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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1993)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The Board of Directors (the "Board") of Asiaray Media Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014, together with the audited comparative figures for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
Revenue	2	**1,320,686**	1,211,309
Cost of revenue	3	**(875,313)**	(846,764)
Gross profit		**445,373**	364,545
Selling and marketing expenses	4	**(82,231)**	(74,986)
Administrative expenses	5	**(145,525)**	(95,294)
Other income	6	**10,013**	8,025
Other gains — net	6	**1,934**	1,530
Operating profit		**229,564**	203,820
Finance income	7	**6,844**	5,792
Finance costs	7	**(15,746)**	(8,114)
Finance costs — net	7	**(8,902)**	(2,322)
Share of result of investments in associates	11	**(819)**	3,122
Profit before income tax		**219,843**	204,620
Income tax expense	8	**(27,531)**	(37,817)
Profit for the year		**192,312**	166,803

	Notes	Year ended 31 December **2014** *HK$'000*	2013 *HK$'000*
Other comprehensive income			
Items that may be reclassified to profit or loss			
— Net losses from changes in fair value of available-for-sale financial assets, net of tax		**(154)**	(235)
— 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)
— Currency translation differences		**2,167**	1,168
— Less: reclassification of currency translation differences to profit or loss upon disposal of a subsidiary		**–**	(382)
		2,013	490
Total comprehensive income for the year		**194,325**	167,293
Profit attributable to:			
Owners of the Company		**142,555**	129,261
Non-controlling interests		**49,757**	37,542
Profit for the year		**192,312**	166,803
Total comprehensive income attributable to:			
Owners of the Company		**144,573**	128,678
Non-controlling interests		**49,752**	38,615
Total comprehensive income for the year		**194,325**	167,293
Earnings per share attributable to owners of the Company for the year (expressed in HK$ per share)			
— Basic and diluted	*9*	**0.43**	0.39
Dividends	*10*	**208,780**	–

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December **2014** *HK$'000*	2013 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**83,518**	64,008
Land use rights		**16,935**	–
Investment properties		**786**	882
Intangible assets		**1,061**	1,052
Investments in associates	*11*	**36,442**	66,444
Financial assets at fair value through profit or loss		**3,735**	2,697
Available-for-sale financial assets		**8,734**	8,919
Deferred income tax assets		**58,232**	43,379
Non-current portion of other receivables	*12*	**18,206**	–
Other non-current assets		**–**	31,816
		227,649	219,197
Current assets			
Inventories		**268**	373
Trade and other receivables	*12*	**353,735**	305,779
Short-term deposits	*13*	**194,136**	119,473
Restricted cash	*13*	**80,968**	11,043
Cash and cash equivalents		**135,630**	200,548
		764,737	637,216
Total assets		**992,386**	856,413
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**33,000**	–
Reserves		**(4,269)**	19,349
Retained earnings		**95,343**	132,968
		124,074	152,317
Non-controlling interests		**84,697**	55,047
Total equity		**208,771**	207,364

		As at 31 December	
		2014	2013
	Note	***HK$'000***	*HK$'000*
Liabilities			
Non-current liabilities			
Borrowings		**8,557**	10,258
Non-current portion of other payables	*14*	**14,228**	9,819
Deferred income tax liabilities		**75**	–
		22,860	20,077
Current liabilities			
Trade and other payables	*14*	**631,142**	485,963
Current income tax liabilities		**17,987**	27,406
Borrowings		**111,626**	115,603
		760,755	628,972
Total liabilities		**783,615**	649,049
Total equity and liabilities		**992,386**	856,413
Net current assets		**3,982**	8,244
Total assets less current liabilities		**231,631**	227,441

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have 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, which are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

Changes in accounting policy and disclosures

(a) The new or revised standards, amendments and interpretations to existing standards, which are mandatory for the financial year beginning on 1 January 2014, are either currently not relevant to the Group or had no material impact on the Group's consolidated financial statements.

