



## Asiaray Announces First Annual Results after Successful Listing Gross Profit Margin Increases to 33.7% while Net Profit Rises HK\$142.6 Million

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### Strives to Uphold the Strong Reputation and Position in the Industry To Capture the Enormous Business Opportunities

(Hong Kong, 31 March 2015) **Asiaray Media Group Limited** (“Asiaray” or the “Group,” stock code: 1993), a leading out-of-home media company with a strategic focus on airport and metro line advertising, announced the first annual results after its successful listing on the Main Board of the Hong Kong Stock Exchange on 15 January 2015. Leveraging on its industry recognition and the encouraging momentum experienced in recent years, the Group has achieved a satisfactory performance for the financial year ended 31 December 2014.

As forming joint ventures with media resource owners is one of the Group’s key business models in securing long-term and exclusive operations rights, and in one circumstance or the other the Group do not hold controlling shareholding in the joint venture (accounted for as associate companies of the Group) and as a result the Group is not consolidating those revenues according to the accounting standards. Therefore, **combined revenues**, which included the consolidated revenue of the Group and the total revenue of all associate companies of the Group, which presently are all engaged in airport media advertising business is considered giving a better view of the Group’s total business scale. For the year ended 31 December 2014, the Group’s combined revenues achieved a remarkable growth of 34.7%, increased from HK\$1,390 million to HK\$1,873 million, representing a sizable growth of business scale during the year.

As for the Group’s **consolidated revenue**, though revenue of Shenzhen Bao’an International Airport transferred from the Group to the joint venture company<sup>1</sup> effective from late 2013, with the general increase in revenue from media resources carried over from 2013, in particular the improved performance of the two metro line media businesses in Shenzhen and one in Hong Kong, along with the additional revenue generated from the two new metro line media resources in Ningbo and Wuxi which commenced operations in the review year, the revenue increased 9.0% to approximately HK\$1,321 million in 2014 (2013: HK\$1,211 million). Excluding the effect of the aforesaid transfer, the increase in revenue would be approximately 16.0%. Gross profit increased 22.2% to approximately HK\$445.4 million (2013: HK\$364.5 million) due to: (1) the airports where the Group has exclusive rights to mainstream media resources have all been showing good momentum of stable growth; (2) the concession fees remained relatively stable; (3) the improvement in gross profit margin in billboard and building solutions segment in Hong Kong. Gross profit margin increased 3.6 percentage points to 33.7% (2013: 30.1%). Profit Attributable to Owners of the Company increased by 10.3% to approximately HK\$142.6 million (2013: HK\$129.3 million). Excluding the one-off listing-related expenses, profit for the year would be approximately HK\$173.7 million, representing a remarkable increase of 34.4%.

In view of the Group’s strong financial position with cash and cash equivalents, short-term deposits and restricted cash of approximately HK\$410.7 million as at 31 December 2014 (2013: HK\$331.1 million) as well as the satisfactory financial results, the Board of Directors has proposed a final dividend of HK6.5 cents per share.

**Mr. Vincent Lam, Founder, Chairman, Chief Executive Officer and Executive Director of Asiaray**, said, “2014 was a crucial year to Asiaray. As one of the industry leaders, apart from being ranked first in Greater China’s airport advertising market<sup>2,3,4,6</sup> and ranked third in Greater China’s metro line advertising market<sup>4,5,6</sup>, we have also obtained the exclusive concession rights to mainstream media resources at 25 airports and 10 metro lines. Moreover, our space management approach makes us unique in the industry by allowing us to extend media solutions beyond existing advertising formats and it has brought us ROI Festival – Best Media of the Year Award for 2 consecutive years among other awards. We have also marked an important development milestone with the successful listing in January. The listing not only provides us with a broader capital platform, but also enhances our corporate image. We believe Asiaray is in an excellent position to capture the enormous business opportunities beyond the well established nationwide network in 33 cities in Greater China<sup>6</sup> to further grow our business and to generate substantial return for our shareholders in the long run.”

