

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompanying Form(s) of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Clear Media Limited, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the accompanying Form(s) of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form(s) of Acceptance.

The Offers are being made for the securities of a Bermuda company and while the Offers are subject to Hong Kong disclosure and procedural requirements, investors should be aware that these requirements are different from those of the US. The financial statements included herein have been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial statements of US companies.

This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the Offers. This Composite Document is not for release, publication or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

Ever Harmonic Global Limited

(Incorporated in Cayman Islands with limited liability)

CLEAR MEDIA LIMITED

白馬戶外媒體有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 100)

**COMPOSITE DOCUMENT RELATING TO
VOLUNTARY CONDITIONAL CASH OFFER BY
CLSA LIMITED AND CHINA INTERNATIONAL
CAPITAL CORPORATION HONG KONG SECURITIES LIMITED
FOR AND ON BEHALF OF
EVER HARMONIC GLOBAL LIMITED
TO ACQUIRE ALL THE ISSUED SHARES AND TO CANCEL
ALL OUTSTANDING SHARE OPTIONS OF
CLEAR MEDIA LIMITED**

Lead Financial Adviser to the Offeror



Joint Financial Adviser to the Offeror



Independent Financial Advisor



Capitalized terms used on this cover shall have the same meanings as those defined in this Composite Document unless the context requires otherwise.

A letter from CLSA Limited and CICC containing, among other things, the details of the terms and conditions of the Offers are set out on pages 10 to 35 of this Composite Document. A letter from the Board is set out on pages 36 to 45 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offers to the Shareholders and the Optionholders is set out on pages 46 to 47 of this Composite Document. A letter from Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offers is set out on pages 48 to 82 of this Composite Document.

The procedures for acceptance and settlement of the Offers and related information are set out on pages I-1 to I-13 in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptances of the Offers must be received by the Registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Monday, May 18, 2020, or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside Hong Kong should read the section headed "Overseas Shareholders and Optionholders" in the "Letter from CLSA Limited and CICC" and Appendix I to this Composite Document before taking any action. It is the responsibility of the Overseas Shareholders and Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdictions. Overseas Shareholders and Optionholders are advised to seek professional advice on deciding whether to accept the Offers. The Overseas Shareholders and Optionholders should inform themselves of and observe any applicable legal, tax or regulatory requirements.

This Composite Document is issued jointly by the Offeror and the Company. The English texts of this Composite Document and the accompanying Forms of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

This Composite Document will remain on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.clear-media.net/>) as long as the Offers remain open.

April 27, 2020

CONTENT

	<i>Pages</i>
EXPECTED TIMETABLE	ii
IMPORTANT NOTICES	iv
DEFINITIONS	1
LETTER FROM CLSA LIMITED AND CICC	10
LETTER FROM THE BOARD	36
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	46
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	48
APPENDIX I – FURTHER TERMS AND PROCEDURES OF ACCEPTANCE OF THE OFFERS	I-1
APPENDIX II – FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III – GENERAL INFORMATION OF THE GROUP	III-1
APPENDIX IV – GENERAL INFORMATION OF THE OFFEROR	IV-1
ACCOMPANYING DOCUMENT — FORM(S) OF ACCEPTANCE	

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.

Despatch date of this Composite Document and
the accompanying Forms of Acceptance and
commencement date of the Offers (*Note 1*) Monday, April 27, 2020

Opening date of the Offers Monday, April 27, 2020

Latest time and date for acceptance of the Offers on the
first Closing Date (*Note 3 & 7*) 4:00 p.m. on Monday, May 18, 2020

First Closing Date (*Note 3 & 7*) Monday, May 18, 2020

Announcement of the results of the Offers as at the
first Closing Date, to be posted on the websites of
the Stock Exchange and the Company no later than 7:00 p.m.
on Monday, May 18, 2020

Latest date for posting of remittances
for the amount due in respect of
valid acceptances received under the Offers
at or before 4:00 p.m. on the first Closing Date
assuming the Offers become or are declared unconditional
in all respects on the first Closing Date (*Note 4 & 7*) Wednesday, May 27, 2020

Final Closing Date assuming the Offers become or
are declared unconditional on the first Closing Date
(*Note 5 & 7*) Monday, June 1, 2020

Latest time and date for acceptance of the Offers
on the final Closing Date assuming
the Offers become or are declared unconditional on
the first Closing Date (*Note 5 & 7*) 4:00 p.m. on Monday, June 1, 2020

Announcement of the results of the Offers as at the
final Closing Date, to be posted on the websites of
the Stock Exchange and the Company no later than 7:00 p.m.
on Monday, June 1, 2020

Latest date for posting of remittances
for the amount due in respect of valid
acceptances received under the Offers at or
before 4:00 p.m. on the final Closing Date
(*Note 4*) Wednesday, June 10, 2020

EXPECTED TIMETABLE

Latest time and date by which the Share Offer can become
or be declared unconditional as to acceptances (*Note 6 & 7*) 7:00 p.m.
on Friday, June 26, 2020

Notes:

1. The Offers are open for acceptance on and from Monday, April 27, 2020, being the date of posting of this Composite Document, and are capable of acceptance on and from that date until the close of the Offer Period.
2. Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Composite Document) for giving instructions to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
3. The Offers will initially remain open for acceptances until 4:00 p.m. on Monday, May 18, 2020 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any extension of the Offers, which announcement will state either the next Closing Date or, if the Offers are at that time unconditional as to acceptances, a statement that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offers are closed to those Shareholders/Optionholders who have not accepted the Offers.
4. Subject to the Offers becoming unconditional, remittances in respect of the cash consideration for the Offer Shares/or the Options tendered under the Offers will be despatched to the accepting Shareholder(s)/Optionholder(s) (to the address specified on the relevant Forms of Acceptance) by ordinary post at his/her/its own risk as soon as possible, but in any event within seven (7) Business Days following the later of the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offers complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code, and the date on which the Offers become or are declared unconditional in all respects.
5. In accordance with the Takeovers Code, where the Offers become or are declared unconditional (whether as to acceptances or in all respects), the Offers should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the Offers are closed. The Offeror has the right, subject to the Takeovers Code, to extend the Offers until such date as the Offeror determines or as permitted by the Executive, in accordance with the Takeovers Code. The Offeror will issue an announcement in relation to any extension of the Offers, which will state the next Closing Date or, if the Offers have become or are at that time declared unconditional, that the Offers will remain open until further notice.
6. In accordance with the Takeovers Code, except with the consent of the Executive, the Offers may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day this Composite Document is posted, which is Friday, June 26, 2020. Accordingly, unless the Offers have previously become unconditional as to acceptances, the Offers will lapse on Friday, June 26, 2020 unless extended with the consent of the Executive and in accordance with the Takeovers Code. Therefore, the last day by which the Offers can become or be declared unconditional as to acceptance is Friday, June 26, 2020.
7. The latest time and date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances will not take effect if there is a tropical cyclone warning signal number 8 or above, or a "black rainstorm warning", in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances. Instead the latest time for acceptance of the Offers and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

All references to date and time contained in this Composite Document and the Forms of Acceptance refer to Hong Kong date and time.

IMPORTANT NOTICES

NOTICE TO SHAREHOLDERS AND OPTIONHOLDERS OUTSIDE HONG KONG

The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders and Optionholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person who wishes to accept the Offers to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction in relation to the Offers (including but not limited to any taxes as such person may be required to pay, and any liabilities in relation to the withholding obligation of the Offeror according to the relevant laws and regulations in any relevant jurisdiction). Please see the sections headed "Overseas Shareholders and Optionholders" in the "Letter from CLSA Limited and CICC" and "6. Overseas Shareholders and Optionholders" in Appendix I to this Composite Document.

Notice to US Investors

The Offers will not be submitted to the review or registration procedures of any regulator outside Hong Kong and have not been approved or recommended by any governmental securities regulator in the US. The Offers are being made for the securities of a Bermuda company and are subject to Hong Kong disclosure and procedural requirements, which are different from those of the US. The financial information included in this Composite Document has been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. The Offer will be made in the US pursuant to exemptions from some of the applicable US tender offer rules and otherwise in accordance with the requirements of the SFO. Accordingly, the Offers will be subject to disclosure and other procedural requirements of Hong Kong, including with respect to withdrawal rights, the timetable of the Offers, settlement procedures and the timing of payments that are different from those applicable under US domestic tender offer procedures and law.

The receipt of cash pursuant to the Offers by a US Shareholder or Optionholder pursuant to the Offers may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Overseas Shareholders and Optionholders are urged to consult his/her independent professional adviser immediately regarding the applicable tax consequences of the Offers.

IMPORTANT NOTICES

It may be difficult for US Shareholders and Optionholders to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the US, and some or all of their officers and directors may be residents of a country other than the US. US Shareholders and Optionholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

You should be aware that in accordance with the Takeovers Code, the Offeror, its affiliates and its advisers may bid for or purchase Shares and Options. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be reported to the SFC and, to the extent made public by the SFC, will be available on the website of the SFC at <http://www.sfc.hk/>.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as "believe", "expect", "anticipate", "intend", "plan", "seek", "estimate", "will", "would" or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical facts are statements that could be deemed forward-looking statements. The Offeror assumes no obligation and does not intend to update these forward-looking statements, except as required pursuant to applicable laws and the Takeovers Code.

NEED HELP?

Please call the customer service hotline of the Registrar, Tricor Investor Services Limited, at +852 2980-1333 between 9:00 a.m. and 5:00 p.m. on Mondays to Fridays, excluding Hong Kong public holidays, if you have any enquiries concerning administrative matters, such as dates, documentation and procedures relating to the Offers.

The hotline cannot and will not provide advice on the merits of the Offers or give financial or legal advice. If you are in any doubt as to any aspect of this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meanings:

“acting in concert”	has the meaning as ascribed thereto under the Takeovers Code
“associated companies”	has the meaning as ascribed thereto under the Takeovers Code
“Antfin”	Antfin (Hong Kong) Holding Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly owned by Ant Financial
“Antfin Directors”	the directors of Antfin as at the Latest Practicable Date, namely, Mr. Leiming Chen, Mr. Xinyi Han and Mr. Kai Nin Kenny Man
“Ant Financial”	浙江螞蟻小微金融服務集團股份有限公司 (Ant Small and Micro Financial Services Group Co., Ltd.*), a company incorporated in the PRC with limited liability
“associates”	has the meaning ascribed thereto in the Takeovers Code
“Bermuda”	the Islands of Bermuda
“Bermuda Companies Act”	The Companies Act of Bermuda 1981 (as amended)
“Board”	board of the Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CICC”	China International Capital Corporation Hong Kong Securities Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on future contracts) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, the financial adviser to the Offeror in respect of the Offers

DEFINITIONS

“City Lead”	City Lead Developments Limited (城領發展有限公司), a company incorporated in the British Virgin Islands with limited liability and held as to 40% by Forward Elite, 30% by Antfin, 23% by JCDI and 7% by CWG Fund
“Clear Channel”	Clear Channel Outdoor Holdings, Inc., a company incorporated under the laws of the state of Delaware of United States and listed on the New York Stock Exchange (stock code: CCO)
“Clear Channel KNR”	Clear Channel KNR Neth Antilles NV, a company incorporated in the Curacao and indirectly wholly owned by Clear Channel
“Clear Channel KNR Undertaking”	the irrevocable undertaking dated March 30, 2020 and executed by Clear Channel KNR, pursuant to which Clear Channel KNR has irrevocably undertaken to the Offeror to accept the Share Offer in respect of Sale Shares
“Closing Date”	the date stated in this Composite Document as the first closing date of the Offers or any subsequent closing date as may be announced by the Offeror in accordance with the Takeovers Code and/or approved by the Executive
“CLSA Capital Markets”	CLSA Capital Markets Limited, a corporation licensed to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the lead financial adviser to the Offeror in respect of the Offers, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030)
“CLSA Group”	CLSA Capital Markets and persons controlling, controlled by or under the same control as CLSA Capital Markets, all of which are presumed to be acting in concert with the Offeror under class (5) of the definition of acting in concert in the Takeovers Code

DEFINITIONS

“CLSA Limited”	CLSA Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (providing automated trading services) regulated activities under the SFO, being one of the agents making the Share Offer on behalf of the Offeror, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030)
“CNCBI”	China Citic Bank International Limited, a registered institution under the SFO, licensed to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
“Company”, “Clear Media” or “Offeree”	Clear Media Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 100)
“Composite Document”	this Composite Document issued jointly by the Offeror and the Company in relation to the Offers in accordance with the Takeovers Code and the Listing Rules
“Compulsory Acquisition Entitlement Period”	the period commencing on the date of this Composite Document and ending on the date falling four months after the date of this Composite Document (or such later date as the Executive may permit for the requisite level of acceptances to be reached in order for the Offeror to undertake compulsory acquisition)
“Concert Parties”	with respect to a party, parties acting in concert with it as such term is defined under the Takeovers Code
“Conditions”	the conditions of the Share Offer, as set out in the section headed “Conditions of the Share Offer” as set out in the letter from CLSA Limited and CICC in this Composite Document
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“CWG Fund”	China Wealth Growth Fund III L.P., an exempted limited partnership registered under the laws of the Cayman Islands, whose general partner is JT China Wealth Management Limited and whose sole limited partner is Empyrean Management (Hong Kong) Limited (九天管理(香港)有限公司)
“CWG Fund Director”	Ms. Fei Fei Shum, the sole director of JT China Wealth Management Limited, the general partner of CWG Fund as at the Latest Practicable Date
“Director(s)”	director(s) of the Company
“Disinterested Shares”	Shares other than those which are owned by the Offeror and parties acting in concert with it
“Disinterested Shareholders”	holders of Disinterested Shares
“DOJ”	the U.S. Department of Justice
“Encumbrances”	a charge, debenture, mortgage, pledge, deed of trust, lien, option, equity rights, power of sale, hypothecation, claim, retention of title, right of pre-emption, right of first refusal, or other third party right or security interest of any kind or an agreement or obligation to create any of the above
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“External Financing”	external debt financing granted by the Lenders to the Offeror in the principal amount of HK\$1,600,000,000
“Existing Share Option Scheme”	the share option scheme approved and adopted by the Company on May 13, 2009 and subsequently amended on June 1, 2012
“Form(s) of Acceptance”	the Form of Share Offer Acceptance and the Form of Option Offer Acceptance, and “Form of Acceptance” shall mean any one of them
“Form of Option Offer Acceptance”	the PINK form of acceptance in respect of the Option Offer accompanying this Composite Document

DEFINITIONS

“Form of Share Offer Acceptance”	the WHITE form of acceptance in respect of the Share Offer accompanying this Composite Document
“Forward Elite”	Forward Elite Holdings Limited (傑發控股有限公司), a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Han Zi Jing
“Group”	the Company and its subsidiaries, and “Group Company” means any one of them
“Han Group”	Forward Elite Holdings Limited and Mr. Han Zi Jing
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“HKSCC Nominee”	HKSCC Nominees Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indemnified Party(ies)”	each of the Directors, the company secretary and the chief financial officer of the Company who are in office as at the date of the Investigation and Litigation Support Agreement
“Independent Board Committee”	the independent committee of the Board comprising Mr. Zhu Jia, Mr. Robert Gazzi, Mr. Wang Shou Zhi, Mr. Thomas Manning and Mr. Christopher Thomas established for the purpose of making a recommendation to the Shareholders and the Optionholders in relation to the Offers
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Independent Board Committee in relation to the Offers

DEFINITIONS

“Internal Funding”	an aggregate of up to HK\$2,314,144,568 being provided to the Offeror (via City Lead) by the Investor Shareholders on a pro rata basis in proportion to their respective shareholding in City Lead amongst themselves, being 50% in the case of Antfin (being 30% divided by 60%), 38.33% in the case of JCDI (being 23% divided by 60%), and 11.67% in the case of CWG Fund (being 7% divided by 60%).
“Investigation and Litigation Support Agreement”	the investigation and litigation support agreement entered into among Clear Channel, the Offeror and the Company on March 30, 2020
“Investor Shareholder(s)”	the shareholders of City Lead other than Forward Elite
“JCDecaux”	JCDecaux SA, a company incorporated in France and listed on Euronext Paris (stock code: DEC)
“JCDecaux Group”	JCDecaux and its subsidiaries
“JCDecaux Directors”	the members of the Executive Board (le Directoire) of JCDecaux as at the Latest Practicable Date, namely, Mr. Jean-François Decaux, Mr. Jean-Charles Decaux, Mr. David Bourg, Mr. Emmanuel André Bernard Bastide and Mr. Daniel Hofer
“JCDI”	JCDecaux Innovate Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly owned by JCDecaux
“JCDI Directors”	the directors of JCDI as at the Latest Practicable Date, namely, Ms. Juliette, Cécile, Marie Vigier ép. Mouchonnet, Mr. Emmanuel André Bernard Bastide and Mr. Stephen Hon Chiu Wong
“Last Trading Day”	March 27, 2020, being the last trading day on which the Shares were traded on the Stock Exchange prior to the date of issue and publication of the Rule 3.5 Announcement
“Latest Practicable Date”	April 24, 2020, being the latest practicable date prior to printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document

DEFINITIONS

“Lenders”	a syndicate of lenders led by CNCBI
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mondrian”	Mondrian Investment Partners Limited, a company incorporated in the United Kingdom and a discretionary investment manager
“Mondrian Undertaking”	the irrevocable undertaking dated April 24, 2020 and executed by Mondrian for and on behalf of Mondrian Shares Owners, pursuant to which Mondrian has irrevocably undertaken to the Offeror to accept the Share Offer in respect of (i) 4,224,000 Shares owned by the Mondrian Shares Owners, representing approximately 0.78% of the total issued Shares; and (ii) any additional Shares which may be acquired on or before the close of the Share Offer
“Mondrian Shares Owners”	Mondrian Emerging Market Small Cap Equity Fund, L.P. and Ontario Power Board Pension Fund
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing from November 29, 2019 and ending at 4:00 p.m. (Hong Kong time) on the Closing Date
“Offer Share(s)”	any and all of the issued Share(s)
“Offeror”	Ever Harmonic Global Limited (永和環球有限公司), a company incorporated in the Cayman Islands with limited liability which is wholly owned by City Lead
“Offeror Directors”	the directors of the Offeror as at the Latest Practicable Date, namely, Mr. Han Zi Jing, Ms. Junrong Zhao, Mr. Liang Chen, Mr. Stephen Hon Chiu Wong and Ms. Fei Fei Shum
“Offers”	the Share Offer and the Option Offer
“Offers Consideration”	the consideration payable by the Offeror in connection with the Offers

DEFINITIONS

“Option Offer”	the offer made by the Offeror in compliance with Rule 13 of the Takeovers Code to cancel all the outstanding Options
“Option Offer Price”	the price at which the Option Offer is made, being HK\$0.00001 per Offer Share
“Optionholders”	holders of the Options
“Options”	the 5,283,000 options granted by the Company pursuant to the Existing Share Option Scheme which remain outstanding as of the Latest Practicable Date
“PRC”	the People’s Republic of China, which for the purpose of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“public”	has the meaning ascribed there to under Rule 8.24 of the Listing Rules (and “in public hands” shall be construed accordingly)
“Registrar”	Tricor Tengis Limited, being the Hong Kong branch share registrar and transfer office of the Company, whose address is at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period commencing on the date falling six months preceding the Rule 3.7 Announcement, being the date of commencement of the Offer Period, and ending on the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“Rule 3.5 Announcement”	the joint announcement of the Company and the Offeror dated March 30, 2020 in relation to, among others, the Offers
“Rule 3.7 Announcement”	the announcement of the Company dated November 29, 2019 made pursuant to Rule 3.7 of the Takeovers Code
“SEC”	the U.S. Securities and Exchange Commission
“SFC”	the Securities and Futures Commission of Hong Kong

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Sale Shares”	275,789,081 Shares held by Clear Channel KNR, representing, approximately 50.91% of the issued share capital of the Company
“Share Offer”	the voluntary conditional cash offer by the Offeror to acquire all of the outstanding Shares
“Share Offer Price”	the price at which the Share Offer is made, being HK\$7.12 per Offer Share
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement in relation to City Lead and the Offeror dated March 29, 2020 between Forward Elite, Antfin, JCDI, CWG Fund, City Lead, and the Offeror
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC
“United States” or “US”	the United States of America
“US Investigations”	the SEC Investigation captioned <i>In the Matter of Clear Channel Outdoor Holdings, Inc.</i> , HO-13497, the parallel investigation being conducted by the DOJ (including without limitation the Fraud Section of the DOJ and the United States Attorney’s Office for the Eastern District of New York), and any and all other investigations, proceedings, lawsuits, complaints, and actions (whether investigative, judicial or administrative) of Clear Channel arising out of the same or substantially similar factual issues, being the historical misappropriation of assets by employees of the Group as disclosed in the announcements of the Company dated January 2, 2018, February 8, 2018 and March 19, 2018
“%”	per cent.

LETTER FROM CLSA LIMITED AND CICC

Lead Financial Adviser to the Offeror



Joint Financial Adviser to the Offeror



April 27, 2020

To Shareholders and Optionholders:

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
CLSA LIMITED AND CHINA INTERNATIONAL CAPITAL
CORPORATION HONG KONG SECURITIES LIMITED
FOR AND ON BEHALF OF
EVER HARMONIC GLOBAL LIMITED
TO ACQUIRE ALL THE ISSUED SHARES AND TO CANCEL ALL
OUTSTANDING SHARE OPTIONS OF
CLEAR MEDIA LIMITED**

INTRODUCTION

Reference is made to the 3.7 Announcement issued by the Company, the monthly updates in the form of the Company's announcements dated December 27, 2019, January 24, 2020, February 24, 2020, March 24, 2020 and the Rule 3.5 Announcement issued by the Company and the Offeror in relation to, among others, the Offers, the clarification announcement of the Company dated April 3, 2020 and the announcement in relation to appointment of the Independent Financial Adviser dated April 3, 2020.

This letter forms part of this Composite Document and sets out, among other things, the principal terms of the Offers, together with the information of the Offeror and the Offeror's intention regarding the Group. Further details of the terms of the Offers and procedures for acceptance are also set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

Terms defined in this Composite Document have the same meaning when used in this letter.

LETTER FROM CLSA LIMITED AND CICC

THE OFFERS

The Share Offer

CLSA Limited and CICC are making the Share Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$7.12 in cash

If, after the date of the despatch of this Composite Document, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Share Offer Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital, in which case any reference in the Rule 3.5 Announcement, this Composite Document or any other announcement or document to the Share Offer Price will be deemed to be a reference to the Share Offer Price as so reduced.

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from any Encumbrances and together with all rights and entitlements attaching or accruing thereto including, without limitation, the right to receive all dividends and other distributions, if any, the record date of which is on or after the date on which the Offers are made (i.e. the date of the despatch of this Composite Document).

The Company confirms that as at the date of the Rule 3.5 announcement, (a) it has not declared any dividend, the record date of which falls on or after the expected date of despatch of this Composite Document; and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions until the close of the Offers.