(b) 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:

		Effective for annual periods beginning on or after
Annual improvements 2012	2010–2012 cycle	1 July 2014
Annual improvements 2013	2011–2013 cycle	1 July 2014
Annual improvements 2014	2012–2014 cycle	1 January 2016
Amendment to HKFRS 11	Accounting for acquisitions of interest in joint operation	1 January 2016
Amendment to HKAS 16 and 38	Clarification of acceptable methods of depreciation and amortization	1 January 2016
Amendment to HKAS 10 and 28	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendment to HKAS 27	Equity method in separate financial statements	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial instruments	1 January 2018

The Group is in the process of assessing the impact of the above new standards and amendments to existing standards on the Group's consolidated financial statements.

(c) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

2. 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. All of the businesses of the Group were carried out in the PRC and Hong Kong during the year. 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 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 is as follows:

	Airport business *HK$'000*	**Metro lines business** *HK$'000*	**Billboards and building solutions** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2014					
Revenue	**693,527**	**344,119**	**174,117**	**108,923**	**1,320,686**
Cost of revenue	**(390,546)**	**(268,791)**	**(123,276)**	**(92,700)**	**(875,313)**
Gross profit	**302,981**	**75,328**	**50,841**	**16,223**	**445,373**
Selling and marketing expenses					**(82,231)**
Administrative expenses					**(145,525)**
Other income					**10,013**
Other gains — net					**1,934**
Operating profit					**229,564**
Finance income					**6,844**
Finance costs					**(15,746)**
Finance costs — net					**(8,902)**
Share of results of investments in associates	**(819)**	**–**	**–**	**–**	**(819)**
Profit before income tax					**219,843**
Income tax expense					**(27,531)**
Profit for the year					**192,312**

	Airport business *HK$'000*	Metro lines business *HK$'000*	Billboards and building solutions *HK$'000*	Others *HK$'000*	Total *HK$'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 result 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

Revenue consisted of the following:

	Year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Analysis of revenue by category:		
Advertisement display revenue	**1,216,834**	1,115,380
Advertisement production, installation and dismantling revenue	**103,852**	95,929
	1,320,686	1,211,309

The geographical distribution of the Group's revenue was as follows:

	Year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Revenue from external customers:		
Mainland China	**1,017,727**	935,650
Hong Kong	**302,959**	275,659
	1,320,686	1,211,309

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue for the years ended 31 December 2014 and 2013.

The Group's non-current assets other than financial instruments and deferred income tax assets were located in the PRC and Hong Kong as follows:

	As at 31 December	
	2014	2013
	HK$'000	*HK$'000*
Mainland China	**153,274**	162,235
Hong Kong	**3,674**	1,967
	156,948	164,202

3. COST OF REVENUE

Expenses included in cost of revenue are analysed as follows:

	Year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Concession fee charges for advertising spaces	**746,087**	699,879
Project installation and dismantling costs	**50,565**	53,980
Business tax and the related surcharges	**23,721**	41,544
Depreciation of property, plant and equipment	**23,827**	27,751
Utilities	**12,728**	12,831
Others	**18,385**	10,779
	875,313	846,764

4. SELLING AND MARKETING EXPENSES

Expenses included in selling and marketing expenses are analysed as follows:

	Year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Employee benefit expenses	**65,384**	57,699
Travelling and entertainment expenses	**8,546**	7,398
Marketing research expense	**4,818**	4,633
Office expenses	**1,435**	1,610
Office rental expense	**883**	785
Sales commissions	**475**	619
Depreciation of property, plant and equipment	**254**	302
Others	**436**	1,940
	82,231	74,986

5. ADMINISTRATIVE EXPENSES

Expenses included in administrative expenses are analysed as follows:

	Year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Employee benefit expenses	**55,483**	44,693
Travelling and entertainment expenses	**14,278**	13,873
Office rental expense	**11,085**	11,604
Office expenses	**8,809**	9,513
Auditors' remunerations	**3,029**	1,940
Other professional service fees	**6,477**	2,633
Depreciation of property, plant and equipment	**4,772**	2,950
Impairment provision for receivables	**3,199**	2,313
Listing-related expenses	**31,139**	1,880
Bank charges	**3,146**	1,750
Taxes and surcharges	**1,611**	1,622
Amortisation of intangible assets	**276**	155
Amortisation of land use rights	**178**	–
Depreciation of investment properties	**93**	93
Others	**1,950**	275
	145,525	95,294

