

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in ASIARAY MEDIA GROUP LIMITED (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**COLLABORATION BETWEEN THE COMPANY AND L CATTERTON
AND
ISSUE OF NON-LISTED WARRANTS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening an extraordinary general meeting of the Company (the “EGM”) to be held at Unit 01–03, 17th Floor, Kornhill Plaza — Office Tower, 1 Kornhill Road, Quarry Bay, Hong Kong on Thursday, 22 December 2016 at 9:30 a.m. or any adjournment thereof is set out on pages 22 to 24 of this circular.

Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

7 December 2016

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“Announcement”	an announcement of the Company dated 10 October 2016 in relation to the collaboration between the Company and L Catterton and the issue of non-listed warrants by the Company
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday and a public holiday) on which banks in Hong Kong are generally open for business throughout their normal business hours
“China” or “PRC”	the People’s Republic of China
“Company”	Asiaray Media Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability and whose shares are listed and traded on the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Unit 01–03, 17th Floor, Kornhill Plaza — Office Tower, 1 Kornhill Road, Quarry Bay, Hong Kong on Thursday, 22 December 2016 at 9:30 a.m., to consider and, if thought appropriate, to approve the resolution contained in the notice of the meeting which is set out on pages 22 to 24 of this circular;
“Great World HK” or “Subscriber”	Great World HK Media Pte. Ltd., a company incorporated under the laws of Singapore and owned as to 99.26% by L Capital Asia 2 Pte. Ltd., which is a private equity fund sponsored by L Catterton
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Part(ies)”	third party(ies) independent of, not connected nor acting in concert (as defined in the Code on Takeovers and Mergers) with the Company and any of its connected persons or any of their respective associates
“Issue Date”	the date on which the Warrants are issued

DEFINITIONS

“L Catterton”	L Catterton Management Limited, a private equity firm formed by LVMH, Catterton Holdings, L.L.C. and Groupe Arnault SAS
“Latest Practicable Date”	1 December 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LVMH”	LVMH Moët Hennessy Louis Vuitton S.A.
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of nominal value of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Alliance Agreement”	a strategic alliance agreement dated 10 October 2016 and entered into between the Company and Great World HK in relation to the business collaboration between the Company and L Catterton
“Subscription Agreement”	a subscription agreement dated 10 October 2016 and entered into between the Company and the Subscriber in relation to the Warrant Issue (as amended and supplemented by the Supplemental Agreement)
“Subscription Period”	the 3 years period commencing from the Issue Date to the third anniversary of the Issue Date (both days inclusive)
“Supplemental Agreement”	a supplemental agreement dated 13 October 2016 and entered into between the Company and the Subscriber to amend and supplement the Subscription Agreement
“Warrant(s)”	non-listed warrants to be issued by the Company pursuant to the Subscription Agreement
“Warrant Exercise Price”	HK\$4.10 per Warrant Share at which holder(s) of the Warrants may subscribe for the Warrant Shares

DEFINITIONS

“Warrant Issue”	the subscription for and the issue of the Warrants pursuant to the Subscription Agreement
“Warrant Issue Price”	HK\$3,000,000 in total, or HK\$0.30 per Warrant, being the issue price for each Warrant
“Warrant Shares”	10,000,000 new Shares to be allotted and issued upon the exercise of the subscription rights attached to the Warrants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Lam Tak Hing, Vincent (*Chairman*)
Mr. So Chi Man
Mr. Lam Ka Po

Non-executive Director:

Mr. Yung Chung Man

Independent Non-executive Directors:

Mr. Ma Andrew Chiu Cheung
Mr. Ma Ho Fai *SBS JP*
Dr. Chan Chi Fai Andrew *SBS JP*

Registered office:

Maples Corporate Services Limited
P.O. Box 309, Uglan 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

7 December 2016

To Shareholders

Dear Sir/Madam,

**COLLABORATION BETWEEN THE COMPANY AND L CATTERTON
AND
ISSUE OF NON-LISTED WARRANTS**

INTRODUCTION

Reference is made to the Announcement in relation to the signing of the Strategic Alliance Agreement to enhance the business collaboration between the Company and L Catterton, and the Subscription Agreement in connection with the Warrant Issue. Reference is also made to the announcement of the Company dated 13 October 2016 whereby it was announced that the Company and the Subscriber, on 13 October 2016 (after trading hours), entered into the Supplemental Agreement to amend and supplement the Subscription Agreement.