The Offeror will not increase the Share Offer Price for the Share Offer as set out above. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Share Offer Price and the Offeror does not reserve the right to increase the Share Offer Price.

Further details of the terms of the Share Offer and the procedures for acceptance are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

The Share Offer Price

The Share Offer Price of HK\$7.12 per Offer Share represents:

- (a) a premium of approximately 50.21% over the closing price of HK\$4.74 per Share as quoted on the Stock Exchange on November 29, 2019, the last trading day prior to the publication of the Rule 3.7 Announcement;
- (b) a premium of approximately 39.61% over the closing price of HK\$5.10 per Share as quoted on the Stock Exchange on the Last Trading Day;

LETTER FROM CLSA LIMITED AND CICC

- (c) a premium of approximately 0.42% over the closing price of HK\$7.09 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (d) a premium of approximately 64.81% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement of approximately HK\$4.32 per Share;
- (e) a premium of approximately 86.88% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement of approximately HK\$3.81 per Share;
- (f) a premium of approximately 84.94% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement of approximately HK\$3.85 per Share;
- (g) a premium of approximately 74.08% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement of approximately HK\$4.09 per Share;
- (h) a premium of approximately 43.26% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$4.97 per Share;
- (i) a premium of approximately 33.58% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day of approximately HK\$5.33 per Share;
- (j) a premium of approximately 31.85% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day of approximately HK\$5.40 per Share; and
- (k) a premium of approximately 55.46% over the audited consolidated net asset value attributable to the Shareholders per Share of approximately HK\$4.58 as at December 31, 2019, based on the exchange rate of RMB1 to HK\$1.1267.

LETTER FROM CLSA LIMITED AND CICC

Highest and Lowest Share Prices

During the six-month period immediately prior to November 29, 2019 (being the date of publication of the Rule 3.7 Announcement and the commencement of the offer period (as defined under the Takeovers Code)) up to and including the Latest Practicable Date, the highest closing price per Share as quoted on the Stock Exchange was HK\$7.09 on April 24, 2020 and the lowest closing price per Share as quoted on the Stock Exchange was HK\$3.53 on October 25, 2019.

The Option Offer

CLSA Limited and CICC are making the Option Offer for and on behalf of the Offeror to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all the outstanding Options in exchange of cash on the following basis:

For cancellation of each of the outstanding Options HK\$0.00001 in cash

As at the Latest Practicable Date, there are 5,283,000 outstanding Options granted under the Existing Share Option Scheme, carrying rights to subscribe for 5,283,000 new Shares. 3,800,000 of the outstanding Options have an exercise price of HK\$9.54 per Share, and the remaining 1,483,000 outstanding Options have an exercise price of HK\$8.99 per Share.

As at the Latest Practicable Date, Mr. Han Zi Jing, an executive Director and a party acting in concert with the Offeror, holds the Options to subscribe for 1,333,000 new Shares, of which 1,000,000 Options have an exercise price of HK\$9.54 per Share and 333,000 Options have an exercise price of HK\$8.99 per Share.

Pursuant to Rule 13 of the Takeovers Code, the Offeror will make an appropriate cash offer to the Optionholders for cancellation of all the outstanding Options. The price for the cancellation of each Option accepted under the Option Offer should normally be the see-through price which represents the excess of the Share Offer Price over the exercise price of each Option. As the Share Offer Price, which is HK\$7.12 per Offer Share, is lower than the exercise prices of all outstanding Options as set out above, all outstanding Options are currently out-of-money. As such, the Option Offer is made with HK\$0.00001 in cash for the cancellation of each outstanding Option.

Following acceptance of the Option Offer in respect of each Option, such Option together with all rights attaching thereto will be entirely cancelled and renounced.

In accordance with the terms of the Existing Share Option Scheme, in the event a general offer is made to all the Shareholders and such offer becomes or is declared unconditional prior to the expiry of the Options, the Optionholders are entitled to exercise the Options (to the extent not already exercised) in full at any time after the general offer becomes or is declared unconditional and up to the close of such offer. **Any Options granted under the Existing Share Option Scheme that are not exercised or cancelled pursuant to the acceptance of the Option Offer will lapse automatically on the Closing Date.**

LETTER FROM CLSA LIMITED AND CICC

Value of the Offers

As at the Latest Practicable Date, there are 541,700,500 Shares in issue and 5,283,000 outstanding Options. There are no other outstanding warrants, options, derivatives or securities convertible into Shares and the Company has not entered into any agreement for the issue of such warrants, options, derivatives or securities convertible into Shares as at the Latest Practicable Date.

On the assumption that (i) no Option is exercised before the close of the Option Offer (as all Options are currently out-of-money and the Share Offer Price is lower than the exercise prices of all outstanding Options) and (ii) the Offers are accepted in full, the value of the Share Offer is approximately HK\$3,857 million and the value of the Option Offer is HK\$52.83. In aggregate, the Offers are valued at approximately HK\$3,857 million.

Confirmation of financial resources

The Offeror intends to finance the Offers Consideration by way of (a) firstly, its Internal Funding for up to 60% of the maximum amount of the Offers Consideration, and (b) secondly and when the Internal Funding is fully utilized, the External Financing for up to 40% of the maximum amount of the Offers Consideration.

- (a) The Internal Funding of the Offeror will be provided by the Investor Shareholders on a pro rata basis in proportion to their respective shareholding in City Lead amongst themselves; and
- (b) The External Financing is taken out by the Offeror as the borrower and will be utilized only after the Internal Funding is fully utilized. The Offeror will make available any dividends or distributions received from the Company or any cash available to it to the Lenders for repayment of the External Financing (and for each dividend or distribution used to repay the External Financing, a corresponding inter-shareholder loan will be deemed to arise from each of the Investor Shareholders to Forward Elite for the pro-rata amount of such dividend, distribution or cash that would otherwise have been attributable to such Investor Shareholder). As the security for the External Financing, (i) the Offeror is required to charge the Shares to be acquired by it under the Share Offer in favor of CNCBI, (ii) City Lead is required to charge all of its shares in the Offeror in favor of CNCBI, (iii) Forward Elite is required to charge all of its shares in City Lead in favor of CNCBI and (iv) if the Company is delisted from the Stock Exchange and to the extent permitted under the applicable laws, the Offeror is required to procure a charge over the shares in offshore material subsidiaries of the Group and a debenture over the assets of offshore material subsidiaries of the Group, in each case with CNCBI acting as the security agent for the Lenders of the External Financing. In addition, Mr. Han Zi Jing has provided a personal guarantee in favor of CNCBI as the agent for the Lenders of the External Financing, and each of Forward Elite and City Lead has provided a corporate guarantee in favor of the Lenders of the External Financing, in respect of all amounts due under the External Financing. The Investor Shareholders are not required to provide any direct security or guarantee in respect of the External Financing, except that each of Antfin and JCDI has provided comfort letters to CNCBI as agent for the Lenders of the External Financing as credit support. Save for the 16,000 Shares held by CNCBI for non-discretionary clients, none of other securities in the offeree company was held by CNCBI or any other Lenders.

CLSA Capital Markets and CICC, as the financial advisers to the Offeror in respect of the Offers, are satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offers.

LETTER FROM CLSA LIMITED AND CICC

Conditions of the Share Offer

The Share Offer is conditional upon the satisfaction or waiver of the following Conditions:

- (a) valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of such number of Shares which, together with the Shares acquired or agreed to be acquired before or during the Offers, will result in the Offeror holding more than 50.1% of the voting rights of the Company;
- (b) no event having occurred which would make any of the Offers or the acquisition of any of the Offer Shares or the cancellation of the Options under the Option Offer void, unenforceable or illegal or prohibit the implementation of any of the Offers or would impose any additional material conditions or obligations with respect to any of the Offers or any part thereof; and
- (c) no relevant government, governmental, quasi-government, statutory or regulatory body, court or agency in Hong Kong or any other jurisdictions having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make any of the Offers or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to any of the Offers or its implementation in accordance with its terms).

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions set out above (other than Condition (a)). As at the Latest Practicable Date, none of the Conditions had been fulfilled or waived.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke Condition (b), or (c) so as to cause the Share Offer to lapse unless the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Offers.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Share Offer becomes unconditional as to acceptances and when the Offers become unconditional in all respects. The Offers must also remain open for acceptance for at least 14 days after the Offers become unconditional in all respects. Shareholders and Optionholders are reminded that the Offeror does not have any obligation to keep the Offers open for acceptance beyond this 14-day period.

The Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

LETTER FROM CLSA LIMITED AND CICC

WARNING: Shareholders, Optionholders and potential investors should be aware that the Share Offer is subject to the satisfaction or waiver (where applicable) of the Conditions, and the Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects. Accordingly, the Offers may or may not become unconditional. Shareholders, Optionholders and potential investors should therefore exercise caution when dealing in the Shares, exercising the Options or other rights in respect of any of them. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

INFORMATION OF THE OFFEROR

The Offeror is an investment holding company incorporated in the Cayman Islands with limited liability and is wholly owned by City Lead, which is held as to 40% by Forward Elite, 30% by Antfin, 23% by JCDI and 7% by CWG Fund.

Forward Elite is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Han Zi Jing.

Mr. Han Zi Jing has been an executive Director since April 2001 and has been with the Group since 1998.

Antfin is an investment holding company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Ant Financial. Ant Financial is a company incorporated in the PRC and together with its ecosystem partners is engaged in businesses that bring financial services to individuals and small and micro-sized individual customer and small businesses worldwide. Ant Financial is owned as to approximately 50% by two limited liability partnerships established in the PRC, whose general partner is wholly-owned by Mr. Jack Ma, and as to 33% by Alibaba Group Holding Limited indirectly (a company listed on the New York Stock Exchange, stock symbol BABA, and the Hong Kong Stock Exchange, stock code 9988), and the remaining interest by other shareholders.

JCDI is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of JCDecaux, a company incorporated in France and listed on Euronext Paris (stock code: DEC). JCDecaux Group is the premium outdoor advertising corporation in the world and a multinational corporation headquartered in France.

CWG Fund is an exempted limited partnership registered under the laws of the Cayman Islands, principally engaged in investment holding, whose general partner is JT China Wealth Management Limited, wholly-owned by Empyrean Management (Hong Kong) Limited, and whose sole limited partner is Empyrean Management (Hong Kong) Limited (九天管理(香港)有限公司), which is in turn wholly-owned by JIC Capital Management (Tianjin) Limited, a PRC state-owned enterprise, indirectly wholly-owned by Central Huijin Investment Ltd, a PRC state-owned enterprise, and principally engaged in private equity investment.

LETTER FROM CLSA LIMITED AND CICC

SHAREHOLDERS' AGREEMENT

On March 29, 2020, Forward Elite, Antfin, JCDD, CWG Fund, City Lead, and the Offeror entered into the Shareholders' Agreement, pursuant to which they have agreed, amongst other things, that:

(a) Corporate Governance

Certain material actions and decisions of City Lead, the Offeror and the Group Companies, including any material decisions relating to the Offers, changes in share capital, changes in constitutional documents, liquidation of any of the relevant entities, declaration and payment of dividends, entry into related party transactions, and approval or amendment to equity incentive plans, shall not be made without obtaining the prior written consent of each of Forward Elite, Antfin, JCDD, and CWG Fund, provided that, with respect to the actions and decisions of the Group Companies, such requirements shall only apply upon the Offeror acquiring more than 50% of the total issued share capital of the Company, and shall be subject to compliance with the Listing Rules until the Company becomes delisted from the Stock Exchange.

Each of City Lead and the Offeror shall have up to five (5) directors, of which Forward Elite shall have the right to nominate two (2) directors, Antfin shall have the right to nominate one (1) director, JCDD shall have the right to nominate one (1) director and CWG Fund shall have the right to nominate one (1) director.

Subject to compliance with the applicable laws (including the Takeovers Code and the Listing Rules), for so long as the Company remains listed on the Stock Exchange, the parties shall procure that the Company shall have a Board of Directors consisting of eight (8) Directors, of which (a) Forward Elite shall have the right to nominate two (2) Directors, (b) Antfin shall have the right to nominate one (1) Director, (c) JCDD shall have the right to nominate one (1) Director, (d) CWG Fund shall have the right to nominate one (1) Director, and (e) three (3) Directors shall be independent non-executive Directors nominated and appointed in accordance with the Listing Rules.

As soon as practicable following the date on which the Company becomes delisted from the Stock Exchange, the Parties shall cause the board of directors of each company in the Group to be constituted in the same manner as the board composition for City Lead and the Offeror as described above.

As at the Latest Practicable Date, Mr. Han Zi Jing, Ms. Junrong Zhao, Mr. Chen Liang, Mr. Stephen Hon Chiu Wong and Ms. Fei Fei Shum are the directors of each of the Offeror and City Lead.

LETTER FROM CLSA LIMITED AND CICC

(b) Pre-emptive rights

Each of Forward Elite, Antfin, JCDI and CWG Fund shall have customary pre-emptive rights in respect of issuance of new securities by City Lead.

(c) Inter-shareholder lending

It is noted that Forward Elite has not provided any actual funding for the Offers Consideration. The Shareholders' Agreement provides that, as amongst Forward Elite and the Investor Shareholders, Forward Elite shall be responsible for providing funds for repayment of the External Financing.

If all of the Offer Shares are acquired under the Share Offer, then the amount of External Financing (which can be utilized only after the Internal Funding has been fully utilized and can cover 40% of the maximum amount of the Offers Consideration) will fully cover Forward Elite's pro rata contribution to the Offers Consideration, determined based on its 40% shareholding in City Lead.

If less than all of the Offer Shares are acquired under the Share Offer, the External Financing (which can only be utilized after the Internal Funding has been fully utilized) will not cover Forward Elite's required pro rata contribution to the Offers Consideration (determined based on its 40% shareholding in City Lead). In such circumstances, the Investor Shareholders' contribution to the Offers will exceed their pro rata share of the Offers Consideration (determined based on their shareholding in City Lead) (the excess from each Investor Shareholder being its "**Excess Contribution**"). The Shareholders' Agreement provides that, where such Excess Contribution by Investor Shareholders arises, Forward Elite shall be deemed to have loaned from each of the Investor Shareholders, an amount equal to its Excess Contribution (collectively, the "**Initial Funding Inter-shareholder Loans**"). All Initial Funding Inter-shareholder Loans shall be repaid in parallel with, and in proportion to, the repayment of the External Financing in accordance with the repayment schedule of the External Financing, and shall be repaid in full by no later than the date of full repayment of the External Financing.

To the extent that the Offeror uses any of its funds (which were originally available for distribution to City Lead and ultimately the shareholders of City Lead) to repay the External Financing, the Shareholders' Agreement provides that Forward Elite shall be deemed to have loaned from each Investor Shareholder an amount equal to that Investor Shareholder's pro rata share of the relevant funds of the Offeror (determined based on its shareholding in City Lead) (the "**Bidco Repayment Inter-shareholder Loans**", and together with the Initial Funding Inter-shareholder Loans, the "**Inter-shareholder Loans**"). All Bidco Repayment Inter-shareholder Loans shall be repaid in full by no later than 18 months following the date of full repayment of the External Financing.

LETTER FROM CLSA LIMITED AND CICC
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In the event of default in any repayment of the Inter-shareholder Loans, the Investor Shareholders may (subject to the security documents under the External Financing) require Forward Elite to sell the shares in City Lead held by it and its affiliates, and apply the proceeds of such sale towards satisfaction of any outstanding amount under the Inter-shareholder Loans.

The following worked examples illustrate the Inter-shareholder Loans arrangements in the event that the acceptance level of the Share Offer is 100%, 70% and 55% respectively, assuming there is no change in the number of Shares between the Latest Practicable Date and the Closing Date:

Assuming that the acceptance level is 100% and the Offers Consideration required is HK\$3,856,907,613:

	Required contribution to the Offers Consideration based on its/their pro rata shareholding in City Lead	Actual Contribution to the Offers Consideration
Forward Elite		
External Financing [^]		HK\$1,542,763,045
Initial Funding Inter-shareholder Loans [*]		HK\$0
Total:	HK\$1,542,763,045	HK\$1,542,763,045
Investor Shareholders[#]		
Investor Shareholders' contribution		HK\$2,314,144,568
Initial Funding Inter-shareholders Loans [*]		HK\$0
Total:	HK\$2,314,144,568	HK\$2,314,144,568

[^] As the acceptance level is 100%, after the Internal Funding (representing 60% of the required Offers Consideration (i.e. HK\$2,314,144,568)) is fully utilised, the External Financing will cover all of the remaining 40% of the required Offers Consideration

^{*} There will be no inter-shareholders lending in a 100% acceptance level scenario

[#] Amounts to be contributed amongst Antfin (30%), JCDI (23%) and CWG Fund (7%) in their pro rata shareholding in City Lead with an accumulated shareholding of 60%

LETTER FROM CLSA LIMITED AND CICC
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Assuming that the acceptance level is 70% and the Offers Consideration required is HK\$2,699,835,329:

	Required contribution to the Offers Consideration based on its/their pro rata shareholding in City Lead	Actual Contribution to the Offers Consideration
Forward Elite		
External Financing ^{^^}		HK\$385,690,761
Initial Funding Inter-shareholder Loans ^{**}		HK\$694,243,371
Total:	HK\$1,079,934,132	HK\$1,079,934,132
Investor Shareholders^{##}		
Investor Shareholders' contribution		HK\$2,314,144,568
Initial Funding Inter-shareholders Loans ^{**}		HK\$(694,243,371)
Total:	HK\$1,619,901,197	HK\$1,619,901,197

^{^^} As the acceptance level is 70%, only HK\$385,690,761 of the External Financing (representing 10% of the maximum amount of the Offers Consideration) will be utilized after the Internal Funding (representing 60% of the maximum amount of the Offers Consideration) is fully utilised

^{**} Antfin, JCDI and CWG Fund will be lending HK\$694,243,371 to Forward Elite in the form of Initial Funding Inter-shareholders Loans

^{##} Amounts to be contributed amongst Antfin (30%), JCDI (23%) and CWG Fund (7%) in their pro rata shareholding in City Lead with an accumulated shareholding of 60%

LETTER FROM CLSA LIMITED AND CICC
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Assuming that the acceptance level is 55% and the Offers Consideration required is HK\$2,121,299,187:

	Required contribution to the Offers Consideration based on its/their pro rata shareholding in City Lead	Actual Contribution to the Offers Consideration
Forward Elite		
External Financing ^{^^^}		HK\$0
Initial Funding Inter-shareholder Loans ^{***}		HK\$848,519,675
Total:	HK\$848,519,675	HK\$848,519,675
Investor Shareholders^{###}		
Investor Shareholders' contribution		HK\$2,121,299,187
Initial Funding Inter-shareholders Loans ^{***}		HK\$(848,519,675)
Total:	HK\$1,272,779,512	HK\$1,272,779,512

^{^^^} External Financing will not be utilized as the Internal Funding (representing 60% of the maximum amount of the Offers Consideration) exceeds the required Offers Consideration at the acceptance level of 55%

^{***} Antfin, JCDI and CWG Fund will be lending HK\$848,519,675 to Forward Elite in the form of Initial Funding Inter-shareholders Loans

^{###} Amounts to be contributed amongst Antfin (30%), JCDI (23%) and CWG Fund (7%) in their pro rata shareholding in City Lead with an accumulated shareholding of 60%

(d) Transfer of shares

None of Forward Elite, Antfin, JCDI and CWG Fund may transfer any of its shares in City Lead to any person at any time prior to the expiry of the offer period (as defined under the Takeovers Code), or the completion of the compulsory acquisition process (if the compulsory acquisition right is exercised) (the “**Lock-Up Period**”).

Following the expiry of the Lock-Up Period:

- (i) any transfer of shares in City Lead by any of its shareholders shall not be made to certain restricted persons (unless the prior written consent of the relevant shareholder(s) has been obtained), and shall be subject to customary rights of first refusal of the other shareholders;

LETTER FROM CLSA LIMITED AND CICC

- (ii) Forward Elite and its affiliates shall remain the single largest shareholder of City Lead and their shareholding shall remain no less than 30% immediately following completion of any transfer of shares in City Lead by Forward Elite or its affiliates;
- (iii) any transfer of shares in City Lead by Forward Elite prior to the full repayment of the External Financing and the Inter-shareholder Loans shall require the prior written consent of Antfin and JCDI unless (A) such transfer is made on a bona fide basis and the full amount of the proceeds of such transfer shall be applied towards the repayment of such External Financing and the Inter-shareholder Loans or (B) such transfer is made to a permitted transferee of Forward Elite;
- (iv) any transfer of shares in City Lead by Forward Elite following the full repayment of the External Financing and the Inter-shareholder Loans, to the extent that the other shareholders have not exercised their respective rights of first refusal, shall be subject to co-sale rights of such other shareholders;
- (v) any transfer of shares in City Lead by Antfin, to the extent that the other shareholders have not exercised their respective rights of first refusal and JCDI has not exercised its right of first refusal, shall be subject to co-sale rights of JCDI; and
- (vi) any transfer of shares in City Lead by JCDI, to the extent that the other shareholders have not exercised their respective rights of first refusal and Antfin has not exercised its right of first refusal, shall be subject to co-sale rights of Antfin.

The aforementioned rights of first refusal and co-sale rights shall not apply in respect of (i) the transfer of shares to a permitted affiliate, (ii) the transfer of shares by Forward Elite to any eligible person as determined by Forward Elite and approved by each of Forward Elite, Antfin, JCDI and CWG Fund from time to time, provided that Mr. Han Zi Jing remains the single largest shareholder of Forward Elite following completion of such transfer, and Forward Elite remains the single largest shareholder of City Lead with a shareholding of no less than 30%, (iii) the transfer of shares pursuant to requirements under the security documents of the External Financing (provided that the rights of first refusal shall continue to apply to such transfer) or (iv) the transfer of shares pursuant to requirements under any Inter-shareholder Loan.

LETTER FROM CLSA LIMITED AND CICC

INFORMATION ON THE GROUP

Principal activities

The Company is the largest operator of bus shelter advertising panels in the PRC, with leading market share of more than 70% in top-tier cities, and broad presence in the fastest growing cities across the country and provides one-stop solutions for nationwide advertising campaigns to the customers.

Your attention is drawn to the details of the information of the Group as set out under the section headed "INFORMATION OF THE COMPANY" in the "Letter from the Board" and information set out in Appendices II and III to this Composite Document.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

It is the intention of the Offeror that the existing business of the Group shall continue unaffected, notwithstanding the Offers. Subject to the Group's business needs and prevailing market conditions, the Offeror may explore business opportunities to develop the existing business of the Group. As at the Latest Practicable Date, the Offeror has no intention to (i) discontinue the employment of any employees of the Group (other than those in its ordinary and usual course of business); (ii) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business; or (iii) introduce any major changes in the existing operations and business of the Group.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

Upon the Offeror acquiring more than fifty percent (50%) of the total issued share capital of the Company, the Offeror intended that the board of directors of the Company shall comprise two (2) directors to be appointed by Forward Elite, one (1) director to be appointed by Antfin, one (1) director to be appointed by JCDI, and one (1) director to be appointed by CWG Fund, provided that where the Company remains listed on the Stock Exchange, the Company shall also appoint three (3) independent non-executive directors in accordance with the Listing Rules. As at the Latest Practicable Date, no final decisions have been made as to the directors candidates, and whether any Director will resign has not been determined yet. Further announcements will be made regarding any appointment of new directors to the Company or resignation of Directors in accordance with the Takeovers Code and the Listing Rules.