6. OTHER INCOME AND OTHER GAINS — NET

	Year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Other income		
Government subsidy income	**4,521**	4,755
Advertising consulting service income	**2,731**	1,346
Compensation from counter parties for breach of contracts	**1,770**	1,352
Rental income on investment properties	**171**	170
Dividend income on available-for-sale financial assets	**329**	402
Interest income on loans to an associate	**491**	–
	10,013	8,025
Other gains — net		
Fair value gains on financial assets at fair value through profit or loss	**452**	50
Net exchange (losses)/gains	**(1,001)**	45
Gains on disposal of property, plant and equipment	**285**	171
Gains on disposal of available-for-sale financial assets	**–**	281
Gains on disposal of a subsidiary	**–**	175
Gains on partial disposal of an associate (Note 11)	**1,743**	–
Others	**455**	808
	1,934	1,530

7. FINANCE COSTS — NET

	Year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Finance income		
Interest income on bank deposits	**(6,844)**	(5,792)
Finance costs		
Interest expense on bank borrowings	**9,084**	8,114
Discounting effects of loans to an associate	**6,662**	–
	15,746	8114
Finance costs — net	**8,902**	2,322

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Current income tax		
— PRC corporate income tax	**35,459**	30,760
— Hong Kong profits tax	**6,684**	10,381
	42,143	41,141
Deferred tax	**(14,612)**	(3,324)
	27,531	37,817

(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. It had been provided for at the rate of 16.5% on the estimated assessable profits for the year.

(c) PRC corporate income tax

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 year, based on the existing legislation, interpretations and practices in respect thereof, unless preferential tax rates were applicable.

Yunnan Airport Asiaray Information Media Company Limited, 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%.

(d) PRC withholding tax

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%.

As at 31 December 2014, the retained earnings of the Group's PRC subsidiaries not yet remitted to the holding companies incorporated outside PRC, for which no deferred tax liability had been provided, were approximately HK$169,994,000. Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their holding companies incorporated outside PRC in the foreseeable future based on management's estimation of overseas funding requirements.

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	**142,555**	129,261
Weighted average number of ordinary shares in issue *(thousands)*	**330,000**	330,000
Earnings per share *(HK$ per share)*	**0.43**	0.39

As the Company did not have any dilutive potential ordinary shares during the year (2013: nil), diluted earnings per share equaled to basic earnings per share.

10. DIVIDENDS

	Year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
2013 dividend (HK$0.546 per share) (a)	**180,180**	–
Proposed final dividend (HK$0.065 per share) (b)	**28,600**	-
	208,780	–

(a) Pursuant to the resolutions passed by the Board on 6 December 2014:

(i) the Board approved to declare and distribute a dividend in the amount of HK$180,180,000 (HK$0.546 per share), including HK$132,130,000 and HK$48,050,000 to Media Cornerstone Limited and Space Management Limited, respectively, for the year ended 31 December 2013;

(ii) the Company entered into an assignment of current accounts with certain subsidiaries of the Group, pursuant to which the outstanding current accounts repayable by Mr. Lam and certain related parties controlled by Mr. Lam to those subsidiaries with the net balance of approximately HK$31,926,000 (the "Current Accounts") were assigned to the Company; and

(iii) the Current Accounts were settled with the same amount of the above dividend at the request of Mr. Lam and HK$74,000 of dividend was paid in cash on 6 December 2014.

(b) The Board recommend the payment of a final dividend of HK6.5 cents per share. The proposed final dividend will be paid on 25 June 2015 to those shareholders whose names appear on the Company's register of members on 18 June 2015.

This proposed dividend is subject to approval by the shareholders at the forthcoming annual general meeting. These consolidated financial statements do not reflect this dividend payable.

