 years, and those for media resources are negotiated for terms ranging from 1 to 12 years, and majority of lease agreements are renewable at the end of the lease period at market rate.

The Group's future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 December			As at 30 June
	2011	2012	2013	2014
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
Not later than 1 year	469,471	482,766	448,778	528,246
Later than 1 year and not later than 5 years	1,459,205	1,149,952	854,249	1,274,021
Later than 5 years	152,405	45,228	1,789	677,631
	2,081,081	1,677,946	1,304,816	2,479,898

37. Contingencies

The Group had no material contingent liabilities outstanding as at 31 December 2011, 2012 and 2013 and 30 June 2014.

38. Events after the balance sheet date

Saved as those disclosed in Notes 1.2, 18 and 19 to the Financial Information above, the Group has the following significant events after the balance sheet date:

Dividends for the year ended 31 December 2013

On 6 December 2014, the board of directors of the Company approved to declare and distribute a dividend of HKD0.546 per share in the amount of HKD180.18 million (HKD132.13 million and HKD48.05 million to Media Cornerstone and Space Management, respectively) for the year ended 31 December 2013. Such dividends will be paid upon or before Listing from the internal resources of the Company.

III FINANCIAL INFORMATION OF THE COMPANY

The Company was incorporated on 20 May 2014. As at 30 June 2014, the Company had other receivables balance of approximately HKD20,000, share capital of HKD50,000 and accumulated losses of approximately HKD30,000. Except for the above items, it had no other assets, liabilities or distributable reserves as at 30 June 2014.

IV SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2014 and up to the date of this report. Saved as disclosed in this report, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2014.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

I. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this Appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and Appendix I.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out below to illustrate the effect of the Global Offering on the combined net tangible assets of the Group attributable to the owners of the Company as of 30 June 2014 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted net tangible assets have been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group had the Global Offering been completed as at 30 June 2014 or at any future dates.

	Audited combined net tangible assets of the Group attributable to the owners of the Company as at 30 June 2014[(1)]	**Estimated net proceeds from the Global Offering[(2)]**	**Unaudited pro forma adjusted net tangible assets of the Group attributable to the owners of the Company**	**Unaudited pro forma adjusted net tangible assets per Share[(3)(4)]**
		(HK$'000)		*HK$*
Based on an Offer Price of HK$5.85 per Share	219,332	594,182	813,514	1.85
Based on an Offer Price of HK$7.02 per Share	219,332	718,110	937,442	2.13

Notes:

(1) The audited combined net tangible assets information of the Group attributable to the owners of the Company as at 30 June 2014 is extracted from the Accountant's Report set out in Appendix I, which is based on the audited combined net assets of the Group attributable to the owners of the Company as at 30 June 2014 of HK$220,244,000 with an adjustment for the intangible assets as at 30 June 2014 of HK$912,000.

(2) The estimated net proceeds to be received by the Company from the Global Offering are based on the indicative Offer Price of HK$5.85 and HK$7.02 per Share, respectively, after deduction of the underwriting fees and other related expenses borne by the Company (excluding listing-related expenses of approximately HK$19,889,000 which have been accounted for as of 30 June 2014) and takes no account of any Shares which may fall to be issued upon the exercise of the Over-allotment Option or of any Shares which may be issued upon the exercise of any option which may be granted under the Share Option Scheme or any Shares which may be granted and issued or repurchased by the Company pursuant to the General Mandate and the Repurchase Mandate.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 440,000,000 Shares were in issue assuming that the Global Offering has been completed on 30 June 2014 but takes no account of any Shares which may fall to be issued upon the exercise of the Over-allotment Option or of any Shares which may be issued upon the exercise of any option which may be granted under the Share Option Scheme or any Shares which may be granted and issued or repurchased by the Company pursuant to the General Mandate and the Repurchase Mandate.

(4) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 June 2014. In particular, the unaudited pro forma adjusted net tangible assets and the unaudited pro forma adjusted net tangible assets per Share have not taken into account the effect of the dividend of HK$132.13 million and HK$48.05 million that the Board approved on 6 December 2014 to declare and distribute to Media Cornerstone and Space Management, respectively, for the year ended 31 December 2013. Such dividend will be paid upon or before Listing from the internal resources of the Company. Had the above dividend amounting to a total of HK$180.18 million been taken into account, the unaudited pro forma adjusted net tangible assets per Share would have been HK$1.44 (based on an Offer Price of HK$5.85 per Share) and HK$1.72 (based on an Offer Price of HK$7.02 per Share), respectively.

B. ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

TO THE DIRECTORS OF ASIARAY MEDIA GROUP LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Asiaray Media Group Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 30 June 2014, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 31 December 2014, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 30 June 2014 as if the proposed initial public offering had taken place at 30 June 2014. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the period ended 30 June 2014, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 30 June 2014 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 31 December 2014

SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN COMPANIES LAW

1 Memorandum of Association

The Memorandum of Association was conditionally adopted on 6 December 2014 and effective on the Listing Date and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus.

2 Articles of Association

The Articles of Association were conditionally adopted on 6 December 2014 and effective on the Listing Date and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The authorised share capital of the Company at the date of adoption of the Articles of Association is HK$100,000,000 divided into 1,000,000,000 shares of HK$0.10 each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Companies Law and the Memorandum of Association and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof is, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the Board at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) Proceedings of the Board

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum of Association or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company in general meeting may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Law.

2.6 Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other general meeting in that year and shall specify the meeting as such in the notice calling it; and not more than 15 months (or such longer period as the Stock Exchange may authorise) shall elapse between the date of one annual general meeting of the Company and that of the next.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at any annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be inclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions to be considered at the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(a) the declaration and sanctioning of dividends;

(b) the consideration and adoption of the accounts and balance sheets and the reports of the Directors and the auditors and other documents required to be annexed to the balance sheet;

(c) the election of Directors in place of those retiring;

(d) the appointment of auditors;

(e) the fixing of, or the determining of the method of fixing of, the remuneration of the Directors and of the auditors;

(f) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than 20% (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to sub-paragraph (g) below; and

(g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favour of the Company; and

(f) a fee of such maximum as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 14 days' notice being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Law and Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other moneys payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.16 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other moneys due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.17 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 14 days' notice being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of such fee not exceeding HK$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the Directors may determine for each inspection.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1. Introduction

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2. Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 20 May 2014 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3. Share Capital

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4. Dividends and Distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5. Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6. Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7. Disposal of Assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8. Accounting and Auditing Requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9. Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10. Inspection of Books and Records

Members of a company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11. Special Resolutions

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of not less than two-thirds (or such greater number as may be specified in the articles of association of the company) of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12. Subsidiary Owning Shares in Parent

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13. Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14. Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15. Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16. Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17. Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18. Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19. Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor in Cabinet:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(i) on or in respect of the shares, debentures or other obligations of the Company; or

(ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking is for a period of twenty years from 3 June 2014.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20. Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21. General

Maples and Calder, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Cayman Islands Company Law as an exempted company with limited liability on 20 May 2014.

Our Company has established its principal place of business in Hong Kong at Unit 01-03, 17th Floor, Kornhill Plaza-Office Tower, 1 Kornhill Road, Quarry Bay, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 4 August 2014. In connection with such registration, our Company has appointed Mr. Lam and Mr. So Chi Man of Unit 01-03, 17th Floor, Kornhill Plaza-Office Tower, 1 Kornhill Road, Quarry Bay, Hong Kong as authorised representatives of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, its operations are subject to the relevant laws and regulations of the Cayman Islands and to its constitution, which comprises the Memorandum and the Articles. A summary of various provisions of its constitution and certain relevant aspects of the Cayman Islands Company Law is set out in Appendix III to this prospectus.