In order to allow the Shareholders to have an opportunity to consider, and if thought fit, approve the Warrant Issue at a general meeting of Shareholders, the Board would like to convene the EGM and put forward resolution(s) in respect of the Warrant Issue to the Shareholders seeking a specific mandate to allot and issue the Warrant Shares.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further details of the Subscription Agreement (as amended and supplemented by the Supplemental Agreement), the Warrant Issue and the notice of the EGM.

COLLABORATION BETWEEN THE COMPANY AND L CATTERTON

Following the negotiation between the management of the Company and the management of L Catterton, on 10 October 2016, the Company and Great World HK, as an investment vehicle of a private equity fund sponsored by L Catterton, entered into the Strategic Alliance Agreement to enhance the business collaboration between the Company and L Catterton.

Pursuant to the Strategic Alliance Agreement, Great World HK has agreed to, on a best-effort basis, procure the following business opportunities to the Company for a consideration of HK\$3,000,000:

- (a) Great World HK will procure L Catterton to cooperate with the Company in locating appropriate media resources for the brands managed by L Catterton and, in each year, Great World HK will procure not less than three brands managed by L Catterton to enter into advertising contracts with the Company in respect of the media resources, for which the Group has or will have concession rights to operate, for the period commencing from 1 January 2017 and ending on 31 December 2019;
- (b) each year, Great World HK will procure not less than three brands managed by L Catterton to enter into advertising contracts with the Company in respect of Offline & Online advertising solutions provided by the Company for the period commencing from 1 January 2017 and ending on 31 December 2019; and
- (c) in the event that the brands managed by L Catterton expand their businesses in China by opening retail shops at the airports where the media resources of the Group are located or selected airports of the Group, Great World HK will procure L Catterton to engage the Company for its marketing services, including but not limited to Offline & Online advertising solutions.

The Company and Great World HK have agreed that the aggregate Warrant Issue Price in the amount of HK\$3,000,000 payable by Great World HK to the Company will be regarded as the consideration in the amount of HK\$3,000,000 payable by the Company to Great World HK under the Strategic Alliance Agreement.

LETTER FROM THE BOARD

WARRANT ISSUE

The Subscription Agreement

Date

10 October 2016

Parties

The issuer: the Company

The subscriber: Great World HK

As at the Latest Practicable Date, Great World HK owns approximately 5.37% of the issued share capital of the Company.

Save as disclosed above and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are Independent Third Parties.

The Warrants and number of Warrant Shares

Upon completion of the Subscription Agreement, the Company will issue and the Subscriber will subscribe for the Warrants. The Warrants carry the rights to subscribe for up to 10,000,000 Warrant Shares, which will be issued and allotted by the Company upon exercise in full of the subscription rights attaching to the Warrants.

Warrant Issue Price

The Warrant Issue Price is HK\$3,000,000 in total, or HK\$0.30 per Warrant. The Warrant Issue Price is arrived at after arms' length negotiation between the Company and the Subscriber by taking into account of, among other matters, the Company's past performance, the prevailing market price of the Shares, the recent market conditions, the potential benefit which the Subscriber may bring to the Group under the Strategic Alliance Agreement and a valuation of the Warrants conducted by an independent valuer on 6 October 2016 (details of which are set out in the valuation report in the appendix to this circular) of approximately HK\$0.23 per Warrant. The Directors are of the view that the Warrant Issue Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate Warrant Issue Price in the amount of HK\$3,000,000 will be regarded as the consideration in the amount of HK\$3,000,000 payable by the Company to the Subscriber under the Strategic Alliance Agreement.

LETTER FROM THE BOARD

Warrant Exercise Price

The initial Warrant Exercise Price is HK\$4.10 per Warrant Share, which represents:

- (a) a premium of approximately 55.30% over the closing price of HK\$2.64 per Share quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 51.29% over the closing price of HK\$2.71 per Share quoted on the Stock Exchange on 7 October 2016, being the last trading day of the Shares on the Stock Exchange prior to the publication of the Announcement;
- (c) a premium of approximately 43.96% over the average of the closing price of approximately HK\$2.85 per Share quoted on the Stock Exchange for the last five trading days for the Shares including 7 October 2016, being the last trading day of the Shares on the Stock Exchange prior to the publication of the Announcement; and
- (d) a premium of approximately 41.97% over the average of the closing price of approximately HK\$2.89 per Share quoted on the Stock Exchange for the last ten trading days for the Shares including 7 October 2016, being the last trading day of the Shares on the Stock Exchange prior to the publication of the Announcement.