11. INVESTMENTS IN ASSOCIATES

	Year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
At beginning of the year	**66,444**	44,249
Capital injections	**514**	17,494
Share of results	**(819)**	3,122
Partial disposal of an associate	**(12,013)**	–
Dividend	**(19,248)**	–
Currency translation differences	**1,564**	1,579
At end of the year	**36,442**	66,444

In October 2014, Shanghai Asiaray Advertising Co., Ltd ("Shanghai Asiaray") entered into a formal equity transfer agreement and a related supplemental agreement with Xiamen Iport Group Co., Ltd. (廈門翔業集團有限公司) ("Xiamen Iport") (the "Agreements"). Pursuant to the Agreements, Shanghai Asiaray disposed of 19% equity interest in Fujian Zhaoxiang Asiaray Advertising Company Limited (福建兆翔雅仕維聯合廣告有限公司) ("Fujian Zhaoxiang Asiaray") to Xiamen Iport at a consideration of RMB10,857,000 and Shanghai Asiaray was to receive 49% of the retained earnings of Fujian Zhaoxiang Asiaray as at 30 June 2014 as dividends upon declaration and before completion of the above disposal; in addition, the profit or loss relating to the above 19% equity interest in Fujiang Zhaoxiang Asiaray for the period from 1 July 2014 to the completion date of the above disposal was attributable to Xiamen Iport. The above disposal had been completed as at 31 December 2014 and resulted in a gain of approximately HK$1,743,000 (Note 6). After the completion of the above disposal, Shanghai Asiaray holds 30% equity interest in Fujian Zhaoxiang Asiaray.

Pursuant to the Agreements, approximately HK$19,248,000 representing 49% of the retained earnings of Fujian Zhaoxiang Asiaray as at 30 June 2014 was declared as dividends to Shanghai Asiaray, which was immediately loaned to Fujian Zhaoxiang Asiaray through entrusted loan arrangement with a commercial bank for funding its business expansion. This loan was interest-free, unsecured and had a term of six years. Pursuant to the Agreements, Fujian Zhaoxiang Asiaray was also renamed as Fujian Zhaoxiang Advertising Company Limited (福建兆翔廣告有限公司) ("Fujian Zhaoxiang Advertising").

12. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2014	2013
	HK$'000	*HK$'000*
Included in current assets		
Trade receivables (a)	**229,626**	178,195
— Due from a related party	**12,733**	187
— Due from third parties	**216,893**	178,008
Less: allowance for impairment of trade receivables	**(8,027)**	(6,172)
Trade receivables, net	**221,599**	172,023
Other receivables (b)	**81,251**	107,386
— Due from related parties	**737**	61,862
— Due from third parties	**80,514**	45,524
Less: allowance for impairment of other receivables	**(1,285)**	(1,030)
Other receivables, net	**79,966**	106,356
Interest receivable	**3,692**	1,956
Prepaid taxes	**3,507**	3,118
Other prepayments (c)	**44,971**	22,326
— Paid to related parties	**1,051**	1,319
— Paid to third parties	**43,920**	21,007
	353,735	305,779
Included in non-current assets		
Loans to an associate (d)	**18,206**	–
Total	**371,941**	305,779

(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	
	2014	2013
	HK$'000	*HK$'000*
Up to 6 months	**184,483**	153,756
6 months to 12months	**28,143**	8,454
1 year to 2 years	**8,025**	11,439
2 years to 3 years	**4,990**	557
Over 3 years	**3,985**	3,989
	229,626	178,195

As at 31 December 2014 and 2013, trade receivables past due but not impaired were approximately HK$184,483,000 and HK$153,756,000 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	
	2014	2013
	HK$'000	*HK$'000*
Up to 6 months	**184,483**	153,756

As at 31 December 2014 and 2013, trade receivables of HK$45,143,000 and HK$24,439,000 were impaired. The amount of the provision were HK$8,027,000 and HK$6,172,000 as of 31 December 2014 and 2013. The ageing of these receivables is as follows:

	As at 31 December	
	2014	2013
	HK$'000	*HK$'000*
6 months to 12 months	**28,143**	8,454
1 year to 2 years	**8,025**	11,439
2 years to 3 years	**4,990**	557
Over 3 years	**3,985**	3,989
	45,143	24,439

(b) Other receivables mainly represented guaranteed deposits paid to various media resources owners and amounts due from certain related parties.

(c) Analysis of other prepayments is as follows:

	As at 31 December	
	2014	2013
	HK$'000	*HK$'000*
Prepayments for concession fee charges for advertising spaces	**31,179**	19,601
Prepaid listing-related expenses(*)	**10,984**	636
Others	**2,808**	2,089
	44,971	22,326

* It represented the payments made to certain professional parties for the preparation of the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), which were incremental and directly attributable to the issue of new shares of the Company and were capitalised into the share premium account upon the Listing which occurred on 15 January 2015.