2. Changes in the share capital of our Company

As at the date of incorporation of our Company, its authorised share capital was HK$50,000 divided into 500,000 Shares of par value of HK$0.10 each. On 20 May 2014, one subscriber's Share was transferred and 499,999 Shares were issued to Media Cornerstone.

On 25 August 2014, the authorised share capital of our Company was increased from HK$50,000 divided into 500,000 Shares to HK$100,000,000 divided into 1,000,000,000 Shares by the creation of an additional 999,500,000 Shares.

Immediately following completion of the Global Offering, but taking no account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or pursuant to the exercise of the Over-allotment Option, the issued share capital of our Company will be HK$44,000,000 divided into 440,000,000 Shares, all fully paid or credited as fully paid. Other than any options which may be granted under the Share Option Scheme or the exercise of the Over-allotment Option, there is no present intention to issue any part of the authorised but unissued share capital of our Company and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as aforesaid and disclosed in the section headed "Further information about our Group – Reorganisation" below, there has been no alteration in the share capital of our Company since its incorporation.

3. Written resolutions of the Shareholders passed on 6 December 2014

On 6 December 2014, written resolutions of the Shareholders were passed pursuant to which, amongst other things:

(a) our Company approved and adopted the Memorandum and the Articles;

(b) conditional upon the same conditions to be satisfied and/or waived as stated in the section headed "Structure of the Global Offering" in this prospectus:

(i) the Global Offering and the grant of the Over-allotment Option were approved and our Directors were authorised to approve the allotment and issue of new Shares which may be required to be issued under the Global Offering;

(ii) the rules of the Share Option Scheme, the principal terms of which are set out in the section headed "Share Option Scheme" below, were approved and adopted and our Directors or any such committee thereof were authorised to approve any amendments of the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion, subject to the terms and conditions of the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, expedient or desirable to implement the Share Option Scheme;

(c) a general unconditional mandate was granted to our Directors to allot, issue and deal with, otherwise than by way of rights issue, or scrip dividend schemes or similar arrangements in accordance with the Articles, or grant of options under the Share Option Scheme, or pursuant to the exercise of any options which have been or may be granted under the Share Option Scheme, or any other share option scheme or similar arrangement for the time being adopted, or any issue of Shares upon exercise of rights of subscription or conversion attaching to warrants of our Company of any securities (if any) which are convertible into Shares, or under the Global Offering, Shares with an aggregate nominal value not exceeding the sum of (a) 20% of the total nominal amount of the Shares in issue immediately following completion of the Global Offering (excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme); and (b) the total nominal amount of the Shares repurchased by our Company pursuant to the mandate granted to our Directors referred to in paragraph (d) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by applicable laws or the Articles to be held, or the passing of an ordinary resolution by the Shareholders in general meeting renewing, revoking or varying the mandate granted to our Directors, whichever occurs first;

(d) a general unconditional mandate was granted to our Directors to exercise all the powers of our Company to repurchase Shares on the Stock Exchange and/or on any other stock exchange on which the Shares are listed (and which are recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with the Listing Rules, with a total nominal value of not exceeding 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering (excluding any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the applicable laws or the Articles to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the mandate granted to our Directors, whichever occurs first.

4. Reorganisation

Please refer to the section headed "History and Development, Reorganisation and Group Structure" for details of the Reorganisation.

5. Changes in the share capital of the subsidiaries of our Company

The subsidiaries of our Company are listed in the accountant's report of our Company, the text of which is set out in Appendix I to this prospectus. In addition to the alterations disclosed in paragraph 4 above, the following alterations in the share capital of the subsidiaries of our Company took place within two years immediately preceding the date of this prospectus:

(a) Share transfer of Shenzhen Yashi in 2013

On 4 June 2013, Shenzhen Asiaray and Shanghai Asiaray entered into a share transfer agreement, pursuant to which Shenzhen Asiaray transferred the entire equity interests in Shenzhen Yashi to Shanghai Asiaray at a consideration of RMB1 million. The share transfer was completed on 14 June 2013. Upon completion, Shenzhen Yashi became a wholly-owned subsidiary of Shanghai Asiaray.

(b) Share transfers of Shanghai Asiaray in 2014

On 1 August 2013, Hong Kong Asiaray entered into a share transfer agreement with each of Shanghai Kelefu Advertising Company Limited (上海科樂福廣告有限公司) ("Shanghai Kelefu") and Guangzhou Yunwei Advertising Company Limited (廣州市運為

廣告有限公司) ("Guangzhou Yunwei"), pursuant to which each of Shanghai Kelefu and Guangzhou Yunwei transferred 10% equity interest in Shanghai Asiaray to Hong Kong Asiaray at a consideration of RMB2.60 million each. The share transfers were completed on 9 May 2014. Upon completion, Shanghai Asiaray became a wholly-owned subsidiary of Hong Kong Asiaray.

(c) Share transfer of Shenzhen Yashi in 2014

On 13 January 2014, Shenzhen Airport Asiaray and Shanghai Asiaray entered into a share transfer agreement, pursuant to which, Shanghai Asiaray transferred 55% of the equity interest in Shenzhen Yashi to Shenzhen Airport Asiaray at a consideration of RMB829,677.77. The share transfer was completed on 14 March 2014. Upon completion, Shenzhen Yashi became a non wholly-owned subsidiary of Shanghai Asiaray.

(d) Increase in registered capital and total investment amount in Shanghai Asiaray in 2014

On 18 June 2013, the board of directors of Shanghai Asiaray passed resolutions to approve the increase in the registered share capital of Shanghai Asiaray by RMB33.50 million to 50 million and the increase in the total investment amount by RMB67 million to RMB100 million. The increase in registered capital and total investment amount were completed on 9 May 2014.

Save as disclosed herein, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Repurchase by our Company of its own securities

This paragraph includes the information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Regulations of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

Shareholders' approval

All proposed repurchases of securities by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval in relation to specific transactions.

Note: Pursuant to the written resolutions of the Shareholders passed on 6 December 2014, the Repurchase Mandate was granted to our Directors authorising any repurchase by our Company of Shares as described in the section headed "Further information about our Group – Written resolutions of the Shareholders passed on 6 December 2014" above.

(b) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company or its subsidiaries if the Repurchase Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum, the Articles and the applicable laws of the Cayman Islands.

No connected person of our Company has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, in the event the Repurchase Mandate is exercised.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Code on Takeovers and Mergers of Hong Kong (the "Takeovers Code"). Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases made pursuant to the Repurchase Mandate immediately after Listing.