The Warrant Exercise Price is subject to adjustment (but shall not be adjusted below the nominal value of the Shares) upon the occurrence of the following events:

- (1) an alteration to the nominal amount of a Share by reason of any consolidation or subdivision of Shares;
- (2) an issue (other than Shares issued in lieu of a cash dividend) by the Company of any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (3) a capital distribution (as defined in the instrument creating the Warrants) being made by the Company to the Shareholders or a grant of rights to acquire for cash assets of the Company or any of its subsidiaries to the Shareholders;
- (4) an offer of new Shares for subscription by way of rights, or a grant of any option or warrant to subscribe for new Shares, at a price per new Share which is less than the volume weighted average price over the 10 dealing days immediately prior to the date of the announcement of the terms of such offer or grant being made by the Company to the Shareholders;
- (5) an issue of securities wholly for cash by the Company or its subsidiaries which by their terms are convertible into or exchangeable for or carrying rights of subscription for new Shares, and the total effective consideration (as defined in the instrument creating the Warrants) per new Share initially receivable for such securities is less than the volume weighted average price over the 10 dealing days immediately prior to the date of the announcement of the terms of issue of such securities, or the rights of conversion or exchange or subscription attached to any such securities are

LETTER FROM THE BOARD

modified so that the said total effective consideration is less than the volume weighted average price over the 10 dealing days immediately prior to the date of the announcement of the proposal to modify such right of conversion, exchange or subscription;

- (6) an issue of Shares wholly for cash by the Company (other than Shares issued to directors or employees of the Company or any of its subsidiaries or their personal representatives pursuant to any share option scheme) at a price per Share which is less than the volume weighted average price over the 10 dealing days immediately prior to the date of the announcement of the terms of such issue; and
- (7) a purchase by the Company of any Shares or securities or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange, or any stock exchange recognised for this purpose by the Securities and Futures Commission or equivalent authority and the Stock Exchange) in circumstances where the Directors consider that it shall be appropriate to make an adjustment to the Warrant Exercise Price.

Completion

Completion of the Subscription Agreement will take place on the third Business Day from the date on which the conditions precedent of the Subscription Agreement are fulfilled.

Other information of the Warrants

The Warrants will be issued to the Subscriber upon completion of the Subscription Agreement in registered form. Each of the Warrants will rank pari passu in all respects among themselves. The subscription rights attaching to the Warrants may be exercised at any time during the Subscription Period (but in no event thereafter).

The Warrant Shares, when issued, allotted and fully paid, will rank pari passu in all respects with the then existing issued Shares.

Based on the Warrant Exercise Price of HK\$4.10 per Warrant Share, upon exercise in full of the subscription rights attaching to the Warrants, a total of 10,000,000 Warrant Shares will be issued and allotted, representing:

- (a) approximately 2.27% of the issued share capital of the Company as at the Latest Practicable Date; and
- (b) approximately 2.22% of the issued share capital of the Company as enlarged by the issue and allotment of the Warrant Shares upon exercise in full of the subscription rights attaching to the Warrants, assuming there being no other changes in the share capital of the Company.

LETTER FROM THE BOARD

Transferability

The Warrants shall be transferable commencing from 1 January 2018, in whole or in integral multiples of one board lot of the Shares at the time of the transfer. In the event that a transfer of the Warrants to a connected person of the Company, prior written approval from the Company will be obtained. The Company will comply with the relevant Listing Rules and make necessary announcement(s), where appropriate, if and when any holder(s) of the Warrants make any transfer of the Warrants to other parties requiring disclosure.

Rights of the holders of the Warrants on winding-up of the Company

If, at any time during the Subscription Period, a notice to convene a Shareholders' meeting for considering and approving a voluntary winding-up of the Company is given by the Company to the Shareholders, the Company shall forthwith give notice of such event to the holder of the Warrants and the holder of the Warrants shall be entitled to exercise the Warrants at any time not later than two Business Days prior to the date of the proposed Shareholders' meeting. The Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed Shareholders' meeting allot such number of Shares to the holder of the Warrants to be issued upon the exercise of the subscription rights attached to the Warrants.

Conditions Precedent of the Warrant Issue

As amended and supplemented by the Supplemental Agreement, completion of the Subscription Agreement is conditional on the fulfillment of the following conditions:

- (a) approval by the Board of the creation, issue and grant of the Warrants in accordance with the Subscription Agreement and the terms and conditions of the Warrants;
- (b) passing of all necessary resolutions, on a poll where necessary, by the Shareholders at the EGM approving:
 - (i) the transactions contemplated under the Subscription Agreement and any amendments thereto (if any); and
 - (ii) the allotment and issue of the new Shares to the Subscriber upon the exercise of the subscription rights attached to the Warrants; and
- (c) the granting by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Warrant Shares to be issued and allotted upon the exercise of the subscription rights attached to the Warrants.