Reasons for and Benefits of the Offers

For the Company: an endeavor to facilitate a necessary transformation of the business in a challenging environment for the outdoor advertising industry

The Company's core business, as operator of the most extensive standardized bus shelter advertising network in Mainland China, has faced significant challenges in recent years. First, the rate of economic growth in China has been lower than in previous years, and consequently demand for advertising, which is strongly correlated with economic growth and consumption, has declined overall. Second, demand for outdoor advertising

LETTER FROM CLSA LIMITED AND CICC

in particular has declined even more substantially, particularly among clients in the e-commerce and digital products sectors. Outdoor advertising is considered to be one of the oldest forms of promotion, and as digital media have increased in popularity in recent years, outdoor advertising has faced intense competition from digital and online advertising. These trends have created a challenging operating environment in which the Company's customers have exercised considerable caution in setting their operating budgets, resulting in persistent late confirmation or last-minute cancellation of orders. Overall, the Company is facing major structural and operational challenges in its existing business model.

Although the Company has explored a range of initiatives to respond to these challenges, the Company's financial performance has deteriorated. Revenue decreased by 19.8% from RMB1,804 million for the year ended 31 December 2018 to RMB1,446 million for the year ended December 31, 2019, and net results attributable to owners of the parent of the Company decreased from a net profit of RMB221 million for the year ended December 31, 2018 to a net loss of RMB87 million for the year ended December 31, 2019. At the same time, the Shares' trading volume were generally low during the 12 months before the Rule 3.7 Announcement, with an average trading volume of approximately 304,086 Shares per trading day, representing 0.06% of the issued share capital of the Company.

In order for the Company to remain competitive in the face of these challenges, it must inevitably restructure and transform its business model, which will require significant investment over a number of years, as well as a highly motivated workforce. Given the downward trend in the Company's Share price and low liquidity in the Shares, however, the listed status of the Company is no longer a viable source of funding for the necessary investments. Moreover, given low liquidity in the Company's Shares, employee option incentive schemes currently are not sufficiently effective for acquisition and retention of talent.

The Offeror, with the support of its shareholders, plans to promote the Company's restructuring and transformation through intensive collaboration with the Company on exploration of new development opportunities and implementation of a series of long-term growth measures. The planned growth measures include expansion of the Company's sales and marketing resources through recruiting more marketing talents and employing mega data to evaluate and improve efficiency of its advertisement, digitalisation of its existing bus shelter display panels and acquisition of additional bus shelter concession rights with a focus on lower tier cities (e.g. Nanning, Changchun and Wuxi), which will require the Company to incur significant expenses and capital expenditures, squeezing its profit margin and affecting its growth profile in the short to medium term. If the Company were to implement these measures while remaining listed, investors' views of the Company's share price would likely diverge from the Company's view of its potential long-term value. Following the implementation of the Offers and the privatization of the Company (if successful), the Offeror and the Company have flexibility to structure employee compensation in a more optimal manner, and they will be able to make strategic investment decisions focused on realisation of the Company's potential long-term value, free from the pressure of market expectations and the share price fluctuations otherwise associated with the status of a publicly listed company.

LETTER FROM CLSA LIMITED AND CICC

For the Shareholders: an attractive opportunity to monetize their investment in the Company, which has low trading liquidity, at a compelling premium in view of industry headwinds and execution risks

If the Company were to implement its planned long-term growth measures while remaining listed, the resulting short to medium-term pressure on the Company's profit margins and financial performance could have a significant adverse effect on the Company's Share price. In contrast, the Share Offer Price of HK\$7.12 per Offer Share represents a premium of approximately 50.21% over the closing price on the last trading day prior to the publication of the Rule 3.7 Announcement, as well as a premium of approximately 64.81%, 70.33% and 86.88%, respectively, over the average closing prices for the five, ten and 30 trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement.

The average daily trading volume of the Shares for the 12 months up to and including the last trading day prior to the Rule 3.7 announcement was approximately 304,086 Shares per day, representing only approximately 0.06% of the total number of Shares issued and outstanding as at the Latest Practicable Date. The low trading volume of the Shares makes it difficult for Shareholders to execute substantial sales of Shares on-market without adversely affecting the price of the Shares.

The Share Offer, in contrast, provides an opportunity for Shareholders to monetize their investments in the Company immediately for cash at a compelling premium without any downward pressure on the Share price, and therefore allows Shareholders a chance to redeploy their capital into other investment opportunities that they may consider more attractive in the current environment.

LISTING STATUS AND POSSIBLE COMPULSORY ACQUISITION

If the Offeror acquires not less than 90% of the Offer Shares and not less than 90% of the Disinterested Shares within the Compulsory Acquisition Entitlement Period, it intends (but is not obliged) to exercise the right under the Bermuda Companies Act and pursuant to Rule 2.11 of the Takeovers Code to compulsorily acquire all those Shares not acquired by the Offeror under the Share Offer.

If the Offeror decides to exercise its compulsory acquisition right referred to above, the Company will apply to the Stock Exchange for the suspension of trading in the Shares on the Stock Exchange with effect from the next trading day of the Stock Exchange immediately after the Closing Date up to the date of withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Pursuant to Rule 15.6 of the Takeovers Code, where the Offeror has stated in this Composite Document its intention to avail itself of any powers of compulsory acquisition, the Share Offer may not remain open for acceptance for more than four months from the despatch date of this Composite Document, unless the Offeror has, by that time, become entitled to exercise such powers of compulsory acquisition, in which event it must do so without delay.

LETTER FROM CLSA LIMITED AND CICC

On completion of the compulsory acquisition process (if the compulsory acquisition right is exercised), the Company will be beneficially owned as to 100% by the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If the Offer Shares validly tendered for acceptance under the Share Offer are less than 90% of the Offer Shares or less than 90% of the Disinterested Shares during the Compulsory Acquisition Entitlement Period, the Offeror will not be entitled to exercise the compulsory acquisition right and therefore the Company will not be delisted from the Stock Exchange.

PUBLIC FLOAT

According to the Listing Rules, if, upon the close of the Share Offer, the Offeror does not become entitled to exercise the power of compulsory acquisition under the Bermuda Companies Act (or the Offeror does not exercise such power of compulsory acquisition) and less than 25% of the issued Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares until appropriate steps have been taken to restore the minimum percentage of the Shares in public hands. In such circumstances, the Offeror will take appropriate steps to restore the sufficient public float of the Shares after the close of the Share Offer accordingly.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the shares; or (ii) that there are insufficient shares in public hands to maintain an orderly market; it will consider exercising its discretion to suspend dealings in the shares.

If the Offeror is not entitled to exercise, or decides not to exercise, the compulsory acquisition right, the Offeror intends the Company to remain listed on the Exchange. The Offeror Directors and the new directors to be appointed to the Board of the Company will jointly and severally undertake to the Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Offeror Directors will also jointly and severally undertake to procure the new directors to be appointed to the Board to jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

LETTER FROM CLSA LIMITED AND CICC

IRREVOCABLE UNDERTAKINGS

Clear Channel KNR Undertaking

On March 30, 2020, Clear Channel KNR gave the Clear Channel KNR Undertaking in favor of the Offeror, pursuant to which Clear Channel KNR has irrevocably undertaken to the Offeror to accept the Share Offer in respect of 275,789,081 Shares held by Clear Channel KNR.

As at the Latest Practicable Date, Clear Channel KNR is interested in 275,789,081 Shares, representing approximately 50.91% of the issued share capital of the Company.

The main terms and conditions of the Clear Channel KNR Undertaking are set out as follows:

- (a) Clear Channel KNR will irrevocably accept the Share Offer in respect of all of the Sale Shares within seven business days following the date of despatch of this Composite Document, or, to the extent that international travel or courier services to Hong Kong are suspended or delayed, as soon as possible but in any event within 21 days after the date of despatch of this Composite Document, on such terms and subject to such Conditions of the Share Offer as set out in this Composite Document. The Sale Shares, once tendered, will be acquired by the Offeror on such terms and subject to such conditions of the Share Offer as set out in this Composite Document, free from all Encumbrances and with all rights to dividends and other distributions from the date of despatch of this Composite Document;
- (b) subject to the confidentiality obligations and fiduciary duty of any director who is an employee of any of the affiliated entities of Clear Channel KNR on the board of directors of the Company as well as compliance with all applicable laws and regulation, if Clear Channel KNR is aware of any changes, effects, facts, events or circumstances which have materially and adversely affected, or would be reasonably expected to materially and adversely affect, the fulfilment of Conditions (b) to (c) of the Share Offer (other than Condition (a) of the Share Offer in relation to the acceptance level) as set out in the Rule 3.5 Announcement at or before 8:30 a.m. on the date of despatch of this Composite Document, Clear Channel KNR shall notify the Offeror in writing as soon as reasonably practicable after Clear Channel KNR becomes aware of it, provided always that Clear Channel KNR will not give any notification to the Offeror if the facts involve inside information (as defined under the SFO) in relation to the Company and Clear Channel KNR will only give notification to the Offeror in compliance with all applicable laws and regulation; and

LETTER FROM CLSA LIMITED AND CICC

- (c) notwithstanding the Takeovers Code or the terms of the Share Offer may confer a right of withdrawal on the accepting Shareholders, Clear Channel KNR shall not withdraw its acceptance of the Share Offer in respect of the Sale Shares.

As at the Latest Practicable Date, none of the terms and conditions of Clear Channel KNR Undertaking had been fulfilled or waived.

Clear Channel KNR shall be entitled to terminate the Clear Channel KNR Undertaking by notice in writing to the Offeror upon the occurrence of any of the following termination events:

- (a) the Rule 3.5 Announcement failing to be published at or before 11:00 p.m. on March 31, 2020 or such later date as may be agreed between the Offeror and Clear Channel KNR;
- (b) the Share Offer Price or Conditions of the Share Offer or any of the terms and conditions of the Offerors in the Rule 3.5 Announcement being amended without the prior written consent of Clear Channel KNR (such consent not to be unreasonably withheld, delayed or conditioned), except any increase in the Share Offer Price or any other change which does not have any material adverse effect on Clear Channel KNR or its affiliates;
- (c) this Composite Document failing to be despatched within 21 days of the date of the Rule 3.5 Announcement or within such longer period as the Offeror may with the written consent of the Executive determine, but in any event within 42 days of the date of the Rule 3.5 Announcement; or
- (d) the Share Offer lapsing or being withdrawn (with the consent of the Executive, as applicable).

In the event of the termination of the Clear Channel KNR Undertaking by Clear Channel KNR upon the occurrence of any of the termination events, the Clear Channel KNR Undertaking shall be terminated and be of no further force and effect subject to any antecedent breaches and such termination shall not affect any rights accrued by the parties to the Clear Channel KNR Undertaking prior to termination.

Mondrian Undertaking

On April 24, 2020, Mondrian gave the Mondrian Undertaking in favor of the Offeror, pursuant to which Mondrian has irrevocably undertaken to the Offeror to accept the Share Offer in respect of (i) 4,224,000 Shares owned by the Mondrian Shares Owners, representing approximately 0.78% of the total issued Shares; and (ii) any additional Shares which may be acquired on or before the close of the Share Offer.

As at the Latest Practicable Date, Mondrian is interested in 4,224,000 Shares, representing approximately 0.78% of the issued share capital of the Company.

LETTER FROM CLSA LIMITED AND CICC

Mondrian, for and on behalf of Mondrian Shares Owners, is entitled to terminate the Mondrian Undertaking if this Composite Document fails to be despatched within the required period in accordance with the requirements of the Takeovers Code or within such longer period as the Offeror may (with the consent of the Executive) determine (the “**Termination Event**”). In the event of the occurrence of the Termination Event, the Mondrian Undertaking shall lapse upon the written consent of the Offeror and be of no further force and effect and Mondrian shall have no claim against the Offeror.

INVESTIGATION AND LITIGATION SUPPORT AGREEMENT

On March 30, 2020, Clear Channel, the Offeror and the Company entered into the Investigation and Litigation Support Agreement to formalize the Company’s provision of support to Clear Channel in respect of the investigation, defense and settlement of the US Investigations, which is an existing arrangement that has been in place since March 2018.

Subject Matter

Pursuant to the Investigation and Litigation Support Agreement, the Company agrees to provide continued cooperation with Clear Channel with respect to the US Investigations in three main areas: (i) maintenance of records and business data of the Group; (ii) provision of factual information related to the US Investigations; and (iii) if requested, using commercially reasonable efforts to arrange for the availability of current employees of the Group to attend interviews or give testimony to the SEC or the DOJ related to the US Investigations. Clear Channel will be granted access rights to data of the Company in connection with Clear Channel’s defence or settlement of the US Investigations.

Actual costs properly incurred by the Company for performance of the obligations or activities contemplated under the Investigation and Litigation Support Agreement would be paid for by Clear Channel.

The Offeror (i) consents to the entering into of the Investigation and Litigation Support Agreement and performance of obligations thereunder by the Company and acknowledges and confirms that the entering into of the Investigation and Litigation Support Agreement and performance of obligations thereunder by the Company is not a frustrating action under the Takeovers Code; (ii) undertakes to, where required, exercise its voting rights in the Company and use commercially reasonable endeavours to procure its nominee Directors (if any) to vote and execute any process (in accordance with their fiduciary duties and in the interest of the Company) in such manner as is necessary to enable the Company to comply with its obligations under the Investigation and Litigation Support Agreement, (iii) in the event that it becomes the new controlling shareholder of the Company, undertakes to, either by way of convening a shareholders’ meeting of the Company (if the Company remains listed on the Stock Exchange and the Offeror is not required to abstain from voting on the relevant resolution) or passing a written shareholders’ resolutions of the Company, ratify the Company’s decision to enter into the Investigation and Litigation Support Agreement at such shareholders’ meeting or such shareholders’ written resolutions as soon as practicable after the Investigation and Litigation Support Agreement has taken effect, and (iv) undertakes not to, and following the tender of acceptance of Share Offer by Clear Channel, procure that the Company does not, bring any proceedings against the Company and/or any Indemnified Party for any claim that is covered by the indemnity in the Investigation and Litigation Support Agreement against Clear Channel.

LETTER FROM CLSA LIMITED AND CICC

Indemnity

Clear Channel undertakes to indemnify and hold each of the Indemnified Parties harmless from and against any costs (including legal costs), expenses, fines, losses, damages or liabilities which any Indemnified Party may suffer or properly incur arising from claims brought by any third party in relation to the decision to enter the Investigation and Litigation Support Agreement, the execution of the Investigation and Litigation Support Agreement, and/or the proper performance of the matters contemplated under the Investigation and Litigation Support Agreement except for any indirect or consequential losses. In respect of the proper performance of the matters contemplated in the Investigation and Litigation Support Agreement, the indemnity does not extend to losses which are finally judicially determined by a court of competent jurisdiction to have arisen from an Indemnified Party's fraud, willful default or gross negligence. Clear Channel agrees to forego any claim against the Indemnified Parties for claims covered by the indemnity under the Investigation and Litigation Support Agreement.

The Indemnified Parties have sought a further indemnity from Forward Elite, and Forward Elite has agreed to provide such indemnity (the "**FE Indemnity**") pursuant to a deed of indemnity entered into by the Indemnified Parties and Forward Elite (the "**FE Deed of Indemnity**"). The scope and the terms of the FE Indemnity follow those of the indemnity given by Clear Channel. Under the FE Deed of Indemnity, where the Indemnified Party has suffered or properly incurred any losses arising from claims brought by any third party in relation to the matters set out in the FE Deed of Indemnity, to the extent that Clear Channel has not already reimbursed or confirmed to reimburse the relevant Indemnified Party and to the extent that the relevant Indemnified Party has not been reimbursed or confirmed that he will be reimbursed under the Directors & Officers insurance policy (the "**D&O Insurance**") maintained by the Company in respect of the losses, Forward Elite undertakes to indemnify and hold the relevant Indemnified Party harmless from and against any such outstanding losses provided that the relevant Indemnified Party undertakes to file a claim under the D&O Insurance in respect of any losses as soon as reasonably practicable.

Term

The Investigation and Litigation Support Agreement shall (a) in respect of the provision of support to Clear Channel, become effective as and when the Share Offer becomes or is declared unconditional in all respects, and (b) in respect of the other sections of the Investigation and Litigation Support Agreement, become effective upon execution thereof.

The Investigation and Litigation Support Agreement shall remain in full force and effect thereafter until the earliest of (i) the mutual written consent of the parties thereto to terminate the Investigation and Litigation Support Agreement; (ii) thirty (30) days after termination of the US Investigations by final binding settlements or final court orders, not subject to appeal or review; (iii) the SEC and the DOJ informing Clear Channel of the discontinuance of the US Investigations, whether pursuant to a settlement or otherwise; and (iv) two (2) years from the date of the Investigation and Litigation Support Agreement; provided that with respect to the Offeror only, the Investigation and Litigation Support Agreement shall terminate upon the Offeror ceasing to hold 5% or more of the Shares.

LETTER FROM CLSA LIMITED AND CICC

OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS AND NOTICE TO US INVESTORS

The making of the Share Offer to the Shareholders and the Option Offer to the Optionholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. Such Shareholders and Optionholders may be prohibited or affected by the laws of the relevant jurisdictions and it is the responsibility of each such Shareholder or Optionholder who wishes to accept the Share Offer and the Option Offer respectively to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents, or filing and registration requirements which may be required to comply with all necessary formalities or legal or regulatory requirements and the payment of any transfer or other taxes due from such Shareholder or Optionholder in such relevant jurisdictions.

Any acceptance by any Shareholder or Optionholder will be deemed to constitute a representation and covenant from such Shareholder or Optionholder to the Offeror and that all laws, regulations and requirements applicable to that Shareholder or Optionholder have been complied with and that the Share Offer and the Option Offer can be lawfully accepted by such Shareholder and Optionholder respectively under the laws and regulations of the relevant jurisdiction. Shareholders and Optionholders should consult their professional advisers if in doubt.

The receipt of cash by a US Shareholder pursuant to the Offers may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each Shareholder is urged to consult his/her independent professional adviser immediately regarding the tax consequences of the Offers applicable to him/her.

It may be difficult for the US Shareholders to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the US, and some or all of their officers and directors may be residents of a country other than the US. The US Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

Copies of this Composite Document and the accompanying Form of Acceptance must not be mailed or otherwise forwarded, distributed or sent into any non-Hong Kong jurisdiction where to do so would contravene applicable law or regulation, and persons receiving this Composite Document and the accompanying Form of Acceptance (including custodians, nominees and trustees) should observe these restrictions.

ACCEPTANCES OF THE OFFER

Procedures for acceptance

To accept the Offers, you should complete and sign the accompanying Forms of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Offers.

The duly completed and signed Forms of Acceptance, should be sent, together with the relevant share certificate(s) and/or certificate(s) of the Options and/or other

LETTER FROM CLSA LIMITED AND CICC

document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "Clear Media Limited Share Offer" or "Clear Media Limited Option Offer" (as the case maybe) on the envelope, in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

No acknowledgment of receipt of any Form of Acceptance, share certificate(s) and/or certificate(s) of the Options and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

Your attention is drawn to "Further terms and procedures of acceptance of the Offers" as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Close of the Offer

The latest time on which the Offeror can declare the Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of this Composite Document (or such later date to which the Executive may consent).

If all the Conditions are satisfied (or, if permissible, waived), Shareholders and Optionholders will be notified by way of an announcement in accordance with the Takeovers Code and the Listing Rules as soon as practicable thereafter.

Effect of Accepting the Offers

Acceptance of the Share Offer will constitute a warranty to the Offeror by each person accepting it that the Shares acquired under the Share Offer and sold by such persons are free from any Encumbrances and together with all rights and entitlements attaching or accruing thereto including, without limitation, the right to receive all dividends and other distributions, if any, the record date of which is on or after the date on which the Offers are made (i.e. the date of the despatch of this Composite Document).

Following acceptance of the Option Offer, the relevant Options together with all rights attaching thereto will be entirely cancelled and renounced.

Acceptance of the Offers would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code. Rule 17 of the Takeovers Code provides that an acceptor of the Offers shall be entitled to withdraw his/her/its acceptance after 21 days from the first closing date of the Offers if the Offers have not by then become unconditional as to acceptances.

LETTER FROM CLSA LIMITED AND CICC

Nominee registration

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares, whose investments are registered in the names of nominees, to accept the Share Offer, it is essential that they provide instructions of their intentions with regard to the Share Offer to their nominees.

Stamp Duty

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Share Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of accepting Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Shares.

No stamp duty is payable in connection with the Option Offer.

Payment

Payment in cash in respect of acceptance of the Offers will be made as soon as possible but in any event within seven business days (as defined under the Takeovers Code) after the later of (i) the date on which the Offers become, or are declared, unconditional in all respects and (ii) the date on which the duly completed acceptance of the Offers and the relevant documents of title in respect of such acceptance are received by the Offeror (or its agent). The Offeror shall, or shall procure CLSA Limited or CICC or their respective agents to, duly execute payment cheques for payment of consideration for offer acceptance under the Offers and make available sufficient funds in the relevant Offeror's bank account for payment of consideration under the Offers by the Offeror in compliance with the Takeovers Code until the earlier of (a) the date on which the relevant securities holders are paid following the deposit and presentation of their payment cheques, and (b) the expiry date of six months after the date of issue of the relevant cheques ("Payment Deadline"). The Offeror shall, and shall procure CLSA Limited or CICC or their respective agents, not to revoke payment instructions to the relevant receiving bank issuing the payment cheques in any circumstances before the Payment Deadline. In the event that a payment cheque is lost by the relevant securities holder or the clearance of such payment cheque cannot be effected before the Payment Deadline due to suspension or disruption of international travel or courier services to or from Hong Kong, provided that the relevant securities holder notifies the Offeror in writing of such circumstances before the Payment Deadline, the Offeror shall, and/or shall procure CLSA Limited or CICC or their respective agents, to revoke payment instructions in respect of the original payment cheque and provide that relevant securities holder with a replacement cheque as soon as reasonably practicable and the Offeror will set aside the amount in respect of such unrepresented cheque in the Offeror's escrow account co-managed by the Offeror and CLSA Capital Markets or a separate deposit account designated by the Offeror until the earlier of (i) the date on which the relevant securities holder is paid following the deposit and presentation of its cheque; and (ii) the expiry of six years from the date of the Rule 3.5 Announcement.

LETTER FROM CLSA LIMITED AND CICC

If the Offeror has decided to compulsorily acquire those Offer Shares not acquired by the Offeror under the Share Offer (the “**Remaining Offer Shares**”) and proceed with the privatisation of the Company, the Offeror will despatch the Compulsory Acquisition Notices, each accompanied by a form of request for payment of consideration (the “**Compulsory Acquisition Consideration**”), pursuant to the Bermuda Companies Act to the Shareholders holding the Remaining Offer Shares (the “**Remaining Offer Shareholders**”).