(d) It represented two interest-free loans from a subsidiary to Fujian Zhaoxiang Advertising , including a loan of HK$19,248,000 which had a term of 6 years (Note 11) and a loan of HK$5,129,000 which had a term of 2 years. The initial fair values of the two loans were based on cash flows discounted using interest rates based on the prevailing borrowing rates of 6.55% and 6.15%, respectively, as promulgated by the People's Bank of China. The HK$6,662,000 of differences between the initial fair values and the principals of the two loans were recorded in "finance costs".

13. SHORT-TERM DEPOSITS AND RESTRICTED CASH

The effective interest rate for the short-term deposits of the Group with initial terms ranging from 6 months to 1 year for the year ended 31 December 2014 was 3.15% (2013: 3.17%).

The restricted cash of the Group represented the guaranteed deposits for letter of guarantee issued by certain banks.

14. TRADE AND OTHER PAYABLES

	As at 31 December	
	2014	2013
	HK$'000	*HK$'000*
Trade payables (a)	**46,236**	59,809
— Due to related parties	**21,275**	903
— Due to third parties	**24,961**	58,906
Accrued concession fee charges for advertising spaces (b)	**254,489**	199,914
— Due to related parties	**108,863**	62,487
— Due to third parties	**145,626**	137,427
Advances received from customers	**144,896**	155,161
Other taxes payable	**5,681**	5,301
Salary and staff welfare payables	**24,291**	18,528
Dividends payable to related parties	**149,562**	–
Other payables (c)	**20,215**	56,770
— Due to related parties	**633**	34,697
— Due to third parties	**19,582**	22,073
Accrued interest expense	**–**	299
	645,370	495,782
Less: non-current portion of accrued concession fee charges for advertising spaces	**(14,228)**	(9,819)
	631,142	485,963

(a) As at 31 December 2014 and 2013, the ageing analysis of the trade payables based on invoice date was as follows:

	As at 31 December	
	2014	2013
	HK$'000	*HK$'000*
Up to 6 months	**40,815**	36,814
6 months to 12 months	**2,575**	7,039
1 year to 2 years	**2,060**	6,094
2 years to 3 years	**529**	8,401
Over 3 years	**257**	1,461
	46,236	59,809

(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 paid and payable according to the concession rights agreements.

(c) Other payables mainly represented guarantee deposits received from customers and certain amounts due to related parties.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Driven by the growth in China's economy, increased income levels and higher standards of living, as well as growth in the travel by airplanes, metro lines and other modes of transportation as urbanization progresses, out-of-home advertising in China has experienced steady growth in recent years. China's out-of-home advertising market, according to the research of Frost & Sullivan, 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.

Airport and metro line advertising markets have long been our strategic focus. As new infrastructure is constructed, new metro lines have been built throughout China and existing airports have been expanded, improved and renovated, the transportation media advertising has seen the fastest growth in market size, the Group thus has benefited from this momentum and recorded an encouraging results in 2014.

It is also worth-mentioning that, our year-on-year business growth not only rides on the growth of the industry in general as well as the additions and successful renewal of media projects in our business portfolio, but also the movements of individual projects along the business life cycle which is broadly classified into three phases, namely "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. During 2014, most of our projects were in stable growth phase with the exceptions of a few "Ramp-up" projects including Shenzhen Bao'an International Airport which commenced the operations of Terminal 3 in November 2013 and two new metro line media resources in Ningbo and Wuxi which commenced operations in May 2014 and July 2014 respectively.

To give a better view of the total business scale of the Group, we would also like to report on the 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. For the year ended 31 December 2014, the combined revenues achieved a remarkable growth of 34.7%, increased from HK$1,390 million to HK$1,873 million. To secure long-term and exclusive concession rights to media resources in airports and metro lines, the Group has formed joint ventures with the media resources owners and for all non-controlling joint-venture companies are reported as associate companies in our financial statements. As at 31 December 2014, the Group operated joint ventures for 21 out of the 25 airports where we had exclusive concession rights, among which 9 airports are operated by associate companies.

Outlook

Our 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, though it will take some time to have such effect fully materalized.