In the event that the above conditions are not fulfilled by 31 December 2016, the Subscription Agreement will be automatically terminated and the parties shall be released from all obligations thereunder, save for the liabilities for any antecedent breaches thereof.

LETTER FROM THE BOARD

INFORMATION OF L CATTERTON

L Catterton is a private equity firm formed by LVMH, Catterton Holdings, L.L.C. and Groupe Arnault SAS with six distinct and complementary fund strategies focusing on consumer buyout and growth investments across North America, Europe, Asia and Latin America, in addition to prime commercial real estate globally.

INFORMATION OF THE SUBSCRIBER

Great World HK is a company incorporated under the laws of Singapore and owned as to 99.26% by L Capital Asia 2 Pte. Ltd., which is a private equity fund sponsored by L Catterton.

REASONS FOR THE STRATEGIC ALLIANCE AGREEMENT AND THE WARRANT ISSUE

Strategic Alliance Agreement

The Board is of the view that the Strategic Alliance Agreement will enhance the business collaboration between the Company and L Catterton, by way of procurement of business opportunities to the Company arising from the brands managed by L Catterton, and in turn, will bring in additional revenue streams to the Group.

The management of the Company has been conducting meetings with the management of L Catterton on a regular basis to discuss about and understand L Catterton's needs on media resources, advertising solutions and marketing services. With these regular meetings, the Company has been able to provide advertising solutions and marketing services tailored for L Catterton's specific needs and secure advertising contracts with the brands managed by L Catterton. The management of the Company and the management of L Catterton will continue to have such regular meetings to facilitate the procurement of business opportunities pursuant to the Strategic Alliance Agreement.

Warrant Issue

The Board is of the view that the Warrant Issue represents a good opportunity to raise additional funding for the Company while broadening the capital base of the Company. In addition to the business opportunities contemplated under the Strategic Alliance Agreement, equity capital will be raised upon the exercise of the subscription rights attaching to the Warrants by the holder(s) thereof during the Subscription Period. Furthermore, the Warrants are not interest bearing and the Warrant Issue will not be resulted in any immediate dilution effect on the shareholding of the existing Shareholders.

On the above premises, the Board considers that the terms of each of the Strategic Alliance Agreement and the Warrant Issue are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, other than the entering into the Strategic Alliance Agreement and the Subscription Agreement, the Company has not entered, or contemplated to enter, into any other arrangements, agreements or understanding (whether formal or informal and whether express or implied) with the Subscriber. The Company has been informed by the

LETTER FROM THE BOARD

Subscriber that, save as disclosed in this circular, it is not in possession of any potential deals or information about the Company that might crystallize over the exercise period of the Warrants.

USE OF PROCEEDS

Assuming the Warrants are exercised in full by the Subscriber at the initial Warrant Exercise Price, the gross proceeds and the net proceeds (with a net Warrant Exercise Price of approximately HK\$4.07 per Warrant Share) of the Warrant Issue will be approximately HK\$41,000,000 and HK\$40,700,000, respectively. The net proceeds will be applied as general working capital of the Company.

EQUITY FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other changes in the share capital of the Company, the changes of the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon exercise in full of the subscription rights attaching to the Warrants are as follows:

Shareholders	As at		Immediately upon exercise	
	the Latest Practicable Date		in full of the subscription rights attaching to the Warrants	
	<i>Number of Shares</i>	<i>Approximate percentage (%)</i>	<i>Number of Shares</i>	<i>Approximate percentage (%)</i>
Mr. Lam (Note)	330,000,000	75	330,000,000	73.33
Public Shareholders	110,000,000	25	120,000,000	26.67
<i>The Subscriber</i>	23,609,000	5.37	33,609,000	7.47
<i>Other Public Shareholders</i>	<u>86,391,000</u>	<u>19.63</u>	<u>86,391,000</u>	<u>19.20</u>
Total	<u>440,000,000</u>	<u>100</u>	<u>450,000,000</u>	<u>100</u>

Note: Mr. Lam Tak Hing, Vincent (“**Mr. Lam**”) is the sole shareholder of Space Management Limited (“**Space Management**”), which holds 88,000,000 Shares. In addition, Mr. Lam is the founder of the Shalom Trust (a discretionary trust established by Mr. Lam as settlor of which UBS Trustee (BVI) Limited acts as the trustee and beneficiaries of which are Mr. Lam, certain of his family members and other persons who may be added from time to time) which indirectly holds the entire issued share capital of Media Cornerstone Limited (“**Media Cornerstone**”), which holds 242,000,000 Shares. By virtue of the SFO, Mr. Lam is deemed to be interested in the Shares in which Space Management and Media Cornerstone are interested in.