No repurchase of Shares has been made since the incorporation of our Company.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

7. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business of our Group) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) the share transfer agreement dated 4 June 2013 entered into between Shenzhen Asiaray and Shanghai Asiaray in relation to the transfer of the entire equity interests in Shenzhen Yashi from Shenzhen Asiaray to Shanghai Asiaray at a consideration of RMB1 million. For details, please refer to Appendix IV "Statutory and General Information – 5. Changes in share capital of the subsidiaries of our Company" to this prospectus;

(b) the share transfer agreement dated 1 August 2013 entered into between Hong Kong Asiaray and Shanghai Kelefu in relation to the transfer of 10% equity interest in Shanghai Asiaray from Shanghai Kelefu to Hong Kong Asiaray at a consideration of RMB2.60 million. For details, please refer to Appendix IV "Statutory and General Information – 5. Changes in share capital of the subsidiaries of our Company" to this prospectus;

(c) the share transfer agreement dated 1 August 2013 entered into between Hong Kong Asiaray and Guangzhou Yunwei in relation to the transfer of 10% equity interest in Shanghai Asiaray from Guangzhou Yunwei to Hong Kong Asiaray at a consideration of RMB2.60 million. For details, please refer to Appendix IV "Statutory and General Information – 5. Changes in share capital of the subsidiaries of our Company" to this prospectus;

(d) the consent letter agreement dated 14 November 2013 entered into between Asiaray Advertising Media and Main Element Profits Limited in relation to the transfer of 3,000,000 shares of Taiwan Asiaray Advertising Holdings Company Limited* (台灣雅仕維廣告股份有限公司) (representing its then entire issued equity interest) from Asiaray Advertising Media to Main Element Profits Limited at a consideration of New Taiwan Dollar 27,000,000;

(e) the share transfer agreement dated 13 January 2014 entered into between Shenzhen Airport Asiaray and Shanghai Asiaray in relation to the transfer of 55% of the equity interest in Shenzhen Yashi from Shanghai Asiaray to Shenzhen Airport Asiaray at a consideration of RMB829,677.77. For details, please refer to Appendix IV "Statutory and General Information – 5. Changes in share capital of the subsidiaries of our Company" to this prospectus;

(f) the supplemental agreement dated 3 June 2014 entered into between Shanghai Asiaray and Xiamen Iport Group Co., Ltd. (廈門翔業集團有限公司) ("Xiamen Iport"), pursuant to which, among other things, Shanghai Asiaray agreed to sell, and Xiamen Iport agreed to purchase, 19% equity interest in Fujiang Zhaoxiang Asiaray (the "Fujian Zhaoxiang Asiaray Transfer"). For details, please refer to the section headed "History and Development, Reorganisation and Group Structure" in this prospectus;

(g) the Reorganisation Deed;

(h) the shares buy-back agreement dated 25 August 2014 entered into between Hong Kong Asiaray and Asiaray Advertising Media, pursuant to which, Hong Kong Asiaray repurchased from Asiaray Advertising Media 100 shares in Hong Kong Asiaray at a consideration of HK$100. For details, please refer to the section headed "History and Development, Reorganisation and Group Structure" in this prospectus;

(i) the equity transfer agreement dated 20 October 2014 entered into between Shanghai Asiaray and Xiamen Iport in relation to the Fujian Zhaoxiang Asiaray Transfer at a consideration of RMB10,857,143 (the "Fujian Zhaoxiang Asiaray Equity Transfer Agreement"). For details, please refer to the section headed "History and Development, Reorganisation and Group Structure" in this prospectus;

(j) the supplemental agreement dated 21 October 2014 entered into between Shanghai Asiaray and Xiamen Iport in relation to the Fujian Zhaoxiang Asiaray Equity Transfer Agreement. For details, please refer to the section headed "History and Development, Reorganisation and Group Structure" in this prospectus;

(k) the cornerstone investment agreement dated 19 December 2014 entered into between the Company, the Sole Global Coordinator and Great World HK Media Pte. Ltd., details of which are included in the section headed "Cornerstone Investors" of this prospectus;

(l) the cornerstone investment agreement dated 19 December 2014 entered into between the Company, the Sole Global Coordinator and Shandong Peninsula Ocean Blue Economic Investment Company Limited, details of which are included in the section headed "Cornerstone Investors" of this prospectus;

(m) the deed of non-competition dated 22 December 2014 given by each of Mr. Lam, Media Cornerstone, Space Management and Shalom Family Holding in favour of the Company (the "Deed of Non-competition"), details of which are set out in the section headed "Relationship with Controlling Shareholders" in this prospectus;

(n) the deed of indemnity and warranty dated 22 December 2014 given by each of Mr. Lam, Media Cornerstone, Space Management and Shalom Family Holding in favour of the Company (for itself and as trustee for all members of the Group) (the "Deed of Indemnity"), details of which are set out in Appendix IV "Statutory and General Information" to this prospectus; and

(o) the Hong Kong Underwriting Agreement.

8. Intellectual property rights of our Group

(a) Trade marks

As at the Latest Practicable Date, our Group had registered the following trade marks:

Trade Mark	Registered owner	Class	Place of registration	Registration number	Duration of validity
雅仕维 ASIARAY	Shanghai Asiaray	35	PRC	1571939	14 May 2011 to 13 May 2021
Asiaray 雅仕维	Shanghai Asiaray	35	PRC	7916058	7 March 2011 to 6 March 2021

Note: Class 35: Advertising; business management; business administration; office functions

As at the Latest Practicable Date, our Group had applied for registration of the following trade marks:

Trade Mark	Applicant	Class	Place of registration	Application number	Application Date
Asiaray	Shanghai Asiaray	35	PRC	12791536	21 June 2013
雅仕维	Shanghai Asiaray	35	PRC	12791561	21 June 2013
Asiaray	Shanghai Asiaray	35	PRC	13718548	11 December 2013
Asiaray	the Company	35	Hong Kong	303011561	28 May 2014
Asiaray Media Group 雅仕维传媒集团	the Company	35	Hong Kong	303011598	28 May 2014
Asiaray Media Group 雅仕維傳媒集團	the Company	35	Hong Kong	303011606	28 May 2014
Asiaray Inspiration Everywhere	the Company	35	Hong Kong	303011615	28 May 2014
Asiaray Inspiration Everywhere	the Company	35	Hong Kong	303011589	28 May 2014
Asiaray 雅仕維	the Company	35	Hong Kong	303011552	28 May 2014
Asiaray 雅仕维	the Company	35	Hong Kong	303011543	28 May 2014
Asiaray 雅仕維	the Company	35	Hong Kong	303011534	28 May 2014
Asiaray 雅仕维	the Company	35	Hong Kong	303011507	28 May 2014
Asiaray 雅仕维	the Company	35	PRC	14586160	5 June 2014
Asiaray Inspiration Everywhere	the Company	35	PRC	14586159	5 June 2014

Trade Mark	Applicant	Class	Place of registration	Application number	Application Date
Asiaray Media Group	the Company	35	PRC	14586158	5 June 2014
Asiaray Media Group	the Company	35	PRC	14586157	5 June 2014
Asiaray	the Company	35	PRC	14586156	5 June 2014
Asiaray Inspiration Everywhere	the Company	35	PRC	14586155	5 June 2014
Asiaray 雅仕維	the Company	35	PRC	14586154	5 June 2014
Asiaray 雅仕維	the Company	35	PRC	14586153	5 June 2014
Asiaray 雅仕维	the Company	35	PRC	14586152	5 June 2014
Asiaray	the Company	35	PRC	14586151	5 June 2014
Asiaray Media Group	the Company	35	PRC	14586150	5 June 2014
Asiaray Media Group	the Company	35	PRC	14586149	5 June 2014
Asiaray Inspiration Everywhere	the Company	35	PRC	14586148	5 June 2014
Asiaray Inspiration Everywhere	the Company	35	PRC	14586147	5 June 2014
Asiaray 雅仕維	the Company	35	PRC	14586146	5 June 2014
Asiaray 雅仕維	the Company	35	PRC	14586145	5 June 2014

Trade Mark	Applicant	Class	Place of registration	Application number	Application Date
Asiaray 雅仕维	the Company	35	PRC	14586144	5 June 2014
Inspiration Everywhere	the Company	35	PRC	14586143	5 June 2014
Asiaray 雅仕维	the Company	35	PRC	14586142	5 June 2014

(b) Domain name

As at the Latest Practicable Date, our Group had registered the following material domain name:

Domain name	Registered owner	Registration date	Expiry date
asiaray.com	Shanghai Asiaray	27 January 1999	27 January 2024

Note: Contents of the above websites do not form part of this prospectus.

FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS

9. Particulars of Directors' service contracts

Executive Directors

Each of our executive Directors has entered into a service agreement with our Company pursuant to which each of them agreed to act as an executive Director for an initial term of three years commencing from 20 May 2014 unless terminated (i) by either party thereto giving not less than three months' prior written notice or (ii) in accordance with the terms contained therein. Particulars of the service agreements of our Directors are in all material respects the same.

Each of our executive Directors shall be entitled to an annual salary (inclusive of any sum receivable by the Director as director's fee or other emoluments from any member of the Group) as set out below, subject to an annual review by the remuneration committee of the Board. The basic annual salaries of our executive Directors are as follows:

Name	Annual Salary
Lam Tak Hing, alias Vincent Lam.	HK$120,000
Yung Chung Man	HK$1,000,000 RMB1,000,000
So Chi Man.	HK$1,920,000
Lam Ka Po	HK$1,920,000

Independent non-executive Directors

None of the independent non-executive Directors has entered into any service contract with the Group. Pursuant to the letter of appointment entered into between our Company and each of our independent non-executive Directors, each of our independent non-executive Directors has been appointed for a term of three years commencing from 20 May 2014. Either our Company or the independent non-executive Director may give a three months' written notice to the other party for early termination of appointment.

The annual remuneration payable to each of the independent non-executive Directors is HK$216,000. Save for such remuneration, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

10. Directors' remuneration

Remuneration of approximately HK$3.66 million, HK$4.46 million and HK$4.91 million in aggregate was paid by our Group to our Directors in respect of each of the three financial years ended 31 December 2011, 2012 and 2013 respectively.

Under the arrangements currently in force, the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (including our independent non-executive Directors) for the year ending 31 December 2014 are expected to be approximately HK$6.5 million.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the three years ended 31 December 2013 as (i) an inducement to join or upon joining our Group; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any members of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any remuneration for each of the three years ended 31 December 2013.

11. Disclosure of interests

(a) Interests and short positions of our Directors in the shares, underlying shares or debentures of our Company and its associated corporations

So far as our Directors are aware, immediately following completion of the Global Offering (taking no account of the exercise of the Over-allotment Option and any Shares which may be issued and allotted upon the exercise of any options which may be granted under the Share Option Scheme), the interests and short positions of our Directors and chief executive of our Company in the shares, underlying shares or debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, once the Shares are listed, or which will be required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules to notify our Company and the Stock Exchange once the Shares are listed, will be as follows:

Name of Director	Name of Group member/ associated corporation	Long/Short Position	Capacity/ Nature of Interest	Number of Shares	Approximate percentage of shareholding
Mr. Lam	the Company	Long Position	Beneficial owner and founder of a discretionary trust	330,000,000	75%

Note:

1. Mr. Lam is the sole shareholder of Space Management which holds 88,000,000 Shares. In addition, Mr. Lam is the founder of the Family Trust, which indirectly holds the entire issued share capital of Media Cornerstone, which holds 242,000,000 Shares. By virtue of the SFO, he is deemed to be interested in the Shares in which Space Management and Media Cornerstone are interested.

(b) Substantial Shareholders and other interests discloseable under the SFO

So far as is known to our Directors, immediately following completion of the Global Offering (taking no account of the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme), the following persons (other than a Director or the chief executive of our Company) will have an interest or short position in the shares and underlying shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group:

(i) Long positions in the Shares and underlying Shares of our Company

Name	Long/Short Position	Capacity/Nature of Interest	Number of Shares (immediately after completion of the Global Offering but without taking into account the exercise of the Over-Allotment Option)	Approximate percentage of shareholding (immediately after completion of the Global Offering but without taking into account the exercise of the Over-Allotment Option)
Media Cornerstone . . .	Long Position	Beneficial owner	242,000,000	55%
Trustee (Note 1)	Long Position	Trustee of a discretionary trust	242,000,000	55%
Space Management. . .	Long Position	Beneficial owner	88,000,000	20%
Mr. Lam (Note 2). . . .	Long Position	Beneficial owner and founder of a discretionary trust and interest in a controlled corporation	330,000,000	75%

Notes:

1. The 242,000,000 Shares are held by Media Cornerstone. Media Cornerstone is wholly owned by Shalom Family Holding, which is in turn wholly owned by the Family Trust. The Family Trust is a discretionary trust known as The Shalom Trust established by Mr Lam as settlor and UBS Trustees (BVI) Limited as trustee. The discretionary beneficiaries of the Family Trust are Mr Lam, certain of his family members and other persons who may be added from time to time. By virtue of the SFO, the Trustee is deemed to be interested in the Shares in which Media Cornerstone is interested.

2. Mr. Lam is the sole shareholder of Space Management which holds 88,000,000 Shares. In addition, Mr. Lam is the founder of the Family Trust, which indirectly holds the entire issued share capital of Media Cornerstone, which holds 242,000,000 Shares. By virtue of the SFO, he is deemed to be interested in the Shares in which Space Management and Media Cornerstone are interested.

(ii) Substantial shareholders of other members of our Group

Name of shareholder	Name of member of our Group	Capacity	Approximate percentage of ownership held by the substantial shareholders
Shenzhen Airport Asiaray	Shenzhen Yashi	Beneficial owner	55%
Yunnan Airport Group Limited Liability Company ("Yunnan Airport Company") (雲南機場集團有限責任公司)	Yunnan Airport Asiaray	Beneficial owner	49%(1)
Henan Zhengzhou Xinzheng Airport Management Company Limited ("Zhengzhou Airport Company") (河南省鄭州新鄭國際機場管理有限公司)	Henan Airport Asiaray	Beneficial owner	49%
Wuxi Metro Company .	Wuxi Asiaray	Beneficial owner	10%

Note:

1. Yunnan Airport Asiaray is directly held as to 25% by Yunnan Airport Company and 24% by Yunnan Aviation Telecommunications Company Limited (雲南民航電信有限公司) ("Yunnan Aviation Telecommunications"). Yunnan Aviation Telecommunications is a subsidiary of Yunnan Airport Company.

12. Disclaimers

(a) Save as disclosed in "Interests and short positions of our Directors in the shares, underlying shares or debentures in our Company and its associated corporations" in this appendix, and taking no account of any Shares which may be taken up or acquired under the Global Offering or upon the exercise of any options which may be granted under the Share Option Scheme, none of our Directors or chief executive of our Company has any interest or short position in any shares, underlying shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Main Board;

(b) save as disclosed in "Substantial Shareholders and other interests discloseable under the SFO" in this appendix, and taking no account of any Shares which may be taken up or acquired under the Global Offering or issued upon the exercise of any options which may be granted under the Share Option Scheme, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in the shares or underlying shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group;

(c) none of our Directors or any persons referred to in the paragraph headed "Qualifications and consents of experts" in this appendix has any direct or indirect interest in the promotion of, or in any assets which have been within the two years immediately preceding the date of this prospectus acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired, disposed of by or leased to any member of our Group;

(d) save as disclosed in "Connected Transactions" in this prospectus and the paragraph headed "Summary of material contracts" in this appendix, none of our Directors nor any persons referred to in the paragraph headed "Qualifications and consents of experts" in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole; and

(e) none of the persons referred to in the paragraph headed "Qualifications and consents of experts" in this appendix has any shareholding in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

OTHER INFORMATION

13. Share Option Scheme

(a) Summary of terms

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted in compliance with Chapter 17 of the Listing Rules by a resolution in writing passed by the Shareholders on 6 December 2014. The following summary does not form, nor is intended to be, part of the Share Option Scheme; nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

(i) Purpose of the scheme

The purpose of the Share Option Scheme is to enable the Board to grant share options to selected Eligible Persons (as defined in paragraph (ii) below) as incentives or rewards for their contribution or potential contribution to the Group.