China's advertising market is expected to increase from US$75.9 billion in 2013 to US$127.7 billion by 2018, according to Frost and Sullivan Report. More airports and metro lines are constructed to accommodate increasing levels of passenger traffic and urbanization, which can provide us more opportunities to capture additional market share.

We believe that in China's advertising market today, out-of-home advertising market occupies an important position that we should not lose sight of it. We all are spending more time out of home than we used to be, traveling more and commuting more around towns and cities. Advertising opportunities in airports and metro lines will definitely increase. 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.

More importantly, the airport concessions are currently run by the airports themselves. For airports, according to the Frost & Sullivan Report, in 14 out of the top 30 busiest airports in China, their media businesses are exclusively run by third-party professional operators, of which 9 airports are run by our Group. While the other 16 airports are still run by the airport authorities themselves, which does not align with the global trend, such State Owned Enterprise reform will certainly provide a tremendous opportunity for us, and that we will secure our first rank title among privately-owned media companies in terms of revenue from, and number of, airports with exclusive concession rights to mainstream media resources. For metro lines, even better growth potential is envisaged as metro companies in China are bound to partner with third-party professional operators in their media business and thus ample opportunities arise that shall by all means benefit our Group.

FINANCIAL REVIEW

Revenue

As forming joint ventures with media resource owners is one of our key business models in securing long-term and exclusive operations rights, and in one circumstance or the other we do not hold controlling shareholding in the joint venture (accounted for as associate companies of the Group) and as a result we are not consolidating those revenue 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, our 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.

The consolidated revenue of the Group for the year ended 31 December 2014 increased from approximately HK$1,211 million to approximately HK$1,321 million, representing an increase of 9.0%. It is noteworthy that the increase was partly off-set by the transfer of media business and hence revenue of Shenzhen Bao'an International Airport from the Group to the joint venture company owned as to 51% by Shenzhen Airport Co. Ltd. and 49% by the Group effective from November 2013. Excluding the effect of the aforesaid transfer of business, the increase in revenue is approximately 16.0% for better comparison. The increase in consolidated revenue was mainly attributable to 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 the metro line media business in Hong Kong. Besides, we have additional revenue generated from two new metro line media resources in Ningbo and Wuxi which commenced operations in May 2014 and July 2014 respectively.

Combined revenue from airport media resources increased by 35.7% to HK$1,246 million whereas consolidated revenue from airport media resources, due to the above-mentioned transfer of business which resulted a decrease of consolidated revenue by approximately HK$71.7 million and the termination of non-exclusive concession rights to media resources in Chengdu and Beijing at the Group's discretions, decreased from approximately HK$738.8 million in 2013 to approximately HK$693.5 million in 2014, decreased by approximately HK$45.3 million or 6.1%. The decrease was on the other hand partially offset by increases in revenue from our media resources in our exclusive airports, in particular Hangzhou Xiaoshan International Airport and Zhengzhou Xinzheng International Airport.

Our revenue from metro line media resources for the year ended 31 December 2014 increased by approximately HK$68.8 million or 25.0%, from approximately HK$275.3 million in 2013 to approximately HK$344.1 million in 2014, which was primarily attributable to increases in revenue from our metro line media businesses in Hong Kong and Shenzhen. We also commenced operations at the metro line in Ningbo and operations at metro lines in Wuxi during the year ended 31 December 2014.

Our revenue from billboards and building solutions increased by approximately HK$18.6 million or 11.9%, from approximately HK$155.5 million in 2013 to approximately HK$174.1 million in 2014, which was primarily attributable to increased advertising income from building solutions in Hong Kong.

Other revenue increased by HK$67.2 million or 161.0%, from approximately HK$41.7 million in 2013 to approximately HK$108.9 million in 2014 which was primarily attributable to the increase in our 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.