LETTER FROM THE BOARD

APPLICATION FOR LISTING

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Warrant Shares, which may be issued and allotted upon the exercise of the subscription rights attached to the Warrants.

No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

LISTING RULES IMPLICATIONS

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be issued upon the exercise of the subscription rights attached to the Warrants must not, when aggregated with all other equity securities remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the total number of Shares in issue at the time the Warrants are issued. Options granted under employee or executive share option schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit.

As at the Latest Practicable Date, the Company does not have any securities with subscription rights outstanding and not yet exercised.

Assuming (i) full exercise of the subscription rights attached to the Warrants; and (ii) no Shares are further issued and repurchased, an aggregate of 10,000,000 Shares will be issued, which represent (a) approximately 2.27% of the total number of Shares in issue as at the Latest Practicable Date; and (b) approximately 2.22% of the total number of Shares in issue as enlarged by the issue of the Warrant Shares. Accordingly, the issue of the Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

EGM

In order to allow the Shareholders to have an opportunity to consider, and if thought fit, approve the Warrant Issue at a general meeting of Shareholders, the Board would like to convene the EGM and put forward resolution(s) in respect of the Warrant Issue to the Shareholders seeking a specific mandate to allot and issue the Warrant Shares.

An EGM will be held on Thursday, 22 December 2016 at 9:30 a.m. at Unit 01–03, 17th Floor, Kornhill Plaza — Office Tower, 1 Kornhill Road, Quarry Bay, Hong Kong, during which resolutions will be proposed to the Shareholders to consider, and if thought fit, to approve, among other matters, the transactions contemplated under the Subscription Agreement (as amended and supplemented by the Supplemental Agreement) and the allotment and issue of the new Shares to the Subscriber upon the exercise of the subscription rights attached to the Warrants.

Pursuant to Rule 2.15 of the Listing Rules, where a transaction or arrangement of the Company is subject to Shareholders' approval under the provisions of the Listing Rules, any Shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the general meeting.

LETTER FROM THE BOARD

The Subscriber is holding 23,609,000 Shares, representing approximately 5.37% of the issued share capital of the Company as at the Latest Practicable Date, and are required to abstain from voting at the EGM in relation to the approval of, among other matters, the transactions contemplated under the Subscription Agreement (as amended and supplemented by the Supplemental Agreement) and the allotment and issue of the new Shares to the Subscriber upon the exercise of the subscription rights attached to the Warrants. Save as disclosed, no other Shareholders would be required to abstain from voting at the EGM pursuant to the Listing Rules and/or the Articles of Association of the Company.

A notice of the EGM is set out on pages 22 to 24 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the EGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the Company will procure the chairman of the EGM to demand for voting on poll in respect of the ordinary resolutions to be proposed at the EGM in accordance with the Articles of Association of the Company and Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong, will serve as the scrutineer for the vote-taking.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 misleading.

RECOMMENDATION

The Board (including all independent non-executive Directors) considers that the proposed resolution set out in the notice of the EGM relating to, among other matters, the transactions contemplated under the Subscription Agreement (as amended and supplemented by the Supplemental Agreement) and the allotment and issue of the new Shares to the Subscriber upon the exercise of the subscription rights attached to the Warrants is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including all independent non-executive Directors) recommends the Shareholders to vote in favour of such resolution.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the valuation report set out in the appendix to this circular.

By order of the Board
Asiaray Media Group Limited
Lam Tak Hing, Vincent
Chairman

The Directors

7 October 2016

Asiaray Media Group Limited

Unit 01–03, 17/F

Kornhill Plaza — Office Tower

1 Kornhill Road, Quarry Bay, Hong Kong

Dear Sirs,

In accordance with your instructions, we have completed a valuation of the fair values of the warrants (the “Warrants”) granted by Asiaray Media Group Limited (the “Company”) to certain investors as at 6 October 2016 (the “Valuation Date”) in accordance with the Hong Kong Financial Reporting Standard 2 (HKFRS 2) — Share-based Payment and Hong Kong Financial Reporting Standard 13 (HKFRS 13) — Fair Value Measurement.