In order to receive the Compulsory Acquisition Consideration, the Remaining Offer Shareholders should complete and return the form of request for payment of consideration within one month from the despatch date of the Compulsory Acquisition Notices (the “Compulsory Acquisition Notices Period”).

The Remaining Offer Shareholders should note that they will not receive the Compulsory Acquisition Consideration (less seller’s ad valorem stamp duty) for the Remaining Offer Shares until after the completion of the compulsory acquisition (assuming that no dissenting Remaining Offer Shareholder has filed an application to object to the compulsory acquisition with the Court within one month from the date of the Compulsory Acquisition Notice). The cheques for the payment of the amounts due to the Remaining Offer Shareholders will be despatched within one month from the end of the Compulsory Acquisition Notices Period by ordinary post at the risk of such Remaining Offer Shareholders. If any dissenting Remaining Offer Shareholder files an application to object to the compulsory acquisition with the Grand Court of the Bermuda Islands (“**Court**”) within one month from the date of the Compulsory Acquisition Notice and such objection is ultimately upheld by the Court, the Offeror will not be able to exercise Compulsory Acquisition. If any dissenting Remaining Offer Shareholder files an application to object to the compulsory acquisition with the Court within one month from the date of the Compulsory Acquisition Notice and such objection is ultimately not upheld by the Court, the cheques for the payment of the amounts due to the Remaining Offer Shareholders will be despatched within one month after the Court rules in favor of the Compulsory Acquisition. If the Remaining Offer Shareholders do not complete and return the form of request for payment of consideration (as mentioned above), the Offeror will then be required to pay the Compulsory Acquisition Consideration to the Company rather than directly to the relevant Remaining Offer Shareholders. Under the Bermuda Companies Act, the Company is required to pay the Compulsory Acquisition Consideration into a separate bank account and hold it on trust for these Remaining Offer Shareholders. The Company may hold such amount until the earlier of: (i) a claim being made and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) being provided to the satisfaction of the Company, and (ii) the expiry of six years from the date of completion of the compulsory acquisition.

Taxation advice

None of the Offeror, the Company, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, CLSA Limited, CLSA Capital Markets, CICC, Independent Financial Adviser, the Registrar or any of their respective directors, officers, associates or advisers or any persons involved in the Offers is in a position to advise Shareholders and/or Optionholders on their own tax implications in any relevant jurisdiction. Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications in any relevant jurisdiction of accepting or rejecting the Offers.

LETTER FROM CLSA LIMITED AND CICC

None of the Offeror, the Company, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, CLSA Limited, CLSA Capital Markets, CICC, Independent Financial Adviser, the Registrar or any of their respective directors, officers, associates, officers, associates, the Registrar or advisers or any persons involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of the acceptance or rejection of the Offers by any Shareholder and/or Optionholder.

GENERAL

No acknowledge of receipt of any Forms of Acceptance, share certificate(s) and/or certificate(s) of the Options and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares and Options will be given.

All communications, notices, the Forms of Acceptance, share/option certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Shareholders and/or the Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to Shareholders and/or the Optionholders at their addresses, in the case of Shareholders and/or the Optionholders, specified on the relevant Form(s) of Acceptance. None of the Offeror, the Company, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, CLSA Limited, CLSA Capital Markets, CICC, Independent Financial Adviser, the Registrar or any of their respective directors, officers, associates or advisers, or any other person involved in the Offers, accepts any liability for any loss in postage or delay in transmission or such other liabilities whatsoever which may arise as a result. The attention of the Shareholders is drawn to the section headed "Further terms and procedures of acceptance of the Offers" in Appendix I to this Composite Document.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offers set out in the appendices to this Composite Document and the accompanying Forms of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the "Letter from the Board" set out on pages 36 to 45 of this Composite Document, the "Letter from the Independent Board Committee" set out on pages 46 to 47 of this Composite Document and the letter of advice by the independent financial adviser to the Independent Board Committee as set out in the "Letter from the Independent Financial Adviser" set out on pages 48 to 82 of this Composite Document.

Yours faithfully,
For and on behalf of
CLSA Limited
Edmund Chan
Managing Director, Head of M&A

Yours faithfully,
For and on behalf of
**CHINA INTERNATIONAL CAPITAL
CORPORATION HONG KONG
SECURITIES LIMITED**
Pak Hiu Ching
Managing Director
Li Jie
Executive Director

LETTER FROM THE BOARD

CLEAR MEDIA LIMITED

白馬戶外媒體有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 100)

Executive Directors:

Mr. Joseph TCHENG (*Chairman*)
Mr. HAN Zi Jing (*Chief Executive Officer*)
Mr. ZHANG Huai Jun (*Chief Operating Officer*)

Non-Executive Directors:

Mr. William ECCLESHARE (*Deputy Chairman*)
Mr. Peter COSGROVE (*Deputy Chairman*)
Mr. ZHU Jia
Mr. Michael SAUNTER

Independent Non-Executive Directors

Mr. Robert GAZZI
Mr. WANG Shou Zhi
Mr. Thomas MANNING
Mr. Christopher THOMAS

Alternate Directors:

Mr. ZOU Nan Feng (*alternate to Mr. ZHANG Huai Jun*)
Mr. Adam TOW (*alternate to Mr. William ECCLESHARE*)

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Principal place of business
in Hong Kong:*

Room 1202,
12th Floor
Lee Garden One
33 Hysan Avenue
Causeway Bay,
Hong Kong

April 27, 2020

To the Shareholders and the Optionholders

Dear Sir/Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
CLSA LIMITED AND CHINA INTERNATIONAL CAPITAL
CORPORATION HONG KONG SECURITIES LIMITED
FOR AND ON BEHALF OF
EVER HARMONIC GLOBAL LIMITED
TO ACQUIRE ALL THE ISSUED SHARES AND TO CANCEL ALL
OUTSTANDING SHARE OPTIONS OF
CLEAR MEDIA LIMITED**

* *For identification purpose only*

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Rule 3.5 Announcement. CLSA Limited and CICC, for and on behalf of the Offeror, make the following voluntary offers:

- (i) The Share Offer: to acquire all of the outstanding Shares in the issued share capital of the Company at HK\$7.12 per Share; and
- (ii) The Option Offer: to cancel all of the outstanding Options of the Company at HK\$0.00001 per Option.

The purpose of this Composite Document of which this letter forms part is to provide you with, among other matters, the terms of the Offers, information relating to the Group and the Offeror, as well as to set out (i) the letter from the Independent Board Committee containing its recommendations to the Shareholders and the Optionholders in respect of the Offers; and (ii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offers.

Terms used in this letter shall have the same meanings as defined in this Composite Document unless the context otherwise requires.

PRINCIPAL TERMS OF THE OFFERS

The "Letter from CLSA Limited and CICC" as set out on pages 10 to 35 of this Composite Document contains the information in respect of the Offers and the principal terms of the Offers are extracted below. You are recommended to refer to the "Letter from CLSA Limited and CICC", Appendix I to this Composite Document ("**Further terms and procedures of acceptance of the Offers**") and the accompanying Form of Share Offer Acceptance and Form of Option Offer Acceptance for further details.

As at the Latest Practicable Date, there are 541,700,500 Shares in issue and 5,283,000 outstanding Options granted under the Existing Share Option Scheme, carrying rights to subscribe for 5,283,000 new Shares. 3,800,000 of the outstanding Options have an exercise price of HK\$9.54 per Share, and the remaining 1,483,000 outstanding Options have an exercise price of HK\$8.99 per Share. The Offers are made by CLSA Limited and CICC for and on behalf of the Offeror on the following basis:

The Share Offer:

For each Offer Share HK\$7.12 in cash

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from any Encumbrances and together with all rights and entitlements attaching or accruing thereto including, without limitation, the right to receive all dividends and other distributions, if any, the record date of which is on or after the date on which the Offer is made.

The Share Offer Price:

Your attention is drawn to the section headed "The Share Offer Price" in the "Letter from CLSA Limited and CICC" in this Composite Document.

LETTER FROM THE BOARD

The Option Offer:

For cancellation of each of the outstanding Options HK\$0.00001 in cash

Highest and Lowest Share Prices

During the six-month period immediately prior to November 29, 2019 (being the date of publication of the Rule 3.7 Announcement and the commencement of the Offer Period up to and including the Last Trading Day, the highest closing price per Share as quoted on the Stock Exchange was HK\$7.09 on April 24, 2020 and the lowest closing price per Share as quoted on the Stock Exchange was HK\$3.53 on October 25, 2019.

Value of the Offers

Your attention is drawn to the sections headed the “The Share Offer”, the “The Option Offer” and “Value of the Offers” in the “Letter from CLSA Limited and CICC” in this Composite Document which sets out the value of the Offers.

Conditions to the Offers

Your attention is drawn to the section headed “Conditions of the Share Offer” in the “Letter from CLSA Limited and CICC” in this Composite Document which sets out the conditions to the Share Offer.

Reasons for and Benefits of the Offers

Your attention is drawn to the section headed “Reasons for and Benefits of the Offers” in the “Letter from CLSA Limited and CICC” in this Composite Document.

IRREVOCABLE UNDERTAKING

As set out in the Rule 3.5 Announcement, on March 30, 2020, Clear Channel KNR gave the Clear Channel KNR Undertaking in favor of the Offeror. Further, on April 24, 2020, Mondrian gave the Mondrian Undertaking in favor of the Offeror. You are advised to refer to the section headed “Irrevocable Undertaking” in the “Letter from CLSA Limited and CICC” in this Composite Document for further details.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising Mr. Zhu Jia, Mr. Robert Gazzi, Mr. Wang Shou Zhi, Mr. Thomas Manning and Mr. Christopher Thomas, has been formed to advise the Shareholders and the Optionholders as to whether the terms of the Offers are, or are not, fair and reasonable and as to acceptance of the Offers.

LETTER FROM THE BOARD

As Mr. Peter Cosgrove has facilitated discussions between Clear Channel and the Offeror, Mr. Cosgrove is regarded as being interested in the Offers and therefore did not join the Independent Board Committee. As Mr. William Eccleshare, Mr. Michael Saunter and Mr. Adam Tow (alternate Director to Mr. William Eccleshare) are management team members of Clear Channel or its subsidiaries (which entered into the Clear Channel KNR Undertaking), they did not join the Independent Board Committee.

Somerley has, with the approval of the Independent Board Committee, been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders in respect of the Offers and in particular as to whether the terms of the Offers are, or are not, fair and reasonable and as to acceptance of the Offers.

The full texts of the letter from the Independent Board Committee addressed to the Shareholders and the Optionholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee are set out on pages 46 to 47 and pages 48 to 82 respectively in this Composite Document. You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.

FURTHER DETAILS OF THE OFFERS

You are advised to refer to the "Letter from CLSA Limited and CICC" as set out on pages 10 to 35 of this Composite Document, Appendix I ("**Further terms and procedures of acceptance of the Offers**") to this Composite Document, the Form of Share Offer Acceptance and the Form of Option Offer Acceptance for further terms and conditions of the Offers and the procedures for acceptance and settlement of the Offers.

INFORMATION OF THE COMPANY

Clear Media is a company incorporated in Bermuda with limited liability, and its Shares have been listed on the Main Board of the Stock Exchange since 19 December 2001 (Stock Code: 100). Clear Media is the largest operator of bus shelter advertising panels in China, with a leading market share of more than 70% in top-tier cities and a broad presence in the fastest growing cities across the country. It provides one-stop solutions for nationwide advertising campaigns to customers.

LETTER FROM THE BOARD

The table below sets forth a summary of certain consolidated financial information of the Group extracted from the annual reports of the Company for the years ended 31 December 2017, 2018 and 2019 respectively, which have been prepared in accordance with Hong Kong Financial Reporting Standards:

	Year ended December 31, 2019 (audited) (RMB'000)	Year ended December 31, 2018 (audited) (RMB'000)	Year ended December 31, 2017 (audited) (RMB'000)
Revenue	1,445,850	1,803,664	1,706,306
Profit/(loss) before taxation	(93,328)	361,039	400,076
Profit/(loss) after taxation	(84,138)	254,358	280,639
	As at December 31, 2019 (audited) (RMB'000)	As at December 31, 2018 (audited) (RMB'000)	As at December 31, 2017 (audited) (RMB'000)
Total assets	5,116,476	3,441,774	3,169,620
Total liabilities	2,787,440	927,321	829,720
Net assets	2,329,036	2,514,453	2,339,900

Your attention is drawn to the “Financial Information of the Group” and “General Information of the Group” as set out in Appendices II and III to this Composite Document, respectively.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon completion of the Offers, assuming there is no change in the issued share capital of the Company, none of the outstanding Options is exercised and all Shares are tendered for acceptance by the Shareholders under the Share Offer:

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Offers	
	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding
<i>Offeror and parties acting in concert with it</i>				
Offeror	0	0%	541,700,500	100.00%
Mr. Han Zi Jing (Note 1)	6,600,000	1.22%	0	0%
<i>Disinterested Shareholders</i>				
Clear Channel KNR (Note 2)	275,789,081	50.91%	0	0%
International Value Advisers, LLC (Note 3)	78,054,850	14.41%	0	0%
Public Shareholders	181,256,569	33.46%	0	0%
Total	541,700,500	100.00%	541,700,500	100.00%

Notes:

- The 6,600,000 shares are held by Outdoor Media China, Inc., a company incorporated in Western Samoa of Offshore Chambers and wholly owned by Golden Profits Consultants Limited, which is held as to approximately 94.5% by Mr. Han Zi Jing.
- As at the Latest Practicable Date, Clear Channel KNR is an indirect wholly owned subsidiary of Clear Channel, which is listed on the New York Stock Exchange.
- Based on the latest disclosure of interest filings pursuant to Part XV of the SFO and/or their dealing disclosure filings under the Takeovers Code.

Your attention is drawn to the “Financial Information of the Group” and “General Information of the Group” as set out in Appendices II and III to this Composite Document, respectively.

LETTER FROM THE BOARD

INVESTIGATION AND LITIGATION SUPPORT AGREEMENT

Your attention is drawn to the section headed "Investigation and Litigation Support Agreement" in the "Letter from CLSA Limited and CICC" as set out on pages 10 to 35 of this Composite Document.

On March 30, 2020, Clear Channel, the Offeror and the Company entered into the Investigation and Litigation Support Agreement to formalize the Company's provision of support to Clear Channel in respect of the investigation, defense and settlement of the US Investigations. Pursuant to the Investigation and Litigation Support Agreement, the Company agrees to provide continued cooperation with Clear Channel with respect to the US Investigations in three main areas: (i) maintenance of records and business data of the Group; (ii) provision of factual information related to the US Investigations; and (iii) if requested, using commercially reasonable efforts to arrange for the availability of current employees of the Group to attend interviews or give testimony to the SEC or the DOJ related to the US Investigations. Clear Channel will be granted access rights to data of the Company in connection with Clear Channel's defence or settlement of the US Investigations.

Actual costs properly incurred by the Company for performance of the obligations or activities contemplated under the Investigation and Litigation Support Agreement would be paid for by Clear Channel. Clear Channel undertakes to indemnify and hold each of the Indemnified Parties harmless from and against any costs (including legal costs) expenses, fines, losses, damages or liabilities which any Indemnified Party may suffer or properly incur arising from claims brought by any third party in relation to the decision to enter the Investigation and Litigation Support Agreement, the execution of the Investigation and Litigation Support Agreement, and/or the proper performance of the matters contemplated under the Investigation and Litigation Support Agreement except for any indirect or consequential losses. In respect of the proper performance of the matters contemplated in the Investigation and Litigation Support Agreement, the indemnity does not extend to losses which are finally judicially determined by a court of competent jurisdiction to have arisen from an Indemnified Party's fraud, willful default or gross negligence.

The Offeror (i) consents to the entering into of the Investigation and Litigation Support Agreement and performance of obligations thereunder by the Company and acknowledges and confirms that the entering into of the Investigation and Litigation Support Agreement and performance of obligations thereunder by the Company is not a frustrating action under the Takeovers Code; (ii) undertakes to, where required, exercise its voting rights in the Company and use commercially reasonable endeavours to procure its nominee Directors (if any) to vote and execute any process (in accordance with their fiduciary duties and in the interest of the Company) in such manner as is necessary to enable the Company to comply with its obligations under the Investigation and Litigation Support Agreement, (iii) in the event that it becomes the new controlling shareholder of the Company, undertakes to, either by way of convening a shareholders' meeting of the Company (if the Company remains listed on the Stock Exchange and the Offeror is not required to abstain from voting on the relevant resolution) or passing a written shareholders' resolutions of the Company, ratify the Company's decision to enter into the

LETTER FROM THE BOARD

Investigation and Litigation Support Agreement at such shareholders' meeting or such shareholders' written resolutions as soon as practicable after the Investigation and Litigation Support Agreement has taken effect, and (iv) undertakes not to, and following the tender of acceptance of Share Offer by Clear Channel, procure that the Company does not, bring any proceedings against the Company and/or any Indemnified Party for any claim that is covered by the indemnity in the Investigation and Litigation Support Agreement against Clear Channel.

As disclosed in the clarification announcement dated April 3, 2020 published by the Company on the website of the Stock Exchange, (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0403/2020040301641.pdf>), the Board clarified that the Directors (including the independent non-executive Directors, but excluding Mr. Han Zi Jing, Mr. Peter Cosgrove, Mr. William Eccleshare, Mr. Michael Saunter and Mr. Adam Tow who abstained from voting on the relevant resolution) are of the view that the Investigation and Litigation Support Agreement is on normal commercial terms based on the fact that the actual costs properly incurred by the Company for performance of the obligations or activities contemplated under the Investigation and Litigation Support Agreement would be reimbursed to the Company by Clear Channel.

INFORMATION ON THE OFFEROR AND INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the sections headed "Information of the Offeror" and "Intentions of the Offeror in relation to the Group" in the "Letter from CLSA Limited and CICC" as set out on pages 10 to 35 of this Composite Document. The Board is aware of the Offeror's intentions in respect of the Group and its employees and is willing to cooperate with the Offeror and act in the best interests of the Company and the Shareholders as a whole.

LISTING STATUS AND POSSIBLE COMPULSORY ACQUISITION

Your attention is drawn to the section headed "Listing Status and Possible Compulsory Acquisition" in the "Letter from CLSA Limited and CICC" as set out on pages 10 to 35 of this Composite Document.

If the Offeror acquires not less than 90% of the Offer Shares and not less than 90% of the Disinterested Shares within the Compulsory Acquisition Entitlement Period, it intends (but is not obliged) to exercise the right under the Bermuda Companies Act and pursuant to Rule 2.11 of the Takeovers Code to compulsorily acquire all those Shares not acquired by the Offeror under the Share Offer.

Pursuant to Rule 15.6 of the Takeovers Code, where the Offeror has stated in this Composite Document its intention to avail itself of any powers of compulsory acquisition, the Share Offer may not remain open for acceptance for more than four months from the despatch date of this Composite Document, unless the Offeror has, by that time, become entitled to exercise such powers of compulsory acquisition, in which event it must do so without delay.

LETTER FROM THE BOARD

On completion of the compulsory acquisition process (if the compulsory acquisition right is exercised), the Company will be beneficially owned as to 100% by the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If the Offer Shares validly tendered for acceptance under the Share Offer are less than 90% of the Offer Shares or less than 90% of the Disinterested Shares during the Compulsory Acquisition Entitlement Period, the Offeror will not be entitled to exercise the compulsory acquisition right and therefore the Company will not be delisted from the Stock Exchange.

PUBLIC FLOAT

According to the Listing Rules, if, upon the close of the Share Offer, the Offeror does not become entitled to exercise the power of compulsory acquisition under the Bermuda Companies Act (or the Offeror does not exercise such power of compulsory acquisition) and less than 25% of the issued Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares until appropriate steps have been taken to restore the minimum percentage of the Shares in public hands. In such circumstances, the Offeror will take appropriate steps to restore the public float of the Shares after the close of the Share Offer accordingly.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the shares; or (ii) that there are insufficient shares in public hands to maintain an orderly market; it will consider exercising its discretion to suspend dealings in the shares.

If the Offeror is not entitled to exercise, or decides not to exercise, the compulsory acquisition right, the Offeror intends the Company to remain listed on the Exchange. The Offeror Directors and the new directors to be appointed to the Board of the Company will jointly and severally undertake to the Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Offeror Directors will also jointly and severally undertake to procure the new directors to be appointed to the Board to jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” as set out on pages 46 to 47 of this Composite Document, which sets out its recommendations to the Shareholders and the Optionholders in relation to the Offers; and (ii) the “Letter from the Independent Financial Adviser” as set out on pages 48 to 82 of this Composite Document, which sets out its advice to the Independent Board Committee in relation to the Offers and the principal factors considered by it in arriving at its advice.

ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from CLSA Limited and CICC”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” as set out in this Composite Document, the accompanying Form of Share Offer Acceptance and Form of Option Offer Acceptance and the additional information as set out in the appendices to, which form part of, this Composite Document.

Yours faithfully,
By order of the board of
Clear Media Limited
Jeffrey Yip
Company Secretary

CLEAR MEDIA LIMITED

白馬戶外媒體有限公司



²(Incorporated in Bermuda with limited liability)

(Stock Code: 100)

April 27, 2020

To the Shareholders and the Optionholders

Dear Sir/ Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
CLSA LIMITED AND CHINA INTERNATIONAL CAPITAL
CORPORATION HONG KONG SECURITIES LIMITED
FOR AND ON BEHALF OF
EVER HARMONIC GLOBAL LIMITED
TO ACQUIRE ALL THE ISSUED SHARES AND TO CANCEL ALL
OUTSTANDING SHARE OPTIONS OF
CLEAR MEDIA LIMITED**

We refer to this Composite Document dated April 27, 2020 jointly issued by the Company and the Offeror, of which this letter forms part. Unless specified otherwise, terms used herein shall have the same meanings as those defined in this Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offers and to advise you as to whether, in our opinion, the terms of the Offers are fair and reasonable so far as the Shareholders and the Optionholders are concerned and to make a recommendation as to acceptance of the Offers.

Somerley has been appointed as the Independent Financial Adviser to advise us in respect of the terms of the Offers and as to acceptance of the Offers. Your attention is drawn to the "Letter from the Independent Financial Adviser" as set out in this Composite Document containing its advice to us and the principal factors and reasons taken into account by it in arriving at such advice.

We also wish to draw your attention to the "Letter from CLSA Limited and CICC" and "Letter from the Board" as set out in this Composite Document as well as the additional information set out in the appendices to this Composite Document.

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the Offers, the information contained in this Composite Document and the principal factors and reasons considered by, and the independent advice of Somerley, as set out in its letter of advice, we consider that the terms of the Offers are fair and reasonable so far as the Shareholders and the Optionholders are concerned. Accordingly, we recommend the Shareholders and the Optionholders to accept the Offers.