Cost of Revenue

Our cost of revenue increased by approximately HK$28.5 million, or 3.4%, from HK$846.8 million for year ended 31 December 2013 to HK$875.3 million for the year ended 31 December 2014. The increase was primarily due to an increase of our concession fee charges for advertising space, especially in our metro lines segment, by HK$46.2 million, net-off by a decrease of HK$17.8 million business tax and related surcharges due to a change in PRC tax policy.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the year ended 31 December 2014 increased 22.2% from approximately HK$364.5 million to approximately HK$445.4 million due to: (1) the airports where we have exclusive rights to mainstream media resources have all been showing good momentum of stable growth; (2) the concession fees remained relatively stable thanks to the straight-line basis calculat12(the)ie ba. f%, from HK$846.8

Finance Costs — net

Our net finance costs increased by approximately HK$6.6 million, or 283.4%, from HK$2.3 million for the year ended 31 December 2013 to HK$8.9 million for the year ended 31 December 2014. This increase was primarily attributable to a one-off discounting effect of interest-free loans to an associated company, Fujian Zhaoxiang Advertising.

Share of Result of Investments in Associates

Our share of results of investments in associates decreased by approximately HK$3.9 million, from profits of HK$3.1 million for the year ended 31 December 2013 to loss of HK$0.8 million for the year ended 31 December 2014. This decrease was primarily attributable to the decrease in share of profit of Fujian Zhaoxiang Advertising during the year.

Income Tax Expense

Our income tax expense decreased by approximately HK$10.3 million, or 27.2%, from HK$37.8 million for the year ended 31 December 2013 to HK$27.5 million for the year ended 31 December 2014. This decrease was primarily attributable to the utilisation of prior year tax losses that were not recognised as deferred tax assets and reversal of temporary differences not recognised in prior years.

Profit Attributable to Owners of the Company

Given the context that the Group was in pre-IPO stage, necessary resources and capital were allocated to achieve this goal. A listing-related expense of approximately HK$31.1 million was recorded for the year ended 31 December 2014. As a result, profit attributable to owners of the Company was approximately HK$142.6 million for the year ended 31 December 2014, increased by 10.3% from approximately HK$129.3 million for 2013. After excluding the listing-related expenses, profit attributable to owners of the Company was approximately HK$173.7 million for the year ended 31 December 2014, representing a remarkable year-on-year increase of 34.4%.

FINANCIAL MANAGEMENT AND TREASURY POLICY

The Group adopts a prudent approach for cash management and investment on funds. The net proceeds from the Listing have mainly been placed on short-term deposits with reputable banks in Hong Kong.

As the Group has offices and operations located in the PRC and Hong Kong, most of our receipts and payments were denominated in Renminbi and Hong Kong dollars. The directors of the Company consider the Group's exposure to foreign exchange risk is insignificant. The Group will closely monitors foreign exchange exposure and consider hedging significant exposure should the need arise.

Liquidity and Financial Resources

The Group's cash and cash equivalents, short-term deposits and restricted cash was approximately HK$410.7 million as at 31 December 2014, an increase of approximately HK$79.6 million compared with that as at 31 December 2013. As at 31 December 2014, the financial ratios of the Group were as follows:

	As at 31 December 2014	As at 31 December 2013
Current ratio(1)	**1.01**	1.01
Gearing ratio(2)	**Net cash**	Net cash

Notes:

(1) Current ratio is calculated by dividing current assets by current liabilities.

(2) Gearing ratio is calculated by dividing net debt by total equity.

Net Current Assets

We had net current assets of HK$4.0 million as at 31 December 2014, which represented a decrease of HK$4.2 million from net current assets of HK$8.2 million as at 31 December 2013. This was primarily due to an increase in dividend payable to then shareholder of HK$148.2 million, which have been fully settled on the date of listing; partially offset by an increase of HK$47.9 million in trade and other receivables and increase of HK$79.6 million in cash and cash equivalents, short-term deposits and restricted cash.

Borrowings

The Group had bank borrowings as at 31 December 2014 in the sum of approximately HK$120.2 million. Out of the total borrowings, HK$111.6 million was repayable within one year, while approximately HK$8.6 million was repayable after one year. The carrying amounts of bank borrowings are denominated in Hong Kong dollars and Renminbi. No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments. The weighted average interest rate (per annum) was 7.86% for non-current borrowings and 5.51% for current borrowings as at 31 December 2014.

Exposure to 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.

Pledge of Assets

As at 31 December 2014, the Group pledged its buildings, land use rights, investment properties, other non-current assets and bank deposits with carrying amount of HK$32.0 million (2013: HK$32.7 million) to secure borrowings of the Group. The total secured borrowings as at 31 December 2014 amounted to HK$120.2 million (2013: HK$123.1 million).