#### **Business Review**

<sup>1</sup> Asiaray owns 49% of the joint venture company

<sup>2</sup> Includes only privately-owned media companies

<sup>3</sup> In terms of revenue and number of airports with exclusive concession rights to mainstream media resources

<sup>4</sup> As at 31 December 2013 or for the year ended 31 December 2013

<sup>5</sup> In terms of revenue and number of metro lines with exclusive concession rights to mainstream media resources

<sup>6</sup> According to Frost and Sullivan report

**Combined revenue from airport media resources** (including the revenue from all associate companies) increased by 35.7% to HK\$1,246 million whereas **consolidated revenue from airport media resources**, due to the above-mentioned transfer of business of Shenzhen Bao'an International Airport and the termination of non-exclusive concession rights to media resources in Chengdu and Beijing at the Group's discretions, decreased by 6.1% to HK\$693.5 million (2013: HK\$738.8 million). Revenue from **metro line media resources** increased 25.0% to HK\$344.1 million (2013: HK\$275.3 million), as a result of an increase in revenue from metro line media businesses in Hong Kong and Shenzhen and also contributed by the commenced operations at the metro line in Ningbo and Wuxi during the year. Since advertising income from building solutions in Hong Kong increased, revenue from **billboards and building solutions** rose by 11.9% to HK\$174.1 million (2013: HK\$155.5 million). Other revenue increased by 161.0% to HK\$108.9 million (2013: HK\$41.7 million) which was primarily attributable to the increase in media agency business in respect of sales of advertising spaces in media resources operated by certain associate companies, in particular the Shenzhen Bao'an International Airport which commenced the operations of Terminal 3 in November 2013.

### **Prospects**

Outlook for 2015 is going to be cautiously promising. With the stepped-up implementation of the "New Normal" policy by the Central Government of China, the general economic growth of China will inevitably be slowing down in the foreseeable future including 2015. However, the new policy is also meant to constantly improve and upgrade the economic structure of China and that will open new opportunities for a faster growth in domestic consumption and domestic transportation sectors in China, which will definitely benefit out-of-home advertising, airport and metro advertising in particular.

China's advertising market has grown into the world's second-largest after years of rapid expansion and infrastructure boom in recent years has created an environment well suited for the development. Airport and metro line advertising markets, which are Asiaray's strategic focuses, have been showing high growth potential in recent years. More airports and metro lines are constructed to accommodate increasing levels of passenger traffic and urbanization, which can provide the Group more opportunities to capture additional market share.

The Group believes that in China's advertising market today, out-of-home advertising market occupies an important position. Asiaray has the right strategy, extensive industry knowledge of and experience in space management to deliver integrated and creative out-of-home media solutions for renowned and diverse advertiser customers, convey messages in novel and thought-provoking ways, and thus connect with the audiences.

**Mr. Lam** concluded, By the on-going efforts of our experienced management team, coupled with our well-developed space management capabilities and creative media solutions, we are confident that we will be able to secure more new contracts with those new airports and metro lines on top of the exclusive rights we have already obtained. We will strive to uphold our strong reputation and will always endeavor to ensure each customer is satisfied with our solutions."

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### **About Asiaray Media Group Limited (stock code: 1993)**

Established in 1993 and listed on the Main Board of The Hong Kong Stock Exchange in 2015, Asiaray is a leading out-of-home media company in Greater China with a strategic focus on airport and metro line advertising. It is ranked first among privately-owned media companies in terms of number of airports and third in terms of number of metro lines with exclusive concession rights to mainstream media resources and revenue in Greater China in 2013. As at 31 December 2014, the Group has exclusive concession rights to mainstream media resources at 25 airports and 10 metro lines. The Group has also won and obtained the exclusive rights to mainstream media resources in Wuxi Metro Line No. 2, Ningbo Metro Line No. 1 and the metro lines in Zhengzhou in 2014. With an extensive nationwide network of media resources covering 33 cities in Greater China, the Group leverages its well-developed space management approach to deliver integrated, creative out-of-home media solutions to renowned and diverse advertiser customers. For more details about Asiaray, please kindly visit its official website: [www.asiaray.com](http://www.asiaray.com).