Notwithstanding our recommendation, the Shareholders and the Optionholders should consider carefully the terms of the Offers and then decide whether to accept or not to accept the Offers. You are strongly recommended to read the full text of the "Letter from the Independent Financial Adviser" as set out in this Composite Document.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. Robert Gazzi
Mr. Zhu Jia
Mr. Wang Shou Zhi
Mr. Thomas Manning
Mr. Christopher Thomas

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Somerley to the Independent Board Committee, which has been prepared for the purpose of inclusion in this Composite Document.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

27 April 2020

To: The Independent Board Committee of Clear Media Limited

Dear Sirs,

**VOLUNTARY CONDITIONAL CASH OFFER BY
CLSA LIMITED AND CHINA INTERNATIONAL
CAPITAL CORPORATION HONG KONG SECURITIES LIMITED
FOR AND ON BEHALF OF
EVER HARMONIC GLOBAL LIMITED
TO ACQUIRE ALL THE ISSUED SHARES AND TO CANCEL ALL
OUTSTANDING SHARE OPTIONS OF
CLEAR MEDIA LIMITED**

I. INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the Offers, details of which are contained in the Composite Document dated April 27, 2020, of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

According to the joint announcement dated 30 March 2020 made by the Offeror and the Company, CLSA Limited and CICC will make the Share Offer for and on behalf of the Offeror to acquire the Offer Shares at HK\$7.12 per Offer Share. In addition, an appropriate cash offer will be made to the Optionholders for cancellation of all the outstanding Options in accordance to the Takeovers Code. According to the letter from CLSA Limited and CICC, as the Share Offer Price is lower than the exercise prices of all outstanding Options (i.e. the Options are out-of-money), the Option Offer will be made at a nominal value of HK\$0.00001 in cash for the cancellation of each outstanding Option.

The Independent Board Committee, comprising Mr. Zhu Jia, Mr. Robert Gazzi, Mr. Wang Shou Zhi, Mr. Thomas Manning and Mr. Christopher Thomas (each being an independent non-executive Director, save for Mr. Zhu who is a non-executive Director), has been established by the Board to make a recommendation to the Disinterested

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Shareholders and the Optionholders as to whether the terms of the Offers are, or are not, fair and reasonable and whether to accept the Offers. According to the letter from did Board, as Mr. Peter Cosgrove has facilitated discussions between Clear Channel and the Offeror, he is regarded as being interested in the Offers and therefore did not join the Independent Board Committee. In addition, as Mr. William Eccleshare, Mr. Michael Saunter and Mr. Adam Tow (alternate Director to Mr. William Eccleshare) are management team members of Clear Channel or its subsidiaries (which entered into the Clear Channel KNR Undertaking), they did not join the Independent Board Committee. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise them as regards the Offers.

During the past two years, Somerley has acted as (i) the independent financial adviser to the independent board committee and independent shareholders of Alibaba Health Information Technology Limited ("**Alibaba Health**", stock code: 241), whose ultimate majority shareholder is Alibaba Group Holding Limited ("**Alibaba Holding**", a company listed on the New York Stock Exchange, stock symbol BABA, and the Hong Kong Stock Exchange, stock code: 9988). Alibaba Holding indirectly holds 33% of Ant Financial, which, in turn, holds the entire equity interest in Antfin. Antfin holds 30% in City Lead which, in turn, holds the entire equity interest in the Offeror. Somerley's role was to provide independent advice to the independent board committee and independent shareholders of Alibaba Health in respect of the connected transactions regarding the entering into of subscription agreements with Antfin and Ali JK Nutritional Products Holding Limited, a wholly-owned subsidiary of Alibaba Holding, and the issue of new shares under a specific mandate, details of which were set out in the circular of Alibaba Health dated 24 June 2019; and (ii) the compliance adviser to ZhongAn Online P & C Insurance Co., Ltd. ("**ZA Online**", stock code: 6060), which is held as to 13.54% equity interest by Ant Financial. Our service to ZA Online was concluded in early April 2019. For above engagements, Somerley received a normal professional fee from each of Alibaba Health and ZA Online.

Save as disclosed above, we, Somerley Capital Limited, are not associated with the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them and, accordingly, considered ourselves eligible to give independent advice on matters relating to the Offers. Apart from normal professional fees payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors, which we have assumed to be true, accurate and complete in all material respects as at the Latest Practicable Date. We have also assumed that all representations contained or referred to in the Composite Document were true, accurate and complete at the time they were made and remain so as at the Latest Practicable Date. The Disinterested Shareholders will be informed of any material change in this regard as soon as possible up to the end of the Offer Period. We have reviewed, among other things, the Rule 3.5 Announcement, the annual report of the Company for the financial year ended 31 December 2018 (the "**2018 Annual Report**") and the interim report of the Company for the six months ended 30 June 2019 (the "**2019**

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Interim Report”), the annual report of the Company for the financial year ended 31 December 2019 (the “**2019 Annual Report**”) and information contained in the Composite Document. We have also discussed with the Directors the “Material Change Statement” and the basis on which it is made, as set out in paragraph 4 of Appendix II to the Composite Document. We have sought and received confirmation from the Directors that no material fact has been omitted from the information supplied and opinions expressed to us by them. We consider that the information we have received is sufficient for us to reach our opinion and provide advice as set out in this letter. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material fact has been omitted or withheld. We have not, however, conducted any independent investigation into the businesses and affairs of the Group, nor have we carried out any independent verification of the information supplied.

II. THE OFFEROR AND THE TERMS OF THE OFFERS

(a) The Offeror

The Offeror is a newly formed investment company incorporated in the Cayman Islands. The largest shareholder of the Offeror, holding 40%, is Mr. Han Zi Jing (“**Mr. Han**”), the Chief Executive Officer and an executive Director of the Company. A further 23% of the Offeror is held by a subsidiary of JCDecaux, a leading company in the outdoor advertising industry worldwide and to some degree a competitor of the Company. Consequently, we consider the Offeror is knowledgeable about the Company, its business and its likely prospects. Further details on the Offeror are set out in section V. 2 below.

(b) The Share Offer

The Share Offer is made by CLSA Limited and CICC for and on behalf of the Offeror to acquire all the Offer Shares on the following basis:

For each Offer Share HK\$7.12 in cash

As set out in the letter from CLSA Limited and CICC, **the Offeror will not increase the Share Offer Price for the Share Offer.**

As at the Latest Practicable Date, there were a total of 541,700,500 Shares in issue.

Mr. Han, the largest shareholder of the Offeror, is presently the owner of 6,600,000 Shares, representing approximately 1.22% of the issued share capital of the Company. Save for these 6,600,000 Shares, the Offeror and parties acting in concert with it are not interested in any other Shares as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(c) The Option Offer

In addition, CLSA Limited and CICC will make the Option Offer for and on behalf of the Offeror to the Optionholders for cancellation of all the outstanding Options in accordance with Rule 13 of the Takeovers Code in exchange for cash on the following basis:

For cancellation of each of the outstanding Options . . . HK\$0.00001 in cash

As at the Latest Practicable Date, there were 5,283,000 outstanding Options granted under the Existing Share Option Scheme, carrying rights to subscribe for 5,283,000 new Shares. 3,800,000 of the outstanding Options have an exercise price of HK\$9.54 per Share, and the remaining 1,483,000 outstanding Options have an exercise price of HK\$8.99 per Share. Following acceptance of the Option Offer in respect of each Option, such Option together with all rights attaching thereto will be entirely cancelled and renounced.

Mr. Han holds Options to subscribe for 1,333,000 new Shares as at the Latest Practicable Date, of which 1,000,000 Options have an exercise price of HK\$9.54 and 333,000 Options have an exercise price of HK\$8.99. Save as aforementioned, the Offeror and parties acting in concert with it are not interested in any Options as at the Latest Practicable Date.

III. CONDITIONS OF THE OFFERS

The Share Offer is conditional upon the satisfaction or waiver of the following Conditions:

- (a) valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of such number of Shares which, together with the Shares acquired or agreed to be acquired before or during the Offers, will result in the Offeror holding more than 50.1% of the voting rights of the Company;
- (b) no event having occurred which would make any of the Offers or the acquisition of any of the Offer Shares or the cancellation of the Options under the Option Offer void, unenforceable or illegal or prohibit the implementation of any of the Offers or would impose any additional material conditions or obligations with respect to any of the Offers or any part thereof; and
- (c) no relevant government, governmental, quasi-government, statutory or regulatory body, court or agency in Hong Kong or any other jurisdictions having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make any of the Offers or its implementation in accordance with its terms void,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to any of the Offers or its implementation in accordance with its terms).

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions set out above (other than Condition (a)). As at the Latest Practicable Date, none of the Conditions had been fulfilled or waived.

Clear Channel KNR is the present controlling shareholder of the Company. On 30 March 2020, Clear Channel KNR gave the Clear Channel KNR Undertaking in favour of the Offeror, pursuant to which Clear Channel KNR has irrevocably undertaken to the Offeror to accept the Share Offer in respect of 275,789,081 Shares held by Clear Channel KNR, representing approximately 50.91% of the issued share capital of the Company as at the Latest Practicable Date, subject to the major terms and conditions of the Clear Channel KNR Undertaking set out in the letter from CLSA Limited and CICC. As at the Latest Practicable Date, none of the terms and conditions of the Clear Channel KNR Undertaking had been fulfilled or waived.

The Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects.

IV. LISTING STATUS AND POSSIBLE COMPULSORY ACQUISITION

As stated in the letter from CLSA Limited and CICC, if the Offeror acquires not less than 90% of the Offer Shares and not less than 90% of the Disinterested Shares within the Compulsory Acquisition Entitlement Period, it intends (but is not obliged) to exercise the right under the Bermuda Companies Act and pursuant to Rule 2.11 of the Takeovers Code to compulsorily acquire all those Shares not acquired by the Offeror under the Share Offer.

If the Offeror decides to exercise its compulsory acquisition right referred to above, the Company will apply to the Stock Exchange for the suspension of trading in the Shares on the Stock Exchange with effect from the next trading day of the Stock Exchange immediately after the Closing Date up to the date of withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Pursuant to Rule 15.6 of the Takeovers Code, where the Offeror has stated in the Composite Document its intention to avail itself of any powers of compulsory acquisition, the Share Offer may not remain open for acceptance for more than four months from the despatch date of the Composite Document, unless the Offeror has, by that time, become entitled to exercise such powers of compulsory acquisition, in which event it must do so without delay.

On completion of the compulsory acquisition process (if the compulsory acquisition right is exercised), the Company will be beneficially owned as to 100% by the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

If the Offer Shares validly tendered for acceptance under the Share Offer are less than 90% of the Offer Shares or less than 90% of the Disinterested Shares during the Compulsory Acquisition Entitlement Period, the Offeror will not be entitled to exercise the compulsory acquisition right and therefore the Company will not be delisted from the Stock Exchange.

V. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Offers, we have taken into account the following principal factors and reasons:

1. Background information of the Group

The Company was incorporated in the Bermuda with limited liability, and its shares have been listed on the Main Board of the Stock Exchange with the stock code 100 since 2001. The Group is the largest bus shelter advertising panel operator in China. As stated in the 2019 Annual Report, the Group has more than 57,000 bus shelter advertising panels in 25 cities across China with a market share of more than 70% in key cities, including Beijing, Shanghai and Guangzhou. In addition, the Group operates a total of 261 digital panels.

2. Background information of the Offeror

As stated in the letter from CLSA Limited and CICC, the Offeror is an investment holding company incorporated in the Cayman Islands with limited liability and is wholly-owned by City Lead, which is held as to 40% by Forward Elite, 30% by Antfin, 23% by JCDI and 7% by CWG Fund.

Forward Elite is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Han, the Chief Executive Officer and an executive Director of the Company. He has been with the Group since 1998. As Mr. Han, holds approximately 1.22% of the Shares at present, if the Share Offer becomes unconditional, he will substantially increase his interest in the Company.

Antfin is an investment holding company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Ant Financial. Ant Financial is a company incorporated in the PRC and together with its ecosystem partners is engaged in businesses that bring financial services to individuals and small and micro-sized individual customers and small businesses worldwide. Ant Financial is owned as to approximately 50% by two limited liability partnerships established in the PRC, whose general partner is wholly-owned by Mr. Jack Ma, and as to 33% indirectly by Alibaba Holding, with the remaining interests held by other shareholders.

JCDI is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of JCDecaux, a company incorporated in France and listed on Euronext Paris (stock code: DEC). JCDecaux Group is a world-leading outdoor advertising corporation and a multinational corporation headquartered in France. It competes to some extent with the business of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

CWG Fund is an exempted limited partnership registered under the laws of the Cayman Islands, principally engaged in investment holding, whose general partner is JT China Wealth Management Limited, wholly-owned by Empyrean Management (Hong Kong) Limited, and whose sole limited partner is Empyrean Management (Hong Kong) Limited (九天管理(香港)有限公司), which is in turn wholly-owned by JIC Capital Management (Tianjin) Limited, a PRC state-owned enterprise, indirectly wholly-owned by Central Huijin Investment Ltd, a PRC state-owned enterprise, principally engaged in private equity investment.

Comments

Overall, we consider the shareholders of the Offeror form a powerful consortium whose members include persons with detailed knowledge of the Company and its business as well as considerable financial strength. To the best knowledge of the Directors, save for Forward Elite which is wholly-owned by Mr. Han, other shareholders of the Offeror are independent third parties of the Group.

We note from the announcement and circulars of the Company that there are certain continuing connected transactions between the Group and associates of Mr. Han. Such continuing connected transactions include the provision of (i) procurement services for advertising sales; (ii) creative services in the form of poster design services, sales and marketing materials design services and corporate brochure design services; and (iii) provision of cleaning, maintenance and related services to its local bus shelters. Further details are set out in the Company's circular dated 4 April 2019 and announcement dated 18 December 2019.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Analysis of the financial information of the Group

(a) *Income statement*

Set out below are the summarised consolidated statements of profit or loss of the Group and segment results for each of the three years ended 31 December 2019 as extracted from the 2018 Annual Report and the 2019 Annual Report.

TABLE 1: SUMMARISED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS OF THE COMPANY

	For the year ended 31 December		
	2019	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Restated)</i> ⁽¹⁾
Turnover	1,445,850	1,803,664	1,706,306
Gross profit	446,124	704,185	763,831
Profit/(loss) for the year	(84,138)	254,358	280,639
Profit/(loss) for the year attributable to the Shareholders	(86,854)	220,813	246,913
EBITDA (as defined hereinafter)	311,439 ⁽⁴⁾	718,178	744,616
Dividend per Share (HK cents)	–	0.17 ⁽²⁾	0.44 ⁽³⁾

Notes:

1. In preparing the consolidated financial statements for the year ended 31 December 2018, management of the Group has made corrections to the presentation and disclosure of certain transactions and balances in the previously issued consolidated financial statements. The corrections made are related to the recognition of government subsidies, as well as the recovery of misappropriated funds in prior years of which the Group did not have knowledge until the forensic investigations of the misappropriation incident carried out by an independent external consultant in year 2018.
2. Only consists of a final dividend of 0.17 HK cents.
3. Including a special dividend of 0.27 HK cents and a final dividend of 0.17 HK cents.
4. The figure, which has excluded the effect of adoption of HKFRS 16, is extracted from the 2019 Annual Report for like-for-like comparison purpose. The decrease was mainly due to (i) the decrease in turnover of RMB357.8 million; (ii) the increase in cleaning and maintenance expenses of RMB27.3 million; (iii) the loss on disposal of Kunming bus shelters of RMB17.6 million; and (iv) the increase in direct electricity costs of RMB4.7 million during the year. After adoption of HKFRS 16, the EBITDA is RMB810.7 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(i) *Turnover*

As shown in Table 1, for the three years ended 31 December 2019, the Group recorded turnover of RMB1,706.3 million, RMB1,803.7 million and RMB1,445.9 million, respectively, which represent a year-on-year increase of 5.7% in 2018 and a year-on-year decrease of 19.8% in 2019. The increase in 2018 was mainly driven by the increase in average number of bus shelter panels (particularly in mid-tier cities), with the average number of bus shelter panels increasing by 13.2% while the yield per shelter before value added tax declined slightly by 6.5% as a result of lower occupancy rate. As advised by the management of the Group, the decrease in 2019 was principally due to (i) the decline in revenue from clients in the e-commerce and IT digital product sectors (being the Group's top two turnover contributors in terms of client business category in 2019, collectively contributing 41% of its total turnover) which was partially offset by the increase in turnover from customers in most of the traditional industries; (ii) advertisers in traditional industries decreasing their acceptance of the Company's pricing policy, especially in face of competition from other outdoor media, such as metro and high-speed rail media; (iii) intense competition from digital and online advertising; and (iv) unstable revenue pipeline due to persistent late confirmations and last-minute cancellations of orders. The turnover from clients in the e-commerce and IT digital product sectors declined by about 44% year-on-year to RMB595.7 million for the year ended 31 December 2019. We are further advised by the management of the Group that as the penetration of online advertising had been increasing in the past few years in China, there has been growing pressure on the overall performance of offline advertising, including outdoor media. While the underperformances in turnover from e-commerce and IT digital product sectors are more pronounced, the broader theme of a struggling offline advertising industry also contributed to the Group's turnover decline.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) Gross profit

The Group's gross profits for the three years ended 31 December 2019 were RMB763.8 million, RMB704.2 million and RMB446.1 million, respectively, representing year-on-year decreases of 7.8% in 2018 and 36.6% in 2019. The decrease in 2018 was as a result of the rapid increase in cost of sales outpacing the turnover growth of the same period. The increase in cost of sales was primarily driven by a 13.2% increase in the number of bus shelter panels and new leases in Ningbo and Urumqi, as well as higher rental rates in Beijing and Shanghai upon contract extension. As advised by the management of the Group, the significant decrease in 2019 was largely due to the decrease in total turnover led by the declining advertising demand from the clients in the e-commerce and IT digital product sectors; and (ii) significant increase in rental cost, especially in Beijing, Shanghai and Guangzhou, largely resulting from contract extensions and newly won contracts. In addition, the rental contracts are between five to twenty years, and the rental cost will be fairly stable for a while after entering into a new contract.

(iii) Net profit attributable to the Shareholders

For the three years ended 31 December 2019, the Group recorded profit attributable to the Shareholders of RMB246.9 million in 2017 and RMB220.8 million in 2018 and loss attributable to the Shareholders of RMB86.9 million in 2019. The decrease in 2018 was mainly due to the decrease in gross profit and partly due to additional professional fees as a result of the misappropriation incident and related investigation cost of RMB29.1 million which was partially offset by foreign exchange gains. The significant decrease in 2019 was largely due to the decline in turnover by RMB357.8 million. The loss in 2019 was the first annual loss incurred by the Group since the Company's listing in 2001.

(iv) EBITDA

The Group's earnings before interest, tax, depreciation and amortisation ("**EBITDA**") for the three years ended 31 December 2019 were RMB744.6 million, RMB718.2 million and RMB311.4 million (without including the effect of adoption of HKFRS 16), respectively, representing a year-on-year decrease of 3.6% in 2018 and a year-on-year decrease of 56.6% in 2019. The drop in 2018 was largely due to the additional professional fees as a result of the misappropriation incident and related investigation cost of RMB29.1 million and the drop in 2019 was mainly due to (i) the decrease in turnover of RMB357.8 million; (ii) the increase in cleaning and maintenance expenses of RMB27.3 million; (iii) the loss on disposal of Kunming bus shelters of RMB17.6 million; and (iv) the increase in direct electricity costs of RMB4.7 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition, based on the 2019 Annual Report, the Company expects the outbreak of the novel coronavirus in 2020 could further slow China's economic growth, negatively impact customers' advertising spend and reduce demand for advertising space. The Company experienced high order cancellations in February and March as advised by the management of the Group. The turnover of the Group for the first two months of 2020 declined by approximately 30% year-on-year.

(v) *Dividends*

The Company paid dividend(s) for each of the years ended 31 December 2017 and 2018 but not in 2019. The total dividend payouts were approximately RMB201.5 million (including special dividend of RMB127.5 million in recognition of the Shareholders' continued support of the Company) and RMB78.8 million for 2017 and 2018, respectively. We note that the dividend payout correlates to the net earnings of the Group which has been volatile in the past couple of years. The dividend payout ratio of the Company was 30.0% (excluding the special dividend) and 35.7% for 2017 and 2018 respectively. No dividend is paid 2019 as the Company was loss making.

(b) *Financial position*

Set out below are the summarised consolidated balance sheets of the Company as at 31 December 2017, 2018 and 2019 as extracted from the 2018 Annual Report and the 2019 Annual Report:

TABLE 2: SUMMARISED CONSOLIDATED BALANCE SHEETS OF THE COMPANY

	As at 31 December		
	2019 RMB'000	2018 RMB'000	2017 RMB'000 (Restated) ⁽¹⁾
Total assets⁽²⁾	5,116,476	3,441,774	3,169,620
Property, plant and equipment	181,960	109,207	41,754
Concession rights	1,447,629	1,598,423	1,657,662
Right-of-use assets ⁽²⁾	2,012,557	–	–
Trade and lease receivables	808,222	862,613	814,923
Cash and cash equivalents	266,988	473,508	337,423
Total liabilities⁽²⁾	2,787,440	927,321	829,720
Other payables and accruals	403,935	697,302	682,086
Tax payable	117,255	206,472	81,605
Total lease liabilities ⁽²⁾	2,244,851	–	–
Net assets attributable to shareholders ("NAV")	2,203,287	2,367,149	2,225,641

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. In preparing the consolidated financial statements for the year ended 31 December 2018, management of the Group has made corrections to the presentation and disclosure of certain transactions and balances in the previously issued consolidated financial statements. The corrections made are related to the recognition of government subsidies, as well as the recovery of misappropriated funds in prior years of which the Group did not have knowledge until the forensic investigations of the misappropriation incident carried out by an independent external consultant in year 2018.
2. The significant increases in total assets (comprising right-of-use assets of RMB2,012.6 million) and total liabilities in 2019 (comprising total lease liabilities of RMB2,244.9 million) as compared to 2018 were as a result of the adoption of HKFRS 16.

(i) Total assets

As at 31 December 2017, 2018 and 2019, the total assets of the Group were RMB3,169.6 million, RMB3,441.8 million and RMB5,116.5 million, respectively, representing an increase of 8.6% in 2018 and 48.7% in 2019. The increase of total assets as at 31 December 2018 as compared to 31 December 2017 was mainly due to (i) increase in cash level as a result of decrease in dividend payout in 2018; and (ii) the Group's increase in investment in the construction of bus shelters in 2018. The increase of total assets as at 31 December 2019 as compared to 31 December 2018 was primarily due to the increase in right-of-use assets following the adoption of HKFRS 16.

(ii) Concession rights and right-of-use assets

Concession rights and right-of-use assets as a whole is the largest asset of the Group, accounting for 52.3%, 46.4% and 67.6% of the total assets of the Group as at 31 December 2017, 2018 and 2019, respectively. According to the 2019 Annual Report, the Group's bus shelter concession contracts have initial terms of five to twenty years, and as at 31 December 2019, the weighted average remaining term of the concession rights currently held by the Group was more than seven years.