This letter identifies the financial instrument(s) valued, describes the basis of valuation, investigation, analysis, assumptions and limiting conditions, and presents our opinion of value. It is our understanding that this valuation will be used by your Company for internal accounting, auditing reference, and circular disclosure purpose only. Our analysis is for this purpose only and this report should be used for no other purposes.

I. INTRODUCTION

The Company engages in advertising and marketing business with focus on providing airport and metro line advertising.

The following information provided by the management of the Company describes the characteristic of the Warrants:

Valuation Date	6 October 2016
Grant Date*	10 October 2016
Expiry Date*	10 October 2019
Grantee	Investors
No. of Warrants	10,000,000
Exercise Price (HKD)	4.10
Exercise Period*	The Warrants become exercisable from the Grant Date and expire on the Expiry Date.

**Note:* the Grant Date and Expiry Date presented are for illustration purpose. The actual Grant Date will be determined after obtaining the approval from the appropriate authorities, and the Expiry Date will be 3 years after the Grant Date.

II. FAIR VALUE OF FINANCIAL INSTRUMENT

Fair value has been adopted as the basis of this valuation. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If there is an existence of published price quotation in an active market, the price would be referred as the fair value of the financial instrument, subject to certain adjustments. However, many financial instruments are not actively traded; in such case, valuation models would be adopted to estimate the fair value.

According to HKFRS 2, entities are required to recognize the transactions involving share-based payment including transactions with employees, either to be settled in cash or other assets, and equity instruments of the entities such as share options on their financial statements.

III. VALUATION METHODOLOGY

For equity derivative instruments, Black-Scholes model would be considered generally. The underlying assumptions of the Black-Scholes model are as follows:

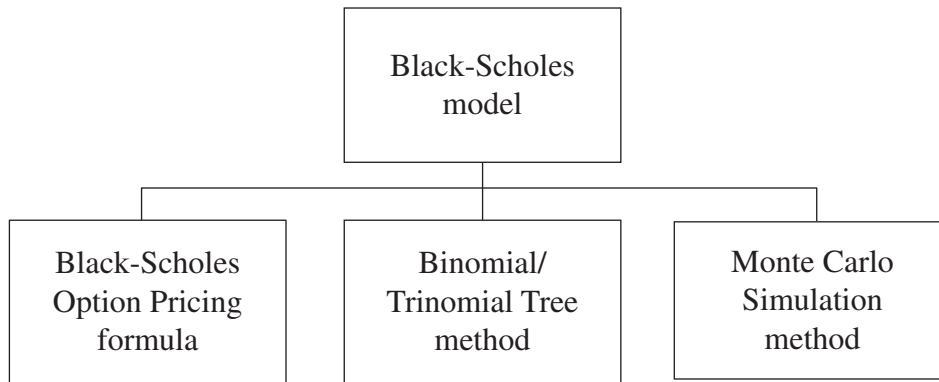
1. The underlying stock price follows the geometric Brownian motion with known risk-free rate (r), dividend yield (div) and constant volatility (σ),

$$dS_t = \mu S_t dt + \sigma S_t dW_t, \text{ where } \mu \text{ is the drift and } \sigma \text{ is the volatility;}$$

2. The holder can borrow and lend unlimited amount of cash at risk-free rate;
3. There are no transaction costs and no bid-ask spread;
4. There are no arbitrage opportunities; and
5. The holder can long or short any number of the underlying stock.

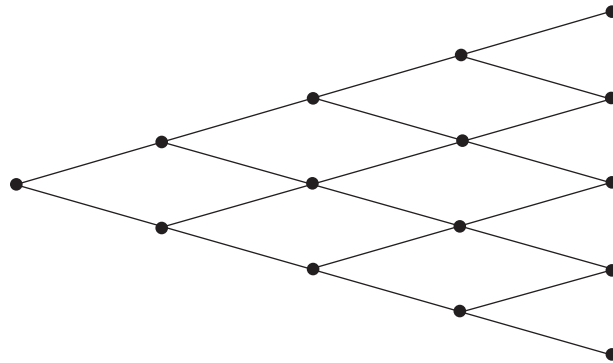
The Black-Scholes model is implemented by applying computational methods such as the Black-Scholes option pricing formula, Binomial/Trinomial Tree and Monte Carlo Simulation. In this case, the **Binomial Tree method** is adopted because of its capability to model the early exercise feature and its superior computational efficiency.