(ii) Who may join

Our Board has absolute discretion to grant options to any individual who is an employee of our Group (including executive directors) and such other persons who have or will contribute to our Company as approved by our Board from time to time (the "Eligible Persons") on the basis of their contribution to the development and growth of the Group.

(iii) Conditions

The Share Option Scheme will take effect when all the conditions set out below have been satisfied:

(1) Approval of Shareholders is obtained to adopt the Share Option Scheme;

(2) the Listing Committee of the Stock Exchange grants approval for the listing of and permission to deal in any Shares which may be issued pursuant to the exercise of Options under this Scheme on the Stock Exchange; and

(3) the commencement of the listing of the Shares on the Stock Exchange.

(iv) Duration

Subject to the fulfilment of the conditions in paragraph (iii) above and the termination provisions in paragraph (xvi) below, the Share Option Scheme will be valid and effective for a period of 10 years commencing the Listing Date (the "Scheme Period"), after which the Company cannot grant new options and all options granted but not yet accepted, not yet vested or vested but not yet exercised will automatically lapse but the Share Option Scheme will remain in full force and effect in all other respects.

(v) Grant of options

Subject to the requirements in the Share Option Scheme and all applicable laws, rules and regulations, the Board can during the Scheme Period (as defined in the Share Option Scheme) grant options to Grantees. The Board will grant options by letters which contain the provisions requiring the Grantee to undertake to hold the option on the terms and conditions on which it is granted (which may include a minimum period for which the option must be held before it can be exercised and a performance target that must be reached before the option can be exercised in whole or in part) and to agree to be bound by the Share Option Scheme. An option will be open for acceptance for such time to be determined by the Board provided that no such offer shall be open for acceptance after the expiry of the Scheme Period or after the termination of the Share Option Scheme.

A Grantee accepts an option by (1) signing a duplicate of the letter of grant and returning it to the Company; and (2) remittance in favour of the Company the option price as specified in the letter of grant, in both cases by the last day for acceptance as defined by the Board. The remittance is not refundable.

The Board will not grant any option to any Eligible Person within a period prescribed in the Listing Rules during which (1) a Director is prohibited from dealing in the securities of the Company; or (2) a grant of options is prohibited. A grant will be made on a Business Day.

A Grantee may accept an option for less than the number of Shares being offered provided that the grant is accepted in respect of such number of Shares equal to a board lot or its integral multiple. A Grantee will clearly state in the acceptance the number of Shares he is accepting, failure of which will cause the Grantee to be deemed to have accepted the total number of Shares being offered in the letter of grant.

If a Grantee accepts an option for less than the number of Shares offered, or if an option is not accepted in the manner set out above, that portion of the option or the entire option (as the case may be) which is not accepted will be deemed to have been irrevocably declined and will automatically lapse. In addition, an option subject to acceptance will immediately and automatically lapse if, during the acceptance period, the Share Option Scheme is terminated or the Grantee ceases to be an Eligible Person.

(vi) Subscription price

The Board will determine the subscription price (which shall not be less than the par value of the Shares) and will notify the Grantee such subscription price in the letter of grant. The Board will comply with such basis of determination of the price for exercising any option as set out in the Listing Rules unless otherwise approved or permitted by the Stock Exchange, such exercise price, pursuant to the Listing Rules as at the date of adoption of the Share Option Scheme, shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant; and (iii) the nominal value of a Share.

(vii) Exercise of options

Any option (1) which was vested; (2) in respect of which all conditions attaching to it have been satisfied; and (3) which has not lapsed may be exercised at any time.

No option may be exercised if such exercise would, in the opinion of the Board, be in breach of the Share Option Scheme, any applicable law, rule or regulation or the terms and conditions of the relevant option.

An option holder (or as the case may be, his personal representative(s)) may exercise an option at any time during the period any option may be exercised as set out in the letter of grant (the "Option Period"). An option may be exercised in whole or in part (except in the case of an exercise of the vested options where the option holder or his personal representative must exercise all but not some of the vested options) but must be exercised in respect of a board lot or its integral multiple. The option holder (or, as the case may be, his personal representative(s)) must do the following to exercise an option: (1) serve a written exercise notice to the Company in a form required, and to such person designated, by the Board from time to time; (2) complete and sign the exercise notice, which will state the option being exercised, the number of Shares in respect of which it is exercised and the total subscription price for those Shares; (3) pay in full the total subscription price to the Company for the Shares in respect of which the notice is given within seven Business Days of the notice; and (4) provide such documents or confirmations as the Board may require from time to time pursuant to the terms of the Share Option Scheme or the terms and conditions of the option.

(viii) Lapse of options

Unless the Board exercises its discretion, an option will automatically lapse and will not vest or cannot be exercised (as the case maybe) on the earlier of: (1) the failure to satisfy the vesting conditions; (2) the expiry of the Option Period; and (3) the option holder failing to obtain all necessary consents or file all necessary registrations within 30 Business Days from the date of the written notice to exercise the relevant vested option.

Lapse of options in other circumstance:

Death, ill health, redundancy, retirement or transfer**:** If the option holder who on the date of grant was an eligible employee or, in the case of an option holder which is a related trust and company of such an eligible employee, that individual ceases to be an eligible employee because of: (1) death; or (2) ill health, serious injury or disability which in the opinion of the board of the relevant employer renders the individual unfit to perform his duties of his employment or his office for a continuous period of twelve months (and provided such illness or injury or disability is not self-inflicted); or (3) redundancy or retirement according to his contract of employment with his employer; or (4) early retirement by agreement with his employer; or (5) his employment or office being in a company which ceases to be a member of the Group or under the control of the Group or relating to a business, or a part of the business which is transferred to a person who is not a member of the Group or is not under the control of a member of the Group or if the Company or the relevant employer or member of the Group is reorganised or merged or consolidated with another entity such that such employer or the new entity ceases to be a member of the Group or under the control of a member of the Group, his unvested option will vest, in the case of 1, 3, 4 and 5 on the day of the occurrence of the relevant event, and in the case of 2 on the day when the board of the relevant employer arrived at its decision. The individual or his personal representative(s) (as the case may be) may exercise all his vested options (in whole and not part only) within the period of six months after the individual ceases to be an eligible employee pursuant to the circumstances in 1 to 5 above. Any vested option not exercised prior to the expiry of this period will automatically lapse.

***Resignation or termination of employment, office, services or engagement*:** When a person who is an option holder, or in the case of an option holder which is a related trust and company of a person who is an Eligible Person, that person, ceases to be a Eligible Person because: (1) in the case of a person who is an eligible employee, he has submitted his resignation from his employment or office with the employer, whether or not he is still in the employment of the employer during the relevant employment resignation notice period or the relevant employer has terminated the employment or office; or (2) in the case of a person who at the time of grant qualified as an Eligible Person as prescribed in the Share Option Scheme, the relationship set out in the relevant paragraph in the Share Option Scheme ceases or is terminated by the relevant member of the Group or that person (as the case may be); then (1) any unvested option will automatically lapse and (2) any vested option (to the extent not exercised) cannot be exercised.