(iii) Total liabilities

The Group did not have any interest-bearing bank borrowings in the past three financial years. The total liabilities of the Group increased from RMB829.7 million as at 31 December 2017 to RMB927.3 million as at 31 December 2018 and rose to RMB2,787.4 million as at 31 December 2019, representing an increase of 11.8% and 200.6%, respectively. The increase in 2018 was largely due to increase in tax payable by 153%. The increase in 2019 was mainly due to the adoption of HKFRS 16 as a result of which total lease liabilities of RMB2,244.9 million were recorded, compared to the increase in right-of-use assets of RMB2,012.6 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iv) NAV

The NAV of the Group was RMB2,225.6 million, RMB2,367.1 million and RMB2,203.3 million as at 31 December 2017, 2018 and 2019, respectively. The NAV per Share as at 31 December 2019 was equivalent to HK\$4.58 (calculated based on a total of 541,700,500 Shares as at the Latest Practicable Date and the exchange rate of approximately RMB1=HK\$1.1267). The Share Offer Price of HK\$7.12 per Offer Share represents a premium of approximately 55.46% over the NAV per Share.

As stated in the 2019 Annual Report, the management of the Group plans to focus their efforts on controlling the Group's cash outflows. Capital expenditure in 2020, which will be financed by the Group's existing cash balance, is expected to be reduced considerably from 2019 level.

Comments

The Company is the largest operator of bus shelter advertising panels in China, with market share of more than 70% in top-tier cities, and broad presence in the fastest growing cities across the country and provides one-stop solutions for nationwide advertising campaigns to customers.

Misappropriation of funds was reported in January 2018 and had the effect of reducing the Group's cash and cash equivalents as of 31 December 2017 by approximately RMB76.7 million in total. Approximately 5.3% of the total misappropriated amounts was accounted for as a reduction in the profit for the year in the Company's consolidated statement of profit or loss for the year ended 31 December 2017 whilst the remainder of the adjustments were made to the prior years' profits because the misappropriation occurred mainly in prior years. The financial statements of the Company for the year ended 31 December 2017 have been subsequently restated for the recognition of government subsidies, as well as the recovery of misappropriated funds in prior years of which the Group did not have knowledge until the forensic investigations of the misappropriation incident carried out by an independent external consultant in year 2018. The profit attributable to Shareholders for the year ended 31 December 2017 and NAV as at 31 December 2017 had been slightly increased. As set out in the Company's announcement dated 16 November 2018, there has been no evidence implicating any of the directors of the Company (including the Chief Executive Officer, the former Chief Financial Officer and the Chief Operating Officer) in the misappropriation of funds and the other issues identified in the forensic investigation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have discussed the Company's historical operational and financial performance with the management of the Group and are given to understand that the Group's success in previous years was mainly due to an increase in advertisement spending from the clients in the e-commerce and IT digital product sectors which benefited from the growth of China's economy. However, such clients may be more vulnerable to flattening economic growth than those in traditional industries. As the growth of China's economy began to slow coupled with the fast development and continued increase in popularity of diversified digital media, the business environment for outdoor advertising industry has become increasingly challenging. Moreover, we are advised by the management of the Group that the Group faces intense competition from digital and online advertisement in addition to reductions in advertisement spending by advertisers.

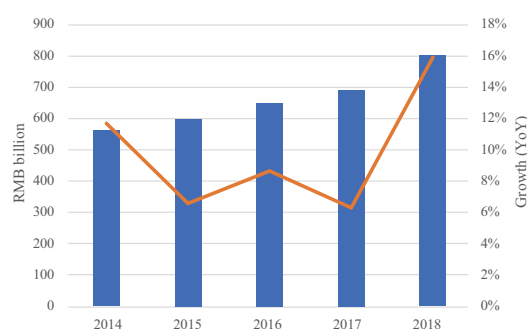
We note that the Group recorded a rapid slowdown in the growth of profit attributable to Shareholders from 18.1% in 2015 to less than 1% in 2017 and subsequently recorded a 10.6% decrease in 2018 and a net loss in 2019. Looking forward, the management of the Group expects that the outbreak of the novel coronavirus in 2020 could further reduce China's economic growth, negatively impact customers' advertising spend and reduce demand for advertising space. Such adverse impact is expected to be reflected in the Group's financial performance in 2020. With the turnover of the Group for the first two months of 2020 declining by approximately 30% year-on-year and capital expenditure in 2020, which will be financed by the Group's existing cash balance, is expected to be reduced considerably from 2019 level, we concur with the view of the management of the Group that 2020 is likely to be a very challenging year.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Industry overview and prospects of the Group's business

China's advertising market has experienced steady growth in recent years as evidenced by the data quoted from the State Administration for Market Regulation ("SAMR") 國家市場監督管理總局 by CEIC Data, a leading data provider in the international financial information service industry. The total advertising market, in terms of business revenue, grew from RMB560.6 billion in 2014 to RMB799.1 billion in 2018 (as illustrated in Figure 1), representing a compound annual growth rate ("CAGR") of 9.27%. Meanwhile, the number of advertising companies increased significantly from 544,000 in 2014 to 1,376,000 in 2018 (as illustrated in Figure 2), representing a CAGR of 26.13%.

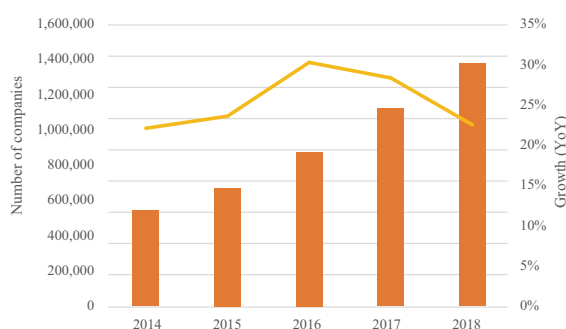
FIGURE 1: CHINA'S ADVERTISING MARKET SIZE (IN TERMS OF BUSINESS REVENUE) 2014–2018^(Note)



Source: CEIC Data

Note: 2018 figures are the latest information available from the source

FIGURE 2: CHINA'S ADVERTISING MARKET SIZE (IN TERMS OF NUMBER OF COMPANIES) 2014–2018^(Note)



Source: CEIC Data

Note: 2018 figures are the latest information available from the source

The advertising industry, based on media channels, can be categorized into (i) offline or traditional advertising such as television, radio, newspapers, magazines and out-of-home ("OOH") or outdoor advertising; and (ii) online advertising such as mobile devices and personal computers. Based on research reports published by iResearch in June and August 2019, a leading market intelligence provider of online audience measurement and consumer insights in China, (i) the splits of China's advertisement market between online and offline advertisement (based on revenue) were (a) 55% and 45% in 2015, (b) 63% and 37% in 2016, (c) 69% and 31% in 2017 and (d) 74% and 26% in 2018; and (ii) online and offline advertisements grew at a CAGR of 30.4% and -2.0% for the period from 2015 to 2018, respectively. According to iResearch, the revenue of transportation OOH advertising market in China exhibited a slowdown in growth, increasing at 16.4%, 17.8%, 20.0% and 8.4% year-on-year in 2015-2018.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have discussed with the management of the Group the above historical market trends of outdoor advertisement as well as the Group's business. The Group specialises in bus shelter outdoor advertising with a focus on static displays and its business performance has been generally in line with the market trends as discussed above. Due to the rising uncertainties of the external environment and slower economic growth in China, the Group's trading performance deteriorated starting from the second half of 2018 with its revenue grew less than 0.3% as compared the same period in 2017 and decreased by 19.8% year-on-year in 2019. Nonetheless, the management of the Group remains optimistic of the future of China's outdoor advertisement industry as it is more resilient to competition from digital and online advertisement as compared to other traditional advertising such as radio and newspapers. This is due to the fact that its advertising audiences (i.e. commuters) are relatively stable and will not be affected by fall in listening or readership rate. With the increasingly diversified options of media forms and channels and the rapid development of digitalisation in China, advertisers are looking for better advertising display effect with interactive features and/or to employ multiple media forms (e.g. mobile and digital outdoor) to launch their marketing campaigns. The Group's first digital advertising panel was launched in the second half of 2014 and it now operates a total of 261 digital panels. The contribution from digital panels so far has been small with less than 1% of its total display panels and less than 1% of the Group's revenue since its first launch. In comparison, as compared to digital accounts for 18% of JCDecaux's China operation's revenue in 2019. The Group is continuing to test new digital technologies and pursue its plan in digitalising its existing bus shelter display panels.

Comments

Increased competition is seen in the advertising industry in China. Online advertising not only accounted for the majority of the advertising spending but also exhibited significant growth as opposed to sluggish growth of offline advertising in 2015-2018. A slowdown is also seen in the transportation OOH advertising market in which the Group operates. The Group's past financial performance was generally in line with the market. As the relevant government statistics from official website and market data from iResearch are yet to be available for 2019, we have looked at the latest financial results of the Company as well as Asiaray Media Group Limited ("**Asiaray**", stock code: 1993) which is an OOH media company with a strategic focus on airport, metro line and high speed rail advertising. Both companies experienced decreases in revenue and reported losses in 2019 owing to economic slowdown in China. Further comparison with Asiaray is set out in section 7 below.

The outbreak of novel coronavirus in early 2020 is reducing China's economic growth, negatively impacting customers' advertising spend and reducing demand for advertising space in the short term. As advised by the management of the Group, the Group experienced high order cancellations in February and March mostly from its existing customers. A typical display period is two-weeks long, but it can be longer than two weeks depending on advertisers' decisions. We are further advised by the management of the Group that the Group usually permits its customers to withdraw or postpone their marketing campaign without penalty so as to maintain

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

their long-term business relationship. Sales for the first two months of 2020 declined by 30% compared to the same period last year. The impact of coronavirus on the advertising industry and the financial performance of the Group may be temporary. The Company is the market leader in its niche which is aligned to domestic spending in China. As lockdown restrictions ease in China, consumer spending may rise which should result in a rebound in the medium term. Nevertheless, the economic slowdown in China will continue to cast uncertainties over the outlook of the advertising industry as well as the Group's business in the longer term.

5. Reasons for and benefits of the Offers

The following has been extracted from the letter from CLSA Limited and CICC in the Composite Document.

For the Company: an endeavor to facilitate a necessary transformation of the business in a challenging environment for outdoor advertising industry

The Company's core business, as operator of the most extensive standardized bus shelter advertising network in Mainland China, has faced significant challenges in recent years. First, the rate of economic growth in China has been lower than in previous years, and consequently demand for advertising, which is strongly correlated with economic growth and consumption, has declined overall. Second, demand for outdoor advertising in particular has declined even more substantially, particularly among clients in the e-commerce and digital products sectors. Outdoor advertising is considered to be one of the oldest forms of promotion, and as digital media has increased in popularity in recent years, outdoor advertising has faced intense competition from digital and online advertising. These trends have created a challenging operating environment in which the Company's customers have exercised considerable caution in setting their operating budgets, resulting in persistent late confirmation or last-minute cancellation of orders. Overall, the Company is facing major structural and operational challenges in its existing business model.

Although the Company has explored a range of initiatives to respond to these challenges, the Company's financial performance has deteriorated. Revenue decreased by 19.8% from RMB1,804 million for the year ended 31 December 2018 to RMB1,446 million for the year ended 31 December 2019, and net results attributable to owners of the parent of the Company decreased from a net profit of RMB221 million for the year ended 31 December 2018 to a net loss of RMB87 million for the year ended 31 December 2019. At the same time, the Shares' trading volume were generally low during the 12 months before the Rule 3.7 Announcement, with an average trading volume of approximately 304,086 Shares per trading day, representing 0.06% of the issued share capital of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In order for the Company to remain competitive in the face of these challenges, it must inevitably restructure and transform its business model, which will require significant investment over a number of years, as well as a highly motivated workforce. Given the downward trend in the Company's Share price and low liquidity in the Shares, however, the listed status of the Company is no longer a viable source of funding for the necessary investments. Moreover, given low liquidity in the Company's Shares, employee option incentive schemes currently are not sufficiently effective for acquisition and retention of talent.

The Offeror, with the support of its shareholders, plans to promote the Company's restructuring and transformation through intensive collaboration with the Company on exploration of new development opportunities and implementation of a series of long-term growth measures. The planned growth measures include expansion of the Company's sales and marketing resources through recruiting more marketing talents and employing mega data to evaluate and improve efficiency of its advertisement, digitalisation of its existing bus shelter display panels and acquisition of additional bus shelter concession rights with a focus on lower tier cities (e.g. Nanning, Changchun and Wuxi), which will require the Company to incur significant expenses and capital expenditures, squeezing its profit margin and affecting its growth profile in the short to medium term. If the Company were to implement these measures while remaining listed, investors' views of the Company's share price would likely diverge from the Company's view of its potential long-term value. Following the implementation of the Offers and the privatisation of the Company (if successful), the Offeror and the Company will have flexibility to structure employee compensation in a more optimal manner, and they will be able to make strategic investment decisions focused on realisation of the Company's potential long-term value, free from the pressure of market expectations and the share price fluctuations otherwise associated with the status of a publicly listed company.

For the Shareholders: an attractive opportunity to monetize their investment in the Company, which has low trading liquidity, at a compelling premium in view of industry headwinds and execution risks

If the Company were to implement its planned long-term growth measures while remaining listed, the resulting short to medium-term pressure on the Company's profit margins and financial performance could have a significant adverse effect on the Company's Share price. In contrast, the Share Offer Price of HK\$7.12 per Offer Share represents a premium of approximately 50.12% over the closing price on the last trading day prior to the publication of the Rule 3.7 Announcement, as well as a premium of approximately 64.81%, 70.33% and 86.88%, respectively, over the average closing prices for the five, ten and 30-trading day up to and including the last trading day prior to the publication of the Rule 3.7 Announcement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The average daily trading volume of the Shares for the 12 months up to and including the last trading day prior to the Rule 3.7 announcement was approximately 304,086 Shares per day, representing only approximately 0.06% of the total number of Shares issued and outstanding as at the date of the Rule 3.5 Announcement. The low trading volume of the Shares makes it difficult for Shareholders to execute substantial sales of Shares on-market without adversely affecting the price of the Shares.

The Share Offer, in contrast, provides an opportunity for Shareholders to monetize their investments in the Company immediately for cash at a compelling premium without any downward pressure on the Share price, and therefore allows Shareholders a chance to redeploy their capital into other investment opportunities that they may consider more attractive in the current environment.

Comments

In order for the Group to prosper amid the current operating environment as discussed in section 4 above, the Group may need to take aggressive steps such as (i) acquiring further the concession rights of bus shelters, probably in lower tier cities (e.g. Nanning, Changchun and Wuxi); (ii) enhancing its technology capabilities to digitalise its existing bus shelter display panels; and (iii) improving its customer mix. The Offeror is making the Share Offer at HK\$7.12 per Offer Share, which, as set out below, is at a considerable premium over recent market prices, implying confidence in the business of the Group in the long-term. The Offeror intends to continue the existing business of the Group (i.e. bus shelter outdoor advertising) and plans to promote the Company's restructuring and transformation by exploring new business opportunities and implementation of a series of long-term growth measures including expansion of sales and marketing resources through recruiting more marketing talents and employing mega data to evaluate and improve efficiency of its advertisement, digitalisation of its existing bus shelter display panels and acquisition of additional bus shelter concession rights with a focus on lower tier cities (e.g. Nanning, Changchun and Wuxi). As advised by the management of the Group, the Group has no plan to venture into online advertising but the aforementioned restructuring and transformation measures will require the Company to incur significant expenses and capital expenditures, thus squeezing its profit margin and affecting its growth profile in the short to medium term.

Our discussion of the market price and liquidity of the Shares is set out in section 6 below and comparisons of NAV per Share with the Company's only peer and with the Privatisation Precedents (as defined below) are set out in sections 7 and 8 below.

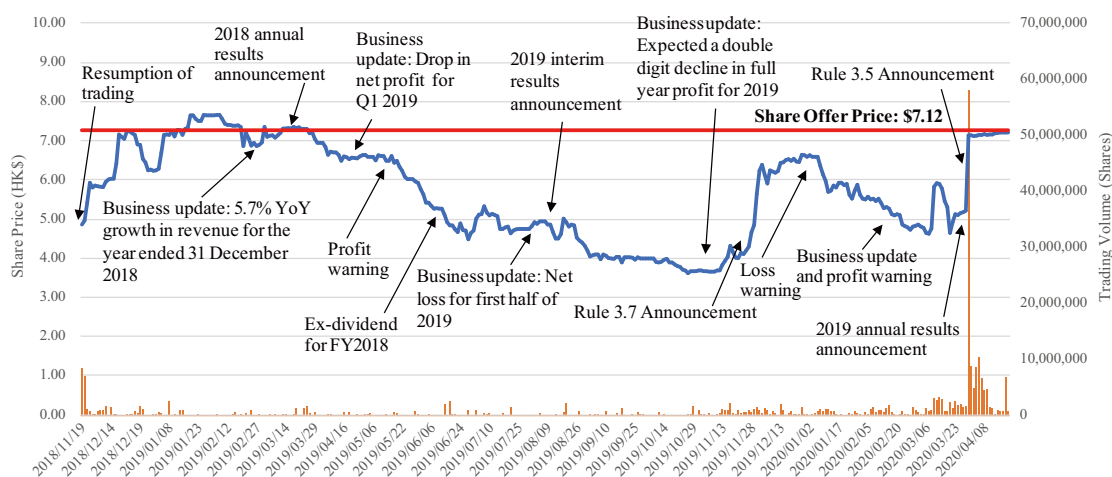
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6. Analysis of market price of the Shares

(a) Historical price performance compared to the Share Offer Price of HK\$7.12 per Offer Share

Trading in the Shares was suspended voluntarily at the Company's request during the period from 3 April 2018 to 16 November 2018 due to a disclaimer of opinion by the Company's auditor contained in the consolidated results of the Group for the year ended 31 December 2017. The Shares resumed trading on 19 November 2018 upon, amongst others, completion of the forensic investigation and management having addressed the issues raised by the Company's auditors. The period selected is in our view the most useful and relevant for the Disinterested Shareholders in considering the Share Offer Price. Set out below is Share price performance from 19 November 2018 up to and including the Latest Practicable Date (the "Review Period"):

FIGURE 3: SHARE PRICE CHART



Source: Bloomberg and the Stock Exchange website

During the Review Period, the Shares closed between HK\$3.53 per Share and HK\$7.50 per Share, and lower than the Share Offer Price in 317 days out of a total of 352 trading days. As shown in the above Figure, the Shares closed above the Share Offer Price for a short period of time after the Shares resumed trading in mid-November 2018. Thereafter, the Share price trended downwards after the release of the 2018 annual results announcement until the release of the Rule 3.7 Announcement and Rule 3.5 Announcement. No significant transaction announcement was made by the Company during the Review Period, but various results announcements and profit warnings were released.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Shares closed at HK\$4.75 on 19 November 2018, being the first trading day following 7-month trading suspension, down 18.52% from the previous closing price of HK\$5.83 (adjusted for the final dividend of HK\$0.17 per Share for 2017) on 29 March 2018. The closing price saw a general upward trend at the beginning of the Review Period and reached the highest price of HK\$7.50 on various trading days in January and February 2019. The Share price then exhibited a downward trend after the Company announced a 10.6% drop in profit attributable to Shareholders for the year ended 31 December 2018. During the period, the Company issued two trading and business updates and a profit warning before the Company announced its net loss attributable to Shareholders of RMB58.2 million for the six months ended 30 June 2019. The closing price then fell further to reach its lowest at HK\$3.53 on 25 October 2019. On 6 November 2019, the Company issued another business update and estimated a double digit decline in sales and a net loss attributable to the Shareholders for the year ended 31 December 2019.

On 29 November 2019, the Company made the Rule 3.7 Announcement about the possible sale of all or part of the Shares held by its controlling Shareholder. Subsequently, a rally was seen in the Share price which closed between HK\$6.00 and HK\$6.50 for most of December 2019. On 30 December 2019, the Company issued a warning of an expected net loss for the year ended 31 December 2019 as opposed to a net profit of HK\$220.8 million in 2018. The closing price retreated gradually and fell below HK\$5.00 in February 2020 and hovered around HK\$5.00 in March 2020 prior to the release of the Rule 3.5 Announcement. Trading of the Shares was suspended on 30 March 2020 pending the release of the Rule 3.5 Announcement. The Shares closed at HK\$6.99 on 31 March 2020 (being the first trading day after the release of the Rule 3.5 Announcement), representing an increase of 37.06% from the last closing price before the trading halt and a discount of 1.83% to the Share Offer Price. After the release of the Rule 3.5 Announcement and up to the Latest Practicable Date, the closing price of the Shares was between HK\$6.97 and HK\$7.09, with an average closing price of HK\$7.02. As at the Latest Practicable Date, the price of the Shares closed at HK\$7.09.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

A summary comparison of the Share Offer Price of HK\$7.12 per Offer Share with the recent closing prices of the Shares is set out as follows:

TABLE 3: SHARE PRICE COMPARISONS

	Prior to the publication of the Rule 3.7 Announcement		Prior to the publication of the Rule 3.5 Announcement	
	Closing price or average closing price of the Shares ⁽²⁾	Premium of ⁽²⁾	Closing price or average closing price of the Shares ⁽²⁾	Premium of ⁽²⁾
Last trading day	HK\$4.74	50.21%	HK\$5.10	39.61%
5-trading day ⁽¹⁾	HK\$4.32	64.81%	HK\$5.04	41.27%
30-trading day ⁽¹⁾	HK\$3.81	86.88%	HK\$4.97	43.26%
60-trading day ⁽¹⁾	HK\$3.85	84.94%	HK\$5.33	33.58%
90-trading day ⁽¹⁾	HK\$4.09	74.08%	HK\$5.40	31.85%
180-trading day ⁽¹⁾	HK\$4.98	42.97%	HK\$4.77	49.27%
			Closing price or average closing price of the Shares ⁽²⁾	Premium of ⁽²⁾
Latest Practicable Date			HK\$7.09	0.42%

Source: Bloomberg and the Stock Exchange website

Notes:

- (1) Up to and including the last trading day prior to the publication of the Rule 3.7 Announcement or Last Trading Day (where applicable).
- (2) The average closing price per Share has been rounded to two decimal places and the premium of the Share Offer Price over the average closing price per Share has been calculated based on the average closing price per Share after rounding and are consistent with the disclosure in the Composite Document.