Figure 3 — 1 Black-Scholes Model with Computational Methods



Under the Black-Scholes model, the underlying stock price dynamic is assumed to follow the geometric Brownian motion, and the distribution of future underlying stock price under the risk-neutral measure can be approximated by a binomial tree with many steps. The binomial tree is constructed by assuming that the underlying stock price may only go up or down in each step. The tree grows/is expanded by repeating the aforementioned process. The parameters are as follows:

$$u = \exp(\sigma\sqrt{\Delta t}); \quad d = \exp(-\sigma\sqrt{\Delta t}); \quad p = \frac{\exp((r - \text{div})\Delta t) - d}{u - d}$$

Figure 3 — 2 Binomial Tree with Four Steps

The figure above illustrates a sample binomial tree with four steps. In our valuation, the values of stock price tree are “computing forward”: calculate the future stock prices starting from the initial step based on the equations stated. In result, the terminal payoff of the derivatives can be found. Subsequently, the derivatives price (or value of continuation) at each step before the terminal nodes can be found through backward induction:

$$\text{Value} = \exp(-r\Delta t) \left[p(\text{Value}_{up}) + (1-p)(\text{Value}_{Down}) \right]$$

If the derivatives are American in nature: holder can exercise the derivatives before maturity, the value of the derivatives at the nodes within the exercisable period would be the highest of the exercise value with the respective underlying stock price and the value of continuation. The value of the derivative as at the valuation date is found by “discounting backward” to the initial step.

The Binomial Tree method illustrates the no-arbitrage argument: instead of investing an option on a stock, investor may also invest in a replicated portfolio, which is assembled by call/put option, risk free bond and underlying stock. By rebalancing the portfolio at every step, it could replicate a payoff profile that is the same as original option. In conclusion, the price of option must be the same as the cost of replicated portfolio in accordance with the no-arbitrage argument.

IV. ASSUMPTIONS

The fair values of the financial instruments calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the models used. The following assumptions were made in this valuation:

Binomial Tree method

Share price: the Company’s closing share price as at the Valuation Date, quoted from Bloomberg.

Exercise price: provided by the management of the Company.

Time to maturity: the remaining lives of the Warrants as at the Valuation Date.

Risk-free rate: interpolated from the HKMA Hong Kong Exchange Fund Bills/Notes and Government Bonds Yield Curve as at the Valuation Date, quoted from Bloomberg.

Dividend yield: estimated by the average of dividend yield for the last two financial years. Dividend yield is calculated by the dividend payouts of the Company divided by closing share prices as at the respective dividend declaration dates, quoted from Bloomberg.

Volatility: due to the fact that the Company is recently listed, the volatility is estimated by the average of historical daily volatility of three comparable companies’ share prices as at the Valuation Date, quoted from Bloomberg.

Table 4 — 1 List of Comparable Companies

Name of the Company	Ticker
Clear Media Limited	100 HK
TOM Group Limited	2383 HK
JCDecaux SA	DEC FP

Table 4 — 2 Summary of Parameters

Black-Scholes model with Binomial Tree method

Valuation Date	6 October 2016
Stock Price (HKD)	2.6500
Exercise price (HKD)	4.1000
Time to maturity (year)	3.0
Risk-free rate	0.6738%
Dividend yield	4.7483%
Volatility	38.3630%

Others

- Black-Scholes model with Binomial Tree method is applicable and yields to approximation of the fair values of the Warrants.
- There is no change of the existing Warrants terms.
- The Company will continue the listing status in the Hong Kong Stock Exchange.

V. LIMITING CONDITIONS

We have made no investigation of and assumed no responsibility for the title to or any liabilities against the Company and the financial instrument(s) valued.

The opinion expressed in this report has been based on the information supplied to us by the Company and its staff, as well as from various institutes and government bureaus. We have exercised all due care in reviewing the supplied information. Although we have compared key supplied data with expected values, the accuracy of the results and conclusions from the review are reliant on the accuracy of the supplied data. We have relied on this information and have no reason to believe that any material facts have been withheld, or that a more detailed analysis may reveal additional information. We do not accept responsibility for any errors or omissions in the supplied information and do not accept any consequential liability arising from commercial decision or actions resulting from them.

This valuation reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered, and we have no obligation to update our report for such events and conditions.

VI. CONCLUSION OF FAIR VALUE

Based on the investigation and analysis stated above and on the valuation method employed, in our opinion, the fair values of the Warrants as at the Valuation Date are reasonably stated as follows:

Table 6 — 1 Valuation Result as at 6 October 2016

Valuation Date: 6 October 2016

Grantee	Grant Date*	Exercise Period Start Date*	Expiry Date*	Per share Fair Value (HKD)	Number of Warrants	Total Fair Value (HKD)
Investors	10/10/2016	10/10/2016	10/10/2019	0.2349	10,000,000	2,348,773.95

*Note: the Grant Date, Exercise Period Start Date and Expiry Date presented are for illustration purpose. The actual Grant Date will be determined after obtaining the approval from the appropriate authorities, and the Expiry Date will be 3 years after the Grant Date.