***Misconduct*:** If the Board or the board of directors (or a committee thereof) of the relevant subsidiary determines that a person who is an option holder (this includes a person who has ceased to be an Eligible Person but his options continue to subsist), or, in the case of an option holder which is a related trust and company of a person who is an Eligible Person, that person: (1) is guilty of misconduct; or (2) has been convicted of any offence involving his integrity or honesty, whether or not in connection with his relationship with the Group; or (3) has committed any act or offence which would justify the termination of his employment contract or office, his engagement or contract with the relevant member of the Group at common law or pursuant to any applicable law, rule or regulation (or, in the case of a person who was an eligible employee but has subsequently ceased to be an eligible employee, his behaviour while he was an eligible employee would have justified the termination of his employment contract but which had not become known to the Group until after he has ceased to be an eligible employee); or (4) has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally; or (5) has disclosed confidential information of the Group; or (6) has entered into competition with the Group or breached any non-solicitation provisions in his employment, service agency, consultancy or engagement contract with any member of the Group (irrespective of whether such provisions are upheld or declared void and unenforceable by a court with competent jurisdiction), then, in the case of a person who was an eligible employee, whether or not he is summarily dismissed by the employer or is still employed by the employer, and in the case of another type of Eligible Person, the relationship set out in the relevant paragraph in the Share Option Scheme is terminated by the relevant member of the Group (1) any unvested option will automatically lapse and (2) any vested option (to the extent not exercised) cannot be exercised.

A resolution of the Board or the board of directors (or a committee thereof) of the relevant subsidiary to the effect that the employment or engagement of the person has or has not been terminated on one or more of the grounds specified in the above paragraph or that one or more of the grounds specified in the above paragraph has arisen in respect of the person will be conclusive and binding on the person and, where appropriate, his related trust and company.

***General Offer*: ** If a general offer to acquire Shares (whether by way of a takeover offer, share repurchase offer, privatisation proposal by a scheme of arrangement between the Company and its members or otherwise in a like manner) is made to the Shareholders pursuant to the Codes on Takeovers and Mergers and Share Buy-back ("Takeovers Code"), the Company will use reasonable endeavours to procure that such offer is extended to all the option holders in respect of the outstanding options on the terms required by the Takeovers Code or the relevant practice note(s) on the Takeovers Code.

If the offer is unconditional when it is made: (1) the Board will notify every option holder of the offer within five Business Days from the date when the offer is first made ("Offer Date"); (2) all unvested options will vest on the offer date; and (3) the option holder (or his personal representative(s)) may exercise all vested options (in whole or in part) at any time up to the close of the offer (or any revised offer), or the record date for entitlements under the scheme of arrangement, as the case may be ("Offer Period").

If the offer is conditional when it is made, but subsequently becomes or is declared unconditional in all respects, or is announced to have obtained the necessary approval from Shareholders (as the case may be): (4) the Board will notify every option holder of such event within five Business Days of the date on which the offer becomes or is declared unconditional in all respects ("Unconditional Date"); (5) all unvested options will vest on the Unconditional Date; and (6) the option holder (or his personal representative(s)) may exercise all vested options (in whole or in part) at any time (x) within 14 Business Days after the Unconditional Date, or (y) before the record date for entitlements under the scheme of arrangement, as the case may be ("Change of Control Period").

Unless otherwise approved by Shareholders who do not have interests in any outstanding options, any vested option not exercised during the Offer Period or the Change of Control Period (as the case may be) will automatically lapse.

***Members' voluntary winding-up*:** If an effective resolution is passed for the voluntary winding-up of the Company, all unvested options will immediately and automatically vest and an option holder can send an exercise notice to the Company within 15 Business Days after the date of such resolution to exercise all his outstanding vested options in whole or in part as set out in the exercise notice. If the Option Holder has sent such exercise notice he will be deemed to have sent the exercise notice immediately before the passing of the voluntary winding-up resolution. In this case the Company will not allot any Option Share to the option holder but instead will pay to the option holder out of the assets available in the liquidation pari passu with the holders of Shares such sum as would have been received in respect of the Shares the subject of such election had the Option Holder been a member of the Company in respect of those Shares at the time of the resolution, reduced by an amount equal to the subscription price which would otherwise have been payable in respect of the vested options so exercised.

Compromise or arrangement with creditors**:** If a compromise or arrangement between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction of the Company or amalgamation of the Company with another company or companies: (1) the Company will give notice to all option holders on the same date as it gives notice to its members or creditors to hold a meeting to consider, and if thought fit, approve such a compromise or arrangement; (2) thereupon all unvested options will vest and an option holder (or his personal representative(s)) may exercise all outstanding vested options (in whole or in part) by sending an exercise notice to the Company and by remitting the total subscription price payable in respect of the exercise of the relevant vested options. The exercise notice and the total subscription price must be received by the Company not later than five Business Days (excluding any period(s) of closure of the Company's register of members) prior to the proposed meeting; and (3) the Company will upon receipt of the exercise notice and full payment of the total subscription price and prior to the date of the proposed meeting, allot and issue such number of Option Shares to the option holder (or his estate) as may fall to be issued on the exercise of the relevant vested options credited as fully paid and register the option holder (or his estate) as the holder of the Option Shares.

Change of control of a Related Trust and Company**:** If an option holder was a related trust and company of a person which is a Grantee, when that person ceases to control the related trust and company, then (1) any unvested option will automatically lapse and (2) any vested option (to the extent not exercised) cannot be exercised even if an exercise notice has been received by the Company before the Grantee ceases control.

(ix) Maximum number of Shares available for subscription

Overriding Limit: Subject to the Listing Rules, the maximum number of Shares subject to outstanding unvested or vested options and outstanding other scheme options must not exceed 30 per cent. of the Shares in issue from time to time. No option or other scheme options may be granted if it will result in this Overriding Limit (as defined in the Share Option Scheme) being exceeded.

Mandate Limit: Subject to the Overriding Limit, Refreshing a Mandate Limit (as defined in the Share Option Scheme) and Specific Mandate (as defined in the Share Option Scheme), the total number of Shares issued and to be issued upon exercise of all options and other scheme options must not exceed 10 per cent. of the Shares in issue as at the date of commencement of the listing of the Shares on the Stock Exchange (that is, expected to be 44,000,000 Shares) (subject to adjustment in the event of a capitalisation issue, rights issue or open offer of Shares, or a consolidation, sub-division or reduction of share capital of the Company (other than an issue of Shares as consideration in respect of a transaction)). Unless approved pursuant to Refreshing a Mandate Limit and Specific Mandate, no options or other scheme options may be granted if such grant will result in the Mandate Limit being exceeded. Options and other scheme options lapsed according to the terms of the Share Option Scheme or other scheme(s) will not be counted for the purpose of calculating the Mandate Limit.

***Refreshing a Mandate Limit*:** Subject to the Overriding Limit and an approval of Shareholders, the Company may from time to time "refresh" a Mandate Limit provided that the total number of Shares which may be issued upon exercise of all options or other scheme options to be granted under the limit as "refreshed" must not exceed 10 per cent. of the Shares in issue at the date of the resolution to approve the "refreshed" limit ("Refresher Date"). Options and other scheme options previously granted (whether outstanding, cancelled, lapsed (according to the Share Option Scheme or the other schemes) or exercised) will not be counted for the purpose of calculating the limit as "refreshed". The Company can seek approval of Shareholders to "refresh" a Mandate Limit any number of times as the Board considers appropriate.

The Company will comply with all applicable laws, rules and regulations in seeking a refreshment of a Mandate Limit. Unless approved pursuant to the Specific Mandate below, the Board cannot grant any option on or after the Refresher Date if such grant will result in the Mandate Limit as refreshed being exceeded.