The Share Offer Price of HK\$7.12 per Offer Share represents (i) a premium of about 42.97%–86.88% over the Share price on the last trading day prior to the publication of the Rule 3.7 Announcement and the average closing price of the Shares for the 5-, 30-, 60-, 90- and 180-trading day (up to and including the last trading day prior to the publication of the Rule 3.7 Announcement) before the release of the Rule 3.7 Announcement; and (ii) a premium of about 31.85%–49.27% over the Share price on the Last Trading Day and the average closing price of the Shares for the 5-, 30-, 60-, 90- and 180-trading day (up to and including the Last Trading Day) before the release of the Rule 3.5 Announcement. We consider that the closing Share prices prior to the release of the Rule 3.7 Announcement, which are undisturbed by the possible change in control of the Company, are more relevant for comparison purpose. In our view the Share price following the publication of the Rule 3.5 Announcement has been largely determined by and has not exceeded the Share Offer Price.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) *Trading liquidity of the Shares*

Set out in the table below are the monthly total trading volumes of the Shares. In our view, the percentages of such monthly total trading volumes to the total issued shares and the public float of the Company from November 2018 to the Latest Practicable Date:

TABLE 4: TRADING LIQUIDITY OF THE SHARES

	Monthly total trading volume of the Shares	Percentage of the monthly total trading volume of the Shares to the total issued Shares ⁽¹⁾	Percentage of the monthly total trading volume to the public float ⁽²⁾
2018			
November ⁽³⁾	22,134,240	4.09%	12.21%
December	8,066,728	1.49%	4.45%
2019			
January	6,743,045	1.24%	3.72%
February	3,967,055	0.73%	2.19%
March	7,121,917	1.31%	3.93%
April	2,913,110	0.54%	1.61%
May	3,868,549	0.71%	2.13%
June	7,210,170	1.33%	3.98%
July	4,709,062	0.87%	2.60%
August	5,548,242	1.02%	3.06%
September	5,191,746	0.96%	2.86%
October	4,470,329	0.83%	2.47%
November	13,374,920	2.47%	7.38%
December	14,018,589	2.59%	7.73%
2020			
January	10,539,500	1.95%	5.81%
February	13,992,146	2.58%	7.72%
March	88,662,600	16.37%	48.92%
From 1 April 2020 up to and including the Latest Practicable Date	61,814,686	11.41%	34.10%

Source: Bloomberg and the Stock Exchange website

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

- (1) The calculation is based on the monthly total trading volumes of the Shares divided by the total issued shares of the Company as at the respective month end date.
- (2) The calculation is based on the monthly total trading volumes of the Shares divided by the total number of Shares in the public float of 181,256,569 as at the Latest Practicable Date.
- (3) Trading in the Shares resumed on 19 November 2018.

Based on the above table, we are of the view that the liquidity of the Shares was generally low during the period save for November 2018 following the resumption of trading in the Shares after 7-month suspension and from November 2019 to April 2020 following the release of the Rule 3.7 Announcement and Rule 3.5 Announcement.

As the Shares cannot be regarded as having been actively traded, the Share Offer provides a secure exit alternative for the Disinterested Shareholders (especially those with relatively sizeable shareholdings) who are uncertain about the future prospects of the Group and would like to monetise their investments in the Shares at a fixed cash price without the risk of disturbing the market price.

Comments

Having considered that (i) the Share Offer Price of HK\$7.12 per Offer Share represents (a) a premium of about 42.97%–86.88% over the Share price on the last trading day prior to the publication of the Rule 3.7 Announcement and the average closing price of the Shares for the 5-, 30-, 60-, 90- and 180-trading day (up to and including the last trading day prior to the publication of the Rule 3.7 Announcement) before the release of the Rule 3.7 Announcement; and (b) a premium of about 31.85%–49.27% over the Share price on the Last Trading Day and the average closing price of the Shares for the 5-, 30-, 60-, 90- and 180-trading day (up to and including the Last Trading Day) before the release of the Rule 3.5 Announcement; (ii) the Shares closed between HK\$3.53 per Share and HK\$7.50 per Share and closed lower than the Share Offer Price in 317 days out of a total of 352 trading days during the Review Period; and (iii) the Shares cannot be regarded as having been actively traded during the majority of the period, we are of the view that the Share Offer represents an attractive exit alternative for the Disinterested Shareholders who would like to monetise their investment at a fixed cash. The relative increase in price and liquidity of the Shares over recent months in the Share price is, in our opinion, due to the release of the Rule 3.7 Announcement and Rule 3.5 Announcement. Shareholders should therefore be aware that the current Share price and liquidity may not be sustained if the Offers lapse or are unable to proceed and may return to the level before the release of the Rule 3.7 Announcement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

7. Peer Comparison

The Company is the largest operator of bus shelter advertising panels in China, with a market share of more than 70% in top-tier cities, and broad presence in the fastest growing cities across the country and provides one-stop solutions for nationwide advertising campaigns to customers. We employed Bloomberg and AASTOCKS's equity screening tools to identify companies listed on the Main Board of the Stock Exchange that are primarily engaged in outdoor advertising business similar to the business of the Group with over 50% to the group's total revenue and derive over 50% of their revenue from the China market on a best effort basis. Based on the above selection criteria, we have only identified one comparable company (the "Comparable Company"), details of which are set out in the table below:

TABLE 5: COMPARABLE COMPANY

Company	Market capitalisation as at the Last Trading Day ⁽¹⁾ (HK\$ million)	Enterprise value ("EV") ⁽²⁾ (HK\$ million)	Revenue ⁽³⁾ (HK\$ million)	Net loss ⁽³⁾ (HK\$ million)	EBITDA ⁽⁴⁾ (HK\$ million)	Net assets ⁽³⁾ (HK\$ million)	Price-to-sales ratio ("PSR") ⁽⁵⁾ (times)	Price-to-book ratio ("PBR") ⁽⁶⁾ (times)	EV/EBITDA (times)
Asiaray (stock code: 1993)	2,687.6	2,654.1	1,878.4	126.4	826.9	403.9	1.43	6.65	3.21
The Company	2,762.7	2,603.5	1,629.0	97.9	913.4	2,482.4	1.70	1.11	2.85
Based on the Share Offer Price	3,856.9 ⁽⁷⁾	3,697.8 ⁽⁷⁾					2.37 ⁽⁷⁾	1.55 ⁽⁷⁾	4.05 ⁽⁷⁾

Source: Bloomberg, the Stock Exchange website, AASTOCKS and 2019 annual reports of Asiaray and the Company.

Notes:

- (1) The market capitalisation of the Comparable Company and the Company are calculated based on their respective closing price as at the Last Trading Day multiplied by the number of ordinary shares as set out in their monthly return for 31 March 2020.
- (2) The enterprise value is calculated based on the respective company's market capitalisation as at the Last Trading day having added total interest-bearing borrowings and equity attributable to non-controlling interests and less cash and cash equivalents of the respective company based on their respective annual report for the year ended 31 December 2019.
- (3) The revenue, net loss attributable to shareholders and net assets attributable to shareholders of the Comparable Company and the Company are referenced to their respective annual report for the year ended 31 December 2019.
- (4) The earnings before interest, tax, depreciation and amortisation ("EBITDA") of the Comparable Company and the Company are calculated based on net profit/(loss) before taxes added interest costs, depreciation, amortisation and foreign exchange loss and deducted interest income and foreign exchange gain as referenced to their respective annual report for the year ended 31 December 2019, which has adopted HKFRS 16.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (5) The PSRs of the Comparable Company and the Company are calculated based on the market capitalisation of the respective company as at the Last Trading Day divided by the revenue of the respective company for the year ended 31 December 2019 as referenced from their respective annual report for the year ended 31 December 2019.
- (6) The PBRs of the Comparable Company and the Company are calculated based on the market capitalisation of the respective company as at Last Trading day divided by net asset attributable to the shareholders as at 31 December 2019 of the relevant company as referenced from their annual report for the year ended 31 December 2019.
- (7) The market capitalisation, enterprise value, PSR, PBR and EV/EBITDA of the Company are calculated based on the Share Offer Price of HK\$7.12.
- (8) The above figures relating to the Company are converted to HK\$ based on the exchange rate of RMB1=HK\$1.1267.

The Comparable Company is a leading OOH media company with a strategic focus on airport, metro line and high speed rail advertising. According to its annual report for the year ended 31 December 2018, it ranked number one and two in Greater China's airport and metro advertising market, respectively, covering 39 cities with the exclusive concession rights of 31 airports and 19 metro lines.

As shown in Table 5, the market capitalisation and the enterprise value of the Company and the Comparable Company are similar based on the closing price on the Last Trading Day. The Comparable Company recorded higher revenue than the Company for 2019 while the Company had a higher EBITDA. Both companies made losses for 2019 with the Company reporting a smaller net loss attributable to shareholders. It is also noted that the net assets of the Company as at 31 December 2019 were six times greater than the Comparable Company. This may be due to the Company (i) having no interest-bearing borrowing, as opposed to the Comparable Company's total interest-bearing borrowing of HK\$272.6 million; and (ii) recording significantly higher rights to use the bus shelters (i.e. the concession rights and use of rights) than the Comparable Company's similar rights.

No price-to-earnings ratio can be calculated as both companies were loss making for 2019. We have looked at PSRs which can be used for situations when a company begins to suffer losses but has recovery prospects. Each of the Company's PSR of 2.37 times and EV/EBITDA of 4.05 times, as represented by the Share Offer Price, is higher than the Comparable Company's of 1.43 times and 3.21 times. The Comparable Company however exhibited a substantially higher PBR, at 6.65 times, than that of the Company of 1.55 times based on the Share Offer Price.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Comments

A peer comparison has a limited use, in our view, when there is only one peer, and one which is in a different niche (i.e. in airports, metro and high-speed rail) from the Group. We therefore present it for illustrative purposes only. However, we note the Share Offer Price compares favourably with Asiaray's rating in two out of the three valuation multiples.

8. Privatisation Precedents

The Offeror has stated that it intends to exercise the right under the Bermuda Companies Act and pursuant to Rule 2.11 of the Takeovers Code to compulsorily acquire all those Shares not acquired by the Offeror under the Share Offer if the Offeror acquires not less than 90% of the Offer Shares and not less than 90% of the Disinterested Shares within the Compulsory Acquisition Entitlement Period (i.e. from 27 April 2020 to 27 August 2020). Consequently, we have compared the Share Offer with privatisation proposals of other companies listed on the Stock Exchange announced since 1 January 2018 and up to the Latest Practicable Date, excluding privatisation proposals which were not or are yet to be approved (or, where applicable, required acceptance level were not or yet to be achieved) or without a cash cancellation consideration (the "**Privatisation Precedents**"). The Privatisation Precedents, in our view, not only provide the premium or discount that an offeror is willing to pay for taking the listed company private but also the premium or discount that most of the independent shareholders (subject to the required thresholds as stipulated under the Takeovers Code) are willing to accept for tendering their shares to the offeror. Thus, privatisation precedents (excluding the failed ones) are considered appropriate for comparison purpose. The Privatisation Precedents represent an exhaustive list of privatisation proposals meeting the said criteria and reflect the pricing of recent transactions of this type.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following table is the comparison of premiums over the then market prices at which the Privatisation Precedents were priced and the level of premium or discount to NAV per share at which the Privatisation Precedents were made, although the business nature and scale of each company vary and some aspects of pricing may be industry-specific.

TABLE 6: Privatisation Precedents

Date of initial announcement	Company (stock code)	Premium of offer price/ cancellation price over						Premium/ (discount) of NAV per share ⁽³⁾⁽⁴⁾
		Last trading day ⁽³⁾⁽⁵⁾	5- trading day ⁽³⁾⁽⁵⁾	30- trading day ⁽³⁾⁽⁵⁾	60- trading day ⁽³⁾⁽⁵⁾	90- trading day ⁽³⁾⁽⁵⁾	180- trading day ⁽³⁾⁽⁵⁾	
12-Dec-19	Joyce Boutique Group Limited (647)	91.78%	86.67%	86.67%	64.71%	47.37%	33.33%	19.91%
27-Nov-19	China Agri-Industries Holdings Limited (606)	34.07%	35.78%	53.43%	64.73%	72.76%	70.00%	(23.56)%
1-Nov-19	Springland International Holdings Limited (1700)	63.12%	67.88%	56.46%	55.41%	53.33%	48.39%	(18.15)%
20-Oct-19	Dah Chong Hong Holdings Limited (1828)	37.55%	37.55%	54.81%	56.12%	54.17%	41.22%	(28.16)%
2-Sep-19 ⁽⁷⁾	Huaneng Renewables Corporation Limited (958)	46.08%	50.95%	55.39%	50.95%	50.95%	45.41%	(4.52)%
12-Aug-19	TPV Technology Limited (903)	41.39%	46.77%	54.40%	74.66%	87.38%	138.27%	(24.76)%
27-Jun-19	Asia Satellite Telecommunications Holdings Ltd (1135)	23.43%	31.53%	44.35%	50.52%	56.51%	70.90%	10.01%
18-Jun-19	C.P. Lotus Corporation (121)	10.00%	10.00%	22.22%	37.50%	22.22%	22.22%	57.14%
3-May-19 ⁽⁷⁾	China Automation Group Limited (569)	23.97%	27.12%	47.06%	47.06%	47.06%	42.86%	27.88%
4-Apr-19	China Hengshi Foundation Company Ltd (1197)	10.62%	14.68%	17.37%	19.05%	24.38%	27.55%	42.05%
28-Mar-19	China Power Clean Energy Development Company Ltd (735)	41.93%	54.83%	78.10%	93.95%	101.85%	88.58%	(35.08)%
5-Dec-18	Hopewell Holdings Limited (54)	46.69%	48.83%	55.51%	54.09%	49.63%	43.65%	(35.56)%
30-Oct-18	Advanced Semiconductor Manufacturing Corporation Limited (3355)	66.67%	85.19%	100.00%	92.31%	89.87%	85.19%	82.93%
27-Sep-18	Sinotrans Shipping Ltd (368)	50.00%	55.17%	42.86%	37.76%	32.35%	27.96%	(25.21)%
10-Jun-18	Hong Kong Aircraft Engineering Company Limited (44)	63.20%	63.24%	62.43%	60.25%	56.96%	49.98%	99.25%
7-Jun-18	Portico International Holdings Ltd (589)	50.18%	51.85%	49.09%	45.39%	45.91%	49.64%	(9.89)%

Calculated based on the last trading price prior to the earlier of publication of the Rule 3.5 announcement or Rule 3.7 announcement (if any):

Maximum	91.78%	86.67%	100.00%	93.95%	101.85%	138.27%	99.25%
Minimum	10.00%	10.00%	17.37%	19.05%	22.22%	22.22%	(35.56)%
Average	43.79%	48.00%	55.01%	56.53%	55.79%	55.32%	8.39%
Share Offer Price of HK\$7.12 per Offer Share	50.21% ⁽⁶⁾	64.81% ⁽⁶⁾	86.88% ⁽⁶⁾	84.94% ⁽⁶⁾	74.08% ⁽⁶⁾	42.97% ⁽⁶⁾	55.46%

Source: Bloomberg and the Stock Exchange website

Notes:

- (1) Unless otherwise stated, the above premium of the offer/cancellation price over the last trading price and average closing price per share (up to and including the relevant last trading day) are calculated based on the last trading price prior to the commencement of the offer period.
- (2) The above premium of the offer/cancellation price over the average closing price per share has been calculated based on the average closing price per share after rounding to two decimal places and are consistent with the calculation of premium of the Share Offer Price over the average closing price per Share as disclosed in the Composite Document.
- (3) Subject to rounding differences.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (4) It represents the premium/(discount) of offer price/cancellation price over or to the NAV per share quoted from the respective privatisation documents without taking into account any adjustments arising from, amongst other, revaluation of properties set out therein.
- (5) Up to and including the last trading day of the shares prior to the publication of the Rule 3.5 announcement or Rule 3.7 announcement (where applicable).
- (6) The premium is calculated based on the Share Offer Price over the last trading day and the average of the respective trading days (up to and including the relevant last trading day) prior to the publication of the Rule 3.7 Announcement.
- (7) Date of Rule 3.7 announcement.

(a) *Premiums over the prevailing share price*

The premiums of the above Privatisation Precedents represented by the offer or cancellation price over their respective share closing price on the last trading day prior to the earlier of publication of the Rule 3.5 announcement or Rule 3.7 announcement (if any) and average share price over 5-, 30-, 60-, 90- and 180-trading day (up to and including the last trading day) ranged from 10.00% to 91.78%, 10.00% to 86.67%, 17.37% to 100.00%, 19.05% to 93.95%, 22.22% to 101.85% and 22.22% to 138.27% with average premiums of 43.79%, 48.00%, 55.01%, 56.53%, 55.79% and 55.32%, respectively.

The premiums represented by the Share Offer Price over the closing price/average Share price on/over the last trading day prior to the publication of the Rule 3.7 Announcement and 5-, 30-, 60-, 90-, and 180-trading day (up to and including the last trading day prior to the publication of the Rule 3.7 Announcement) are 50.21%, 64.81%, 86.88%, 84.94%, 74.08% and 42.97%, respectively, are all within the range of the respective premiums of the Privatisation Precedents. The premiums represented by the Share Offer Price over the closing price on the last trading day and average Share price across various periods (except for 180-trading day) prior to the publication of the Rule 3.7 Announcement are higher than the respective average premiums of the Privatisation Precedents (calculated based on the last trading price prior to the earlier of publication of the Rule 3.5 announcement or Rule 3.7 announcement (if any)).

(b) *Premium over the NAV per Share*

The Share Offer Price of HK\$7.12 per Offer Share as compared with the NAV per Share of HK\$4.58, representing a premium of 55.46%.

From the Privatisation Precedents, we have observed the consideration as compared with the respective NAV ranging from a discount of 35.56% to a premium of 99.25%. Out of the 16 Privatisation Precedents, the consideration in 7 cases represent premiums ranging from 10.01% to 99.25% over the respective NAV per share with an average premium of 48.45% and 9 cases represent a discount ranging from 4.52% to 35.56% to the respective NAV per share with an average discount of 22.77%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Comments

The premiums of the Share Offer Price over the closing or average closing Share price prior to Rule 3.7 Announcement are in our view relevant for comparison purpose as the subsequent Share closing prices already reflected possible change in control of the Company. The premiums represented by the Share Offer Price over the closing share price on the last trading day and average share price over various trading periods (except for 180-trading day) are higher than the average of the premiums of the Privatisation Precedents over the last trading day and various periods prior to the publication of the Rule 3.7 announcement (if any) or Rule 3.5 announcement, whichever is the earlier.

The Share Offer Price represents a premium of 55.46% over the NAV per Share which is higher than the majority of premium or discount to NAV per share of the Privatisation Precedents and the average premium over respective NAV per share of the Privatisation Precedents of 48.45%. However, given that none of the Privatisation Precedents is engaged in the same business as the Group, this factor can only serve as a general reference of recent pricing trend of privatisation proposals.

9. Option Offer

As at the Latest Practicable Date, there were 5,283,000 outstanding Options which had been granted under the Existing Share Option Scheme, carrying rights to subscribe for 5,283,000 new Shares. 3,800,000 of the outstanding Options have an exercise price of HK\$9.54 and the remaining 1,483,000 outstanding Options have an exercise price of HK\$8.99. As stated in the letter from CLSA Limited and CICC, in accordance with the terms of the Existing Share Option Scheme, in the event a general offer is made to all the Shareholders and such offer becomes or is declared unconditional prior to the expiry of the Options, the Optionholders are entitled to exercise the Options (to the extent not already exercised) in full at any time after the general offer becomes or is declared unconditional and up to the close of such offer. Furthermore, any Options granted under the Existing Share Option Scheme that are not exercised or cancelled pursuant to the acceptance of the Option Offer will lapse automatically on the Closing Date.

As stated in the letter from CLSA Limited and CICC, CLSA Limited and CICC will make the Option Offer for and on behalf of the Offeror to the Optionholders for cancellation of all the outstanding Options in accordance to Rule 13 of the Takeovers Code. The price for the cancellation of each Option accepted under the Option Offer should normally be the see-through price which represents the difference between the Share Offer Price and the exercise price of each Option. As the Share Offer Price of HK\$7.12 per Offer Share is lower than the aforementioned exercise prices of all outstanding Options, the Options are out-of-money. As such, the Option Offer will be made with HK\$0.00001 in cash for the cancellation of each outstanding Option.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given that (i) the Options have been out-of-money throughout the Review Period and Optionholders can at least monetise the residual value of the Options albeit for a very small amount; and (ii) the Option Offer is made in accordance to Rule 13 of the Takeovers Code, we are of the view that the price for the Option Offer is acceptable.

VI. DISCUSSION OF THE PRINCIPAL FACTORS AND REASONS

In forming our opinion and recommendation below, we have taken into account the factors set out under the section headed "V. Principal factors and reasons considered" above, none of which can be considered in isolation. We would like to draw the attention of the Disinterested Shareholders and the Optionholders in particular to the points summarised below:

(a) Conditionality of the Share Offer and possible privatisation

the Share Offer of HK\$7.12 per Offer Share is being made for all the Shares, which will not be increased.

The Share Offer is conditional on acceptances being received in respect of at least 270,850,251 Shares (i.e. just over 50% of the Shares in issue as at the date of Rule 3.5 Announcement). This should be achieved as Clear Channel KNR, which holds 50.91% of the issued Shares, has already undertaken to accept the Share Offer in respect of all the Shares held by it.

The Offeror intends to exercise its right to compulsorily acquire all those Shares not acquired by the Offeror under the Share Offer if it acquires not less than 90% of the Offer Shares and not less than 90% of the Disinterested Shares. Such right is exercisable on or before 27 August 2020. Its intention to take the Company private has been further set out in section 5 of this letter, which is extracted from the letter from CLSA Limited and CICC. At this stage, it appears that heavy acceptances are likely as the Share price has not exceeded the Share Offer Price since the publication of the Rule 3.5 Announcement.

Temporary suspension of trading in the Shares may occur in the event that the acceptances of the Share Offer result in insufficient public float (i.e. less than 25% of the issued Shares are held by the public) but the Offeror fails to secure sufficient acceptances to exercise its compulsory acquisition right as mentioned above.

(b) The Status of the Offeror

the Offeror's shareholders include the present Chief Executive Officer of the Company and a leading outdoor advertising group worldwide. The Share Offer Price, proposed at a significant premium over recent market prices, implies the Offeror considers the Group has long-term development potential, despite short to medium term challenges. On the other hand, the present controlling Shareholder has irrevocably agreed to accept the Share Offer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(c) Premium over market price and NAV per Share

trading in the Shares was suspended voluntarily at the Company's request during the period from 3 April 2018 to 16 November 2018 due to a disclaimer of opinion by the Company's auditor contained in the consolidated results of the Group for the year ended 31 December 2017. The Shares closed lower than the Share Offer Price in 317 days out of a total of 352 trading days thereafter.

The realisable value of Shareholders' investment in the Company depends on the Share price. One of the most important factors when assessing the fairness of the Share Offer Price is the premium of the Share Offer Price over recent Share prices, which is substantial. The Share Offer Price represents (i) premiums of about 42.97%–86.88% over the Share price during various periods before the publication of the Rule 3.7 Announcement; and (ii) premiums of about 31.85%–49.27% before the publication of the Rule 3.5 Announcement. We consider the closing Share prices prior to the release of the Rule 3.7 Announcement which are undisturbed by the possible change in control of the Company are more relevant for comparison purpose, while the Share price following the release of the Rule 3.5 Announcement has been largely determined by and has not exceeded the Share Offer Price. Moreover, the Share Offer Price represents a premium of approximately 55.46% over the NAV per Share as at 31 December 2019.