Use of Proceeds

The Company was listed on the Stock Exchange on 15 January 2015 and raised gross proceeds from the Listing of HK$660.0 million. The proceeds from the listing were utilised in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the Company's prospectus dated 31 December 2014. The unused proceeds were deposited in reputable banks in Hong Kong.

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 2014 and 2013 were HK$29.6 million and HK$36.8 million, respectively.

Commitments

(1) As at 31 December 2014 and 2013, the Group did not have any material capital commitments.

(2) Operating leases 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 10 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:

	2014	2013
	HK$'000	*HK$'000*
Not later than 1 year	**513,823**	448,778
Later than 1 year and not later than 5 years	**1,072,788**	854,249
Later than 5 years	**416,881**	1,789
	2,003,492	1,304,816

Contingent liabilities

As at 31 December 2014 and 2013, the Group did not have any material contingent liabilities.

HUMAN RESOURCES AND REMUNERATION POLICIES

We offer competitive remuneration package, including trainings, medical, insurance coverage and retirement benefits, to all employees in Hong Kong and in the PRC. As at 31 December 2014, the Group has 769 permanent and temporary employees. The total salaries and related costs for the year ended 31 December 2014 amounted to approximately HK$120.9 million (2013: HK$102.4 million).

The Group adopted a Pre-IPO Share Option Scheme on 6 December 2014 for the purpose of recognition of employees' contribution before the Listing. As at 31 December 2014, no share option has been granted by the Company.

CLOSURE OF REGISTER OF MEMBERS

(a) Annual General Meeting

The register of members of the Company will be closed from 8 June to 10 June 2015, both days inclusive, during which period no transfer of shares will be effected.

In order to determine who are eligible to attend and vote at the annual general meeting of the Company to be held on 10 June 2015, the shareholders' of the Company should ensure that all transfers, accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 5 June 2015.

(b) Payment of the proposed final dividend

The register of members of the Company will be closed from 16 June to 18 June 2015, both days inclusive, during which period no transfer of shares will be effected.

In order to be qualified for the proposed final dividend, all transfers, accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 15 June 2015.

FINAL DIVIDEND

The directors of the Company are pleased to recommend the payment of a final dividend of HK6.5 cent per share, totaling HK$28.6 million which is expected to be paid on 25 June 2015 to its shareholders per its register of members at the close of business on 18 June 2015 subject to the final approval in the annual general meeting to be held on 10 June 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules, except for code provisions A.2.1 as explained below.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established. Mr. Lam Tak Hing, Vincent currently assumes the roles of both the chairman of the Board and the chief executive officer ("CEO") of the Company. The Board considers that this structure could enhance the efficiency in formulation and implementation of the Company's strategies. The Board will review the need of appointing a suitable candidate to assume the role of the CEO when necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions, by Director of the Listed Issuers as set out in Appendix 10 of the Listing Rules as the code for directors' securities transactions (the "Model Code"). All the Directors have confirmed their compliance with the required standards set out in the Model Code during the year.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2014. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the results announcement.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group, and to review the Company's annual report and half-yearly reports to provide advice and comments thereon to the Board. The audit committee comprises of Mr. Ma Andrew Chiu Cheung, Mr. Ma Ho Fai SBS JP and Dr. Chan Chi Fai Andrew SBS JP, all of whom are independent non-executive Directors of the Company.

The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2014 in conjunction with the Company's auditors.

By Order of the Board
Lam Tak Hing, Vincent
Chairman

Hong Kong, 31 March 2015

This announcement can also be accessed through our internet site at www.asiaray.com and the designated issuer website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk. The 2014 annual report of the Company containing financial statements and notes to the financial statements will be dispatched to the shareholders of the Company and will be published on the above websites in due course.

As at the date of this announcement, the Company's executive directors are Mr. Lam Tak Hing, Vincent, Mr. Yung Chung Man, Mr. So Chi Man and Mr. Lam Ka Po and the independent non-executive directors are Mr. Ma Andrew Chiu Cheung, Mr. Ma Ho Fai SBS JP and Dr. Chan Chi Fai Andrew SBS JP.