***Specific Mandate*:** Subject to the Overriding Limit and a specific approval of Shareholders, the Board may grant options to Eligible Persons identified by the Board. If the approval of Shareholders is obtained, the Board may grant options to any Eligible Person in respect of such number of Shares and on such terms as specified in that approval of Shareholders.

(x) Maximum entitlement of Shares of each Eligible Person

Unless approval of Shareholders is obtained in general meeting(s) with such Eligible Person and his associates abstaining from voting and subject to the Listing Rules including but not limited to rules relating to grant of Options to connected persons, the Board cannot grant any Option ("Triggering Option") to any Eligible Person which, if exercised, would result in that Eligible Person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him upon exercise of all options and other scheme options granted to him in the 12-month period immediately preceding the date of grant of the Triggering Option to exceed one per cent. of the number of Shares in issue as at that date of grant.

In calculating the total number of Shares already issued or to be issued to that Eligible Person upon exercise of all options granted as referred to in the preceding paragraph, all exercised, outstanding and cancelled options, whether vested or unvested, under the Share Option Scheme and other schemes will be aggregated. However, options which have lapsed need not be counted.

(xi) Reorganisation of capital structure

***Adjustment*:** Subject to paragraph (x), in the event of a capitalisation issue or rights issue or open offer of Shares, or a consolidation, sub-division or reduction of share capital of the Company (other than an issue of Shares as consideration in respect of a transaction) and an option remains exercisable, the Company will make corresponding adjustments (as necessary) to: (1) the number of Shares subject to the Overriding Limit and the Mandate Limit (as refreshed from time to time); (2) the number of Shares subject to outstanding options; and/or (3) the subscription price.

***Conditions to an adjustment*:** An adjustment will be made, to the extent practicable, in accordance with the following principles: (1) on the basis that each option holder on exercise of his options will have the same proportion of the issued share capital of the Company to which he would have been entitled if he were to exercise the Options immediately prior to the event leading to the requirement to perform the adjustment; and (2) Shares will not be issued at less than its nominal value.

***Certification*:** In respect of any adjustment, other than adjustments made on a capitalisation issue, the Company will seek a written certification from an independent financial adviser or the auditors that the adjustments satisfy the conditions to the adjustment ("Adjustment Certificate"). In giving the Adjustment Certificate the independent financial adviser or the auditors will act as experts and not as arbitrators and their confirmation will (in the absence of manifest error) be final and binding on the Company and the option holders. The costs of the Adjustment Certificate will be borne by the Company.

***When does an adjustment take effect*:** An adjustment will be deemed to have taken effect on the earlier of (1) the date of completion of the relevant corporate event leading to the requirement to perform the adjustment and (2) if necessary, the issue of the Adjustment Certificate.

***Notify Option Holders of an adjustment*:** The Company will within 30 Business Days of the announcement of the relevant corporate event leading to the requirement to perform the adjustment inform each option holder of the adjustment. If the Company receives an exercise notice from an option holder after such notification but before the Adjustment Certificate is issued, the Company will inform the option holder of such fact in which case the option holder can either give notice within five Business Days after receiving the relevant notice from the Company to withdraw the exercise notice or if he fails to withdraw the exercise notice that exercise notice will be deemed to have been received by the Company on the date when the Company receives the certification and the Company will accordingly process the exercise notice based on the adjusted exercise price as set out in the Adjustment Certificate.

(xii) Share capital

The exercise of any option will be subject to the approval of Shareholders approving any necessary increase in the authorised share capital of the Company. Subject to this approval, the Board will make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of options.

(xiii) Administration and Disputes

The Board will administer the Share Option Scheme. In addition, the Board may appoint an administrator in relation to the Share Option Scheme (or certain aspects of it) on such terms as the Board may determine. The decision of the Board on the interpretation of the Scheme or whether a circumstance exists which may affect the treatment of any option or option holder under the Share Option Scheme will be final and binding (in the absence of manifest error) on all parties.

Subject to all applicable laws, rules and regulations or any internal guidelines or code of corporate governance from time to time in force, the Board has the power, at its discretion and based on such factors and circumstances as it considers relevant and appropriate, to: (1) grant option(s) to Eligible Person(s) whom it selects; (2) determine when and whether any option will be granted; (3) determine the number of Shares to be subject to each option; (4) determine the terms and conditions of each option including the subscription price, etc.; (5) construe and interpret the terms and conditions of the Share Option Scheme and any option; (6) subject to other provisions of the Share Option Scheme, the Listing Rules and if necessary approval by Shareholders, vary the terms and conditions of any option; and (7) make, vary or rescind guidelines, rules or regulations for the administration of the Share Option Scheme provided such guidelines, rules and regulations are consistent with the rules of the Share Option Scheme.

(xiv) Amendments to the Share Option Scheme

***Amendment not to the advantage of Grantees or Option Holders*: ** Subject to this paragraph, the Board may change any of the provisions of the Share Option Scheme or withdraw at any time but no alterations may be made to the advantage of any Grantee or any option holder unless with the prior approval of Shareholders.

***Circumstances when Approval of Shareholders is required*: ** The Board will seek approval of Shareholders on: (1) any change to the Share Option Scheme which is of a material nature save where the change takes effect automatically under the Share Option Scheme; and (2) any change to the authority of the Board in relation to any change to the Share Option Scheme.

***Some or all members of the Group may be affected*: ** Subject to this paragraph, the Board may in its absolute discretion decide that any amendment to the provisions of the Share Option Scheme will apply to all or only some members of the Group as the Board will specify in writing.

***Accrued rights not affected*: ** No alteration of the Share Option Scheme will operate to affect adversely any right which any option holder has accrued on that date.

***Compliance with Listing Rules*: ** The amended terms of the Share Option Scheme and the options shall comply with the relevant requirements of all laws, rules and regulations including but not limited to the Listing Rules.

(xv) Alteration of the Share Option Scheme

Unless otherwise stated in the Listing Rules, any amendment to the terms of options granted may only be made with the approval of Shareholders, save where the amendments take effect automatically under the terms of the Share Option Scheme.

The amended terms of the options will comply with the relevant requirements of all laws, rules and regulations including but not limited to the Listing Rules.

(xvi) Cancellation of the options granted

With consent of Option Holder**:** The Board may cancel any vested but unexercised or unvested options on such terms and conditions with the consent of the relevant option holder.

Replace cancelled Options with new Options**:** If the Board cancels outstanding vested options or unvested options and grants new options (or other scheme options) to the same option holder, the grant of such replacement options or other scheme options cannot cause the limits set out in paragraph (ix) to be breached.

(xvii) Termination of the Share Option Scheme

The Share Option Scheme may be terminated at any time: (1) by approval of Shareholders; or (2) by the Board when it resolves that no further options will be granted under the Share Option Scheme.

(b) Present status of the Share Option Scheme

(i) Application for approval

Application has been made to the Listing Committee for the listing of and permission to deal in any Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(ii) Grant of option

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(iii) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

14. Tax and other indemnities and estate duty

Each of Mr. Lam, Media Cornerstone, Space Management and Shalom Family Holding (together "Indemnifiers" and each a "Indemnifier") has, pursuant to the Deed of Indemnity, collectively given indemnities in respect of, among other things:

(a) the amount of any and all taxation which might be payable by any member of the Group in respect of, or falling on any of them resulting from or by reference to, any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into, occurred or occurring (or alleged or deemed to be so earned, accrued, received, entered into, occurred or occurring) on or before or up to the date on which all the conditions stated under the paragraph headed "Conditions of the Hong Kong Public Offering" in the section headed "Structure of the Global Offering" of this prospectus having been fulfilled (the "Unconditional Date"), or any event, act or omission occurring or deemed to occur on or before the Unconditional Date, whether alone or in conjunction with any other event, act, omission or circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company, including any and all taxation resulting from the receipt by any members of the Group of any amounts paid by the Indemnifiers; and

(b) all actions, claims, losses, damages, costs (including all legal costs), charges, expenses, interests, penalties or other liabilities which any members of the Group may incur on or before the Unconditional Date in connection with:

(i) the investigation, assessment or contesting of any taxation claim;

(ii) the settlement of any taxation claim or claim under the Deed of Indemnity;

(iii) any legal proceedings in which any member of the Group claims under or in respect of the Deed of Indemnity and in which judgment is given for and in favour of any member of the Group; or

(iv) the enforcement of any such settlement or judgment.