The opinion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in the subject under valuation. Moreover, we have neither personal interests nor bias with respect to the parties involved. This valuation report is issued subject to our general service conditions.

Yours faithfully,

For and on behalf of

GREATER CHINA APPRAISAL LIMITED

Analysed and Reported by:

Brian W. C. Wong, FRM

Director

Holman H.W. Yuen, PRM

Assistant Manager, Financial Risk Management

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Asiaray Media Group Limited (the “Company”) will be held at 9:30 a.m. on Thursday, 22 December 2016 at Unit 01–03, 17th Floor, Kornhill Plaza — Office Tower, 1 Kornhill Road, Quarry Bay, Hong Kong for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) the subscription agreement dated 10 October 2016 (as amended and supplemented by a supplemental agreement dated 13 October 2016) (the “**Subscription Agreement**”) entered into between the Company as issuer and Great World HK Media Pte. Ltd. as subscriber (the “**Subscriber**”), pursuant to which the Company has agreed to issue, and the Subscriber has agreed to subscribe for the non-listed warrants to be issued by the Company pursuant to the Subscription Agreement (the “**Warrants**”) at HK\$3,000,000 in total, or HK\$0.30 per Warrant entitling the holder(s) thereof to subscribe for up to 10,000,000 new ordinary shares of nominal value of HK\$0.10 each in the share capital of the Company (the “**Shares**”) at the initial exercise price of HK\$4.10 per Share (subject to adjustment) (a copy of the Subscription Agreement and the draft instrument have been marked “A” and “B”, respectively and initialed by the chairman of the meeting for identification purpose), be and are hereby approved, confirmed and ratified;
- (b) the supplemental agreement dated 13 October 2016 (the “**Supplemental Agreement**”) entered into between the Company and the Subscriber to amend and supplement the Subscription Agreement (a copy of the Supplemental Agreement has been marked “C” and initialed by the chairman of the meeting for identification purpose), be and is hereby approved, confirmed and ratified;
- (c) the creation and issue of the Warrants by the Company in accordance with the terms and conditions of the Subscription Agreement (as amended and supplemented by the Supplemental Agreement) be and are hereby approved, ratified and confirmed;
- (d) the directors of the Company be and are hereby granted a specific mandate for the allotment and issue of the new Shares (the “**Warrant Share(s)**”) credited as fully paid at the initial subscription price of HK\$4.10 per Warrant Share (subject to

NOTICE OF EXTRAORDINARY GENERAL MEETING

adjustment and the terms and conditions as set out in the draft instrument), which may fall to be allotted and issued upon the exercise of the subscription rights attached to the Warrants; and

- (e) any one director of the Company be and is hereby authorised to do all such acts and things (including, without limitation, signing, executing (under hand or under seal), perfecting and delivery of all agreements, documents, instruments and deeds) which are in his absolute discretion consider necessary, appropriate, desirable or expedient to implement or to give effect to the terms of the Subscription Agreement (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated thereunder and all other matters incidental thereto or in connection therewith and to agree to and make such variation, amendment and waiver of any of the matters relating thereto or in connection therewith.”

By order of the Board
Asiaray Media Group Limited
Lam Tak Hing, Vincent
Chairman

Hong Kong, 7 December 2016

Notes:

1. The register of members of the Company will be closed from Tuesday, 20 December 2016 to Thursday, 22 December 2016, both days inclusive, during which period no transfer of shares will be registered. In order to attend the EGM, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 19 December 2016.
2. A shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxy(ies) (if he/she/it is the holder of two or more shares) to attend and on a poll, vote instead of him/her/it at the EGM that the appointment shall specify the number and class of shares in respect of which such proxy is so appointed. A proxy need not be a member of the Company.
3. A form of proxy for use at the meeting is enclosed. Whether or not you intend to attend the meeting in person, you are requested to complete, sign and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
4. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of authority, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
5. Where there are joint registered holders of any shares, any one of such joint holders may vote, either in person or by proxy in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members of the Company in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.

NOTICE OF EXTRAORDINARY GENERAL MEETING

As at the date of this notice, the Company's executive directors are Mr. Lam Tak Hing, Vincent, Mr. So Chi Man and Mr. Lam Ka Po; the non-executive director is Mr. Yung Chung Man; 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.