The indemnities mentioned above shall not apply, and the Indemnifiers shall be under no liability under the Deed of Indemnity:

(i) to the extent that full provision or allowance, or full payment or discharge, has been made or taken into account in the Accountant's Report set out in Appendix I to this prospectus;

(ii) to the extent that the liability for such taxation would not have arisen but for some act or omission of, or transaction voluntarily effected by, any member of the Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring), other than any such act, omission or transaction:

a. carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the Unconditional Date;

b. carried out, made or entered into pursuant to a legally binding commitment created on or before the Unconditional Date or pursuant to any statement of intention made in this prospectus; or

c. consisting of any member of the Group ceasing or being deemed to cease to be a member of any group of companies or being associated with any other company for the purposes of any matter of taxation;

(iii) to the extent of any provisions or reserve made for taxation in the Accountant's Report set out in Appendix I to this prospectus which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers' liability (if any) in respect of taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; and

(iv) to the extent that such taxation or liability is discharged by another person who is not a member of the Group and that none of the member of the Group is required to reimburse such person in respect of the discharge of the taxation claim or liability.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands or Hong Kong is likely to fall on our Group.

15. Litigation

Neither our Company nor any of its subsidiaries is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company or any member of our Group that would have a material adverse effect on the results of operations or financial condition of our Group.

16. Promoter

The Company has no promoter for the purpose of the Listing Rules. No cash, securities or other benefit had been paid, allotted or given within two years preceding the date of this prospectus, or proposed to be paid, allotted or given, to any promoter in connection with the Global Offering or the related transactions described in this prospectus.

17. Personal guarantees and mortgages

All personal guarantees given by Mr. Lam for any debts or liabilities incurred by any member of our Group will be released and replaced by corporate guarantees if the Listing occurs. Accordingly, none of our Directors will provide any personal guarantee as security for any debts or liabilities incurred by any member of our Group if the Listing occurs.

18. The Sole Sponsor

The Sole Sponsor, BOCI Asia Limited, has declared its independence pursuant to Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an application on our behalf to the Listing Committee of the Hong Kong Stock Exchange for listing of, and permission to deal in, our Shares. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The Sole Sponsor will receive an aggregate of HK$6 million for acting as the sponsor upon completion of the Listing.

19. Related party transactions

During the two years immediately preceding the date of this prospectus, our Group engaged in the related party transactions as mentioned in Note 34 of the section headed "Significant Related Party Transactions" of the Accountant's Report set out in Appendix I to this prospectus and the section headed "Connected Transactions" of this prospectus.

20. Preliminary expenses

The preliminary expenses of our Company were estimated to be approximately US$19,300 and were payable by our Group.

21. Qualifications and consents of experts

The qualifications of the experts who have given opinions or whose advices and names are referred to in this prospectus are as follows:

Name	Qualification
BOCI Asia Limited.	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO
PricewaterhouseCoopers	Certified Public Accountants
Baker & McKenzie.	Hong Kong Legal Advisers

Name	Qualification
Jun He Law Offices	PRC Legal Advisers
Maples and Calder	Cayman Islands attorneys-at-laws
Mr. Alan C. Y. Yung	Barrister-at-law in Hong Kong

Each of BOCI Asia Limited, PricewaterhouseCoopers, Baker & McKenzie, Jun He Law Offices, Maples and Calder and Mr. Alan C. Y. Yung has given and has not withdrawn its/his written consents to the issue of this prospectus with the inclusion of its/his reports and/or letters and/or valuation and/or opinions (as the case may be) and/or the references to its name in the form and context in which they are respectively included.

None of BOCI Asia Limited, PricewaterhouseCoopers, Baker & McKenzie, Jun He Law Offices, Maples and Calder and Mr. Alan C. Y. Yung:

(i) is interested beneficially or non-beneficially in any shares in any member of our Group; or

(ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

22. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance insofar as applicable.

23. Bilingual prospectus

Pursuant to Rule 11.14 of the Listing Rules and section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), the English language and Chinese language versions of this prospectus are being published separately but are available to the public at the same time.

24. Miscellaneous

(a) Save as disclosed in “History and Development, Reorganization and Group Structure”, “Share Capital”, “Underwriting”, “Structure of the Global Offering” and in this appendix, within the two years preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of its subsidiaries had been issued or agreed to be issued or was proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or any of its subsidiaries was under option or was agreed conditionally or unconditionally to be put under option;

(iii) no commission had been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any share in our Company or any of its subsidiaries;

(iv) no commissions, discounts, brokerages or other special terms had been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries; and

(v) our Directors have confirmed that there had not been any interruption in the business of our Group which might have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus.

(b) Our Company has no founder, management or deferred shares.

(c) No securities of our Group are listed, and no listing of any such securities is proposed to be sought, on any other stock exchange.

(d) All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

(e) Our Group had not issued any debentures nor did it have any outstanding debentures nor any convertible debt securities as at the Latest Practicable Date.

(f) There are no arrangements in existence under which future dividends are to be or agreed to be waived.

(g) There is no restriction in Hong Kong affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

DOCUMENTS DELIVERED TO THE COMPANIES REGISTRY

The documents attached to the copy of this prospectus delivered to the Companies Registry in Hong Kong for registration were copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms, the written consents referred to in the section headed "Other information – Qualifications and consents of experts" in Appendix IV to this prospectus; copies of material contracts referred to in the section headed "Further information about the business of our Group – Summary of material contracts" in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Baker & McKenzie at 14th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and the Articles;

(b) the accountant's report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;

(c) the audited financial statements of the Group for the three years ended 31 December 2013 and the six months ended 30 June 2014;

(d) the report dated 31 December 2014 from PricewaterhouseCoopers relating to the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus, respectively;

(e) the letter of advice dated 31 December 2014 prepared by Maples and Calder summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this prospectus;

(f) the Cayman Islands Companies Laws;

(g) the legal opinion dated 31 December 2014 prepared by Jun He Law Office in respect of certain aspects of our Group in the PRC;

(h) the legal opinion dated 16 June 2014 and the supplemental advice dated 22 December 2014 prepared by Mr. Alan C. Y. Yung in respect of non-compliance with sections 122 of the Predecessor Companies Ordinance;

(i) the legal opinion dated 31 December 2014 prepared by Baker & McKenzie in respect of certain aspects of our Group in Hong Kong;

(j) the material contracts referred to in the section headed "Further information about the business of our Group – Summary of material contracts" in Appendix IV to this prospectus;

(k) the written consents referred to in the section headed "Other information – Qualifications and consents of experts" in Appendix IV to this prospectus;

(l) the rules of the Share Option Scheme; and

(m) the service agreements referred to in the section headed "Further information about Directors and Shareholders – Particulars of Directors' service contracts" in Appendix IV to this prospectus.

Asiaray Media Group
雅仕維傳媒集團