The Offeror will not increase the Share Offer Price and does not reserve the right to do so. If the Offers fail, the Offeror or the Company cannot in normal circumstances put forward another similar proposal for at least 12 months;

(d) Loss making for 2019 and challenging business outlook

the Company reported a net loss in 2019 for the first time since its listing in December 2001. Net loss attributable to Shareholders was RMB86.9 million for the full year of 2019 as opposed to net profit of RMB220.8 million for 2018 mainly due to the decrease in turnover of RMB357.8 million in 2019.

The overall outdoor advertising market has been challenging. Not only the Company but also the Comparable Company reported losses for 2019. The Group saw a substantial decline in 2019 in advertising demand from clients in the e-commerce and IT digital product sectors which have been its top revenue contributors. The management of the Group expects the outbreak of the novel coronavirus in early 2020 could further reduce China's economic growth, negatively impact customers' advertising spend and reduce demand for advertising space. Such adverse impact is expected to impact in the Group's financial performance in 2020. The Group experienced high order cancellations in February and March. Sales for the first two months of 2020 declined by 30% compared to the same period last year. The operating environment of the Group will continue to be challenging in the short term, but the Group is the market leader in its business niche. This niche is sensitive to consumer spending in China, which may be expected to recover in the medium term as China eases its lockdown restrictions and the advertising activities

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

begin to pick up again. Nevertheless, the economic slowdown in China will continue to cast uncertainties over the outlook of the advertising industry as well as the Group's business in the longer term;

(e) The Share Offer presents a good opportunity to realise the Shares given the low trading volume

during the Review Period, save for November 2018 following the resumption of trading in the Shares after 7-month suspension and from November 2019 to April 2020 following the release of the Rule 3.7 Announcement and Rule 3.5 Announcement, we are of the view that the liquidity of the Shares was generally low. Accordingly, the Share Offer provides an attractive exit alternative for the Disinterested Shareholders (especially those with relatively sizeable shareholdings) who are uncertain about the future prospects of the Group and would like to realise their investments in the Shares at a fixed cash price without the risk of disturbing the market price;

(f) Cross check against the Comparable Company

both the Company and Asiaray were loss-making in 2019 and therefore no price-to-earnings ratio could be calculated. We have looked at their PSRs, EV/EBITDA and PBRs. The Share Offer Price compares favourably with Asiaray's rating in terms of PSR and EV/EBITDA. Asiaray's PBR, which is more than 6 times, is unusual and is substantially higher than the Company's. The peer comparison, which is in any case difficult when there is only one peer company which operates in a different market niche, is accordingly inconclusive; and

(g) Privatisation Precedents

the premiums represented by the Share Offer Price over the closing price/average Share price on/over the last trading day and various periods prior to the Rule 3.7 Announcement are all within the range of the respective premiums of the Privatisation Precedents. The premiums represented by the Share Offer Price over the closing share price on the last trading day and average share price over various trading periods (except for 180-trading day) prior to the Rule 3.7 Announcement are higher than the premium and average of the relevant premiums of the Privatisation Precedents over the last trading day and various periods prior to the publication of the Rule 3.7 announcement (if any) or Rule 3.5 announcement, whichever is the earlier.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Share Offer Price represents a premium of 55.46% over the NAV per Share, which is higher than the average premium over respective NAV per share of the Privatisation Precedents. However, given that none of the Privatisation Precedents are engaged in the same business as the Group, it can only serve as a general reference of recent pricing trend of privatisation proposals.

VII. OPINION AND RECOMMENDATION

(a) Disinterested Shareholders

Based on the above analysis, we consider the terms of the Share Offer to be fair and reasonable so far as the Disinterested Shareholders are concerned and advise the Independent Board Committee to recommend the Disinterested Shareholders to accept the Share Offer.

The closing Share price as at the Latest Practicable Date was HK\$7.09 per Share, slightly below the Share Offer Price of HK\$7.12 per Offer Share. From the date of the Rule 3.5 Announcement to the Latest Practicable Date, the closing Share price has not exceeded the Share Offer Price. However, there is still a possibility that the Share price may exceed the Share Offer Price during the Offer period. Although in our view this possibility is not high, the Disinterested Shareholders should monitor the trading price and liquidity of the Shares during this period and, having regard to their own circumstances, consider selling their Shares in the open market if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds expected to be received under the Share Offer.

Disinterested Shareholders who believe that the Offeror, drawing on the expertise and financial strength of its shareholders, can successfully implement a turnaround of the Group may consider keeping some or all of their Shares. They should however bear in mind the Offeror's comments on the measures needed to achieve a turnaround, which we consider may have a negative effect on profit margins in the short to medium term. There is also the possibility of a temporary suspension of trading in the Shares if the acceptances of the Share Offer exceed 75% (leaving less than 25% in public hands) but fall short of the level required for privatisation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Optionholders

The number of Options in this case is small and the total proceeds of all Optionholders accept the Option Offer is only HK\$52.83. As the Options will be cancelled for no consideration upon the closing of the Offers, we advise the Optionholders to accept the Option Offer.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Jenny Leung
Director

Ms. Jenny Leung is a licensed person and responsible officer of Somerley registered with the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

1. PROCEDURES FOR ACCEPTANCE

1.1 The Share Offer

- (a) To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Share Offer Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer. You should insert the total number of the Offer Shares for which the Share Offer is accepted. If no number is inserted or a number inserted is greater or smaller than your registered holding of Share(s) or those physical Share(s) tendered for acceptance of the Share Offer and you have signed the form, the form will be returned to you for correction and resubmission.
- (b) Any corrected form must be resubmitted and received by the Registrar by not later than 4:00 p.m. on Monday, May 18, 2020 or such later time(s) and/or date(s) as may be announced by the Offeror in compliance with the Takeovers Code and approved by the Executive. Subject to the Share Offer becomes unconditional, your Shares sold to the Offeror by way of acceptance of the Share Offer will be registered under the name of the Offeror or its nominee.
- (c) By signing and returning the **WHITE** Form of Share Offer, you warrant to the Offeror, CLSA Limited, CICC and the Company that you have not taken or omitted to take any action which will or may result in the Offeror and parties acting in concert with it, the Company, CLSA Limited, CICC or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the Share Offer or your acceptance thereof.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name and you wish to accept the Share Offer, you must send the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in any event by not later than 4:00 p.m. on Monday, May 18, 2020 or such later time(s) and/or date(s) as may be announced by the Offeror in compliance with the Takeovers Code and approved by the Executive.

- (e) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own and you wish to accept the Share Offer in full or in part, you must either:
- (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the **WHITE** Form of Share Offer Acceptance duly completed together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company, through the Registrar, and send the duly completed **WHITE** Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees. In order to meet the deadline set by HKSCC Nominees, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your Investor Participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System before the deadline set by HKSCC Nominees.

- (f) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer, the **WHITE** Form of Share Offer Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificates and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares or that it/they is/ are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter.

If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

If you have lodged transfer(s) of any of your Shares for registration in your name and have not received your share certificate(s) and you wish to accept the Share Offer, you should nevertheless complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable authority to the Offeror to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.

- (g) An acceptance of the Share Offer may not be counted as valid unless:
- (i) it is received by the Registrar by not later than 4:00 p.m. on Monday, May 18, 2020 or such later time(s) and/or date(s) as may be announced by the Offeror in compliance with the Takeovers Code and approved by the Executive, and the Registrar has recorded that such acceptance and any relevant documents required under paragraph (ii) below have been so received; and
 - (ii) the **WHITE** Form of Share Offer Acceptance is duly completed and signed and is:
 - (1) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document (s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Shares in blank or in favour of the acceptor executed by the

registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

- (2) from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other sub-paragraphs of this paragraph (g)(ii)); or
- (3) certified by the Registrar or the Stock Exchange.

If the **WHITE** Form of Share Offer Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

- (h) No acknowledgment of receipt of any **WHITE** Form of Share Offer Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (i) Seller's ad valorem stamp duty for transfer of Offer Shares arising in connection with acceptances of the Share Offer will be payable by the relevant Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher. An amount equivalent to the aforesaid stamp duty will be deducted from the cash amount payable by the Offeror to such Shareholder who accepts the Share Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty would be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (j) If the Share Offer does not become, or is not declared, unconditional in all respects within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar will be returned to the Shareholders who have accepted the Share Offer by ordinary post at the Shareholders' own risk as soon as possible but in any event within 10 days after the Share Offer has lapsed.
- (k) References to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension and/or revision thereof.

- (l) In making their decision, the Shareholders must rely on their own examination of the Group and the terms of the Share Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, CLSA Limited and CICC, Independent Financial Adviser, or their respective professional advisers. Shareholders should consult their own professional advisers for professional advice.

1.2 The Option Offer

- (a) If you accept the Option Offer, you should complete the **PINK** Form of Option Offer Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Option Offer.
- (b) The completed **PINK** Form of Option Offer Acceptance should be forwarded, together with the relevant certificate(s) of the Options (if applicable) you intend to tender, stating the number of Options in respect of which you intend to accept the Option Offer under such Option Class, by post or by hand to the Registrar as soon as possible and in any event so as to reach the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:00 p.m. on Monday, May 18, 2020 or such later time(s) and/or date(s) as may be announced by the Offeror in compliance with the Takeovers Code and approved by the Executive.
- (c) If the certificate(s) in respect of your Options (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, the **PINK** Form of Option Offer Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Option certificate(s) (if applicable) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Option certificate(s) (if applicable), you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) No stamp duty will be deducted from the amount paid or payable to Optionholders who accept the Option Offer.

- (e) If the Share Offer is withdrawn or lapses, the Option Offer will be withdrawn or lapse too. In such case, the Offeror shall, at the Optionholders' own risk as soon as possible but in any event within 10 days thereof, return by ordinary post the relevant certificate(s) of the Options (if applicable) and/or other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) lodged with the PINK Form of Option Offer Acceptance to the relevant Optionholders.
- (f) No acknowledgment of receipt of any PINK Form of Option Offer Acceptance and/or certificate(s) of the Options (if applicable) will be given.
- (g) References to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension and/or revision thereof.
- (h) In making their decision, the Optionholders must rely on their own examination of the Group and the terms of the Option Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, CLSA Limited and CICC, Independent Financial Adviser, or their respective professional advisers. Optionholders should consult their own professional advisers for professional advice.

2. ACCEPTANCE PERIOD AND REVISION

- (a) Unless the Offers have previously been revised or extended with the consent of the Executive and in accordance with the Takeovers Code, to be valid, the Form(s) of Acceptance must be received by the Registrar by 4:00 p.m. on Monday, May 18, 2020 in accordance with the instructions printed on the relevant Form(s) of Acceptance and the Offer will close on Monday, May 18, 2020.
- (b) The Offeror and the Company will jointly issue an announcement through the website of the Stock Exchange no later than 7:00 p.m. on Monday, May 18, 2020 stating the results of the Offers and whether the Offers have been extended, revised or have expired.
- (c) If the Offers are extended, the announcement of such extension will state the next Closing Date or a statement that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given to the Shareholders and the Optionholders before the Offers are closed to those Shareholders and the Optionholders who have not accepted the Offers.

- (d) If, in the course of the Offers, the Offeror revise the terms of the Offers, all Shareholders and/or the Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms. The revised Offers must be kept open for at least 14 days following the date on which the revised offer document(s) are posted and shall not close earlier than the Closing Date.
- (e) If the Closing Date is extended, any references in this Composite Document and the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

3. ANNOUNCEMENT

By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Offers. The Offeror must publish an announcement in accordance with the Listing Rules on the Stock Exchange's website by 7:00 p.m. on Monday, May 18, 2020 stating the results of the Offers and whether the Offers have been revised, extended or expired. The announcement will state the following:

- (i) the total number of Shares and rights over Shares for which acceptances of the Offers have been received;
- (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and its Concert Parties before the Offer Period;
- (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror and its Concert Parties; and
- (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeover Code) in which the Offeror and any of its Concert Parties have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement will specify the percentages of voting rights represented by these numbers of Shares.

In computing the total number of Offer Shares and Options represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in this Appendix I, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offers, shall be included.

As required under the Takeovers Code, all announcements in relation to the Offers will be made in accordance with the requirements of the Listing Rules.

4. RIGHT OF WITHDRAWAL

The Share Offer is conditional upon fulfilment of the Conditions set out in the “Letter from CLSA Limited and CICC” in this Composite Document and being declared unconditional in all respects. Acceptance of the Share Offer and the Option Offer tendered by Shareholders and/or the Optionholders, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the subparagraph (a) and (b) below:

- (a) in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offers shall be entitled to withdraw his/her/its acceptance after 21 days from the first Closing Date (with the first Closing Date being Monday, May 18, 2020) and if the Offers have not by then become unconditional as to acceptances. An acceptor of the Offers may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar;
- (b) in the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers as described under the paragraph headed “3. Announcement” above), the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when the Shareholders and/or the Optionholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share/option certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Shareholder(s) and/or the relevant Optionholder(s).

Save as aforesaid, acceptances of the Offers shall be irrevocable and not capable of being withdrawn.

5. SETTLEMENT

5.1 The Share Offer

If you accept the Share Offer, settlement of the consideration (less seller’s ad valorem stamp duty) will be made by cheque as soon as possible, but in any event within seven Business Days of the date of receipt of a complete and valid acceptance of the Share Offer, or of the date on which the Offers become or are declared unconditional in all respects, whichever is the later. Each cheque will be despatched by ordinary post to the address specified on the relevant Form of Share Offer Acceptance at his/her own risk.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Share Offer will be rounded up to the nearest cent.

Shareholders are recommended to consult their professional advisers if they are in doubt as to the above procedures.

5.2 The Option Offer

If you accept the Option Offer, settlement of the consideration will be made by cheque as soon as possible, but in any event within seven Business Days of the date of receipt of a complete and valid acceptance of the Option Offer, or of the date on which the Offers become or are declared unconditional in all respects, whichever is the later. Each cheque will be despatched by ordinary post at the own risk of the relevant Optionholder to the address specified on the relevant Form of Option Offer Acceptance.

No fractions of a cent will be payable and the amount of cash consideration payable to an Optionholder who accepts the Option Offer will be rounded up to the nearest cent.

Optionholders are recommended to consult their professional advisers if they are in doubt as to the above procedures.

The Offeror shall, or shall procure CLSA Limited or CICC or their respective agents to, duly execute payment cheques for payment of consideration for offer acceptance under the Offers and make available sufficient funds in the relevant Offeror's bank account for payment of consideration under the Offers by the Offeror in compliance with the Takeovers Code until the earlier of (a) the date on which the relevant securities holders are paid following the deposit and presentation of their payment cheques, and (b) the expiry date of six months after the date of issue of the relevant cheques ("**Payment Deadline**"). The Offeror shall, and shall procure CLSA Limited or CICC or their respective agents, not to revoke payment instructions to the relevant receiving bank issuing the payment cheques in any circumstances before the Payment Deadline. In the event that a payment cheque is lost by the relevant securities holder or the clearance of such payment cheque cannot be effected before the Payment Deadline due to suspension or disruption of international travel or courier services to or from Hong Kong, provided that the relevant securities holder notifies the Offeror in writing of such circumstances before the Payment Deadline, the Offeror shall, and/or shall procure CLSA Limited or CICC or their respective agents, to revoke payment instructions in respect of the original payment cheque and provide that relevant securities holder with a replacement cheque as soon as reasonably practicable and the Offeror will set aside the amount in respect of such unrepresented cheque in the Offeror's escrow account co-managed by the Offeror and CLSA Capital Markets or a separate deposit account designated by the Offeror until the earlier of (i) the date on which the relevant securities holder is paid following the deposit and presentation of its cheque; and (ii) the expiry of six years from the date of the Rule 3.5 Announcement.

6. OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS

The making of the Share Offer to the Shareholders and the Option Offer to the Optionholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. Such Shareholders and Optionholders may be prohibited or affected by the laws of the relevant jurisdictions and it is the responsibility of each such Shareholder or Optionholder who wishes to accept the Share Offer and the Option Offer respectively to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents, or filing and registration requirements which may be required to comply with all necessary formalities or legal or regulatory requirements and the payment of any transfer or other taxes due from such Shareholder or Optionholder in such relevant jurisdictions.

Any acceptance by any Shareholder or Optionholder will be deemed to constitute a representation and warranty from such Shareholder or Optionholder to the Offeror and that all local laws and requirements have been complied with and that the Share Offer and the Option Offer can be accepted by such Shareholder and Optionholder, respectively lawfully under the laws of the relevant jurisdiction. Shareholders and Optionholders should consult their professional advisers if in doubt.

The Shareholders and the Optionholders are encouraged to read this Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Shareholders and Optionholders (i) as to whether the Offers are, or are not, fair and reasonable; and (ii) as to acceptance of the Offers.

Copies of this Composite Document and the accompanying Forms of Acceptance must not be mailed or otherwise forwarded, distributed or sent into any non-Hong Kong jurisdiction where to do so would contravene applicable law or regulation, and persons receiving this Composite Document and the accompanying Forms of Acceptance (including custodians, nominees and trustees) should observe these restrictions.

The Offeror had been advised that this Composite Document and the accompanying Forms of Acceptance may be forwarded to the Shareholders or beneficial owners of the Shares or the Options in the US and will do so accordingly. Please refer to the section headed "Notice to US Investors" as set out in the "IMPORTANT NOTICES" on page iv in this Composite Document for details.

7. NOMINEE REGISTRATION

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares whose investments are registered in the names of nominees, to accept the Share Offer, it is essential that they provide instructions of their intentions with regard to the Share Offer to their nominees.

8. TAX IMPLICATIONS

None of the Offeror, the Company, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, CLSA Limited, CLSA Capital Market, CICC, Independent Financial Adviser, the Registrar or any of their respective directors, officers, associates or advisers or any persons involved in the Offers is in a position to advise the Shareholders and/or the Optionholders on their individual tax implications. Shareholders and the Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. It is emphasised that none of the Offeror, the Company, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, CLSA Limited, CLSA Capital Markets, CICC, Independent Financial Adviser, the Registrar or any of their respective directors, officers, associates or advisers or any persons involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance or rejection of the Offers. In particular, acceptance of the Offers may potentially be liable to taxation in the PRC. Each Shareholder and Optionholder is urged to consult his/her independent professional adviser immediately regarding the tax consequences of the Offers applicable to him/her. Shareholders and Optionholders accepting the Offers shall be responsible to complete all necessary tax reporting formalities and pay all taxes and charges due in any relevant jurisdiction.

9. GENERAL

- (i) All communications, notices, the Forms of Acceptance, share/option certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Shareholders and/or the Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to Shareholders and/or the Optionholders at their addresses, in the case of Shareholders and/or the Optionholders, specified on the relevant Form(s) of Acceptance. None of the Offeror, the Company, their direct and indirect shareholders and ultimate beneficial owners and parties acting in concert with any of them, CLSA Limited, CLSA Capital Markets, CICC, Independent Financial Adviser, the Registrar or any of their respective directors, officers, associates or advisers,

or any other person involved in the Offers, accepts any liability for any loss in postage or delay in transmission or such other liabilities whatsoever which may arise as a result.

- (ii) Acceptance of the Share Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror, CLSA Limited, CLSA Capital Markets, CICC and the Company that the Shares acquired under the Share Offer are sold by such person or persons free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching thereto including, the right to receive in full all dividends and other distributions, if any, declared, paid or made on or after the despatch date of this Composite Document.
- (iii) Acceptance of the Option Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror, CLSA Limited, CLSA Capital Markets, CICC and the Company that the Options to be cancelled under the Option Offer are sold by such person or persons free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching thereto including, the right to receive in full all dividends and other distributions, if any, declared, paid or made on or after the despatch date of this Composite Document.
- (iv) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares and/or Options it has indicated in the Forms of Acceptance is the aggregate number of Shares for which such nominee has received authorisations from the beneficial owners to accept the Offers on their behalf.
- (v) The provisions set out in the Forms of Acceptance form part of the terms of the Offers.
- (vi) The accidental omission to despatch this Composite Document and/or Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (vii) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of a Forms of Acceptance by or on behalf of an Shareholder and/or Optionholder will constitute such Shareholder's agreement and/or Optionholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offers.
- (viii) Due execution of the Form(s) of Acceptance will constitute an irrevocable authority to the Offeror and/or CLSA Limited and/or CICC (or such person or persons as the Offeror and/or CLSA Limited and/or CICC may direct) to complete and execute any document on behalf of the person accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in either Offeror (or such person or persons as it may direct) the Shares in respect of which such person has accepted the Offers.

- (ix) Save for the payment of stamp duty, settlement of the consideration to which any Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Offers without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.
- (x) Settlement of the consideration to which any accepting Optionholder is entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Optionholder.
- (xi) The Offers are made in accordance with the Takeovers Code.
- (xii) References to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension and/or revision thereof.
- (xiii) In making their decision, Shareholders and Optionholders must rely on their own examination of the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, the Company, CLSA Limited, CLSA Capital Markets, CICC, Independent Financial Adviser, or their respective professional advisers. Shareholders should consult their own professional advisers for professional advice.
- (xiv) The English text of this Composite Document and of the accompanying Forms of Acceptance shall prevail over the Chinese text for the purpose of interpretation.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the financial results of the Group for each of the three years ended 31 December 2017, 2018 and 2019 as extracted from the annual reports for the year ended 31 December 2017, 2018 and 2019 published by the Company in accordance with the Listing Rules.

	For the year ended 31 December 2019 RMB'000 Audited	For the year ended 31 December 2018 RMB'000 Audited	For the year ended 31 December 2017 RMB'000 Audited
Revenue	<u>1,445,850</u>	<u>1,803,664</u>	<u>1,706,306</u>
(Loss)/profit before taxation	(93,328)	361,039	400,076
Income tax credit/(expenses)	9,190	(106,681)	(119,437)
(Loss)/profit attributable to:			
Owners of the Company	(86,854)	220,813	246,913
Non-controlling interests	2,716	33,545	33,726
Total comprehensive income/(loss) attributable to:			
Owners of the Company	(84,542)	218,317	240,338
Non-controlling interests	2,716	33,545	33,726
Dividends	<u>–</u>	<u>81,121</u>	<u>75,274</u>
Dividends per share	<u>–</u>	<u>0.1498</u>	<u>0.1390</u>
(Loss)/earnings per share			
– Basic (RMB)	<u>(0.1606)</u>	<u>0.4084</u>	<u>0.4558</u>
– Diluted (RMB)	<u>(0.1606)</u>	<u>0.4084</u>	<u>0.4558</u>

Save as disclosed above, there are no other items of income or expense which are material for each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019.

The consolidated financial statements of the Group for the three years ended 31 December 2017, 2018 and 2019 were audited by Ernst and Young. No qualified opinion was given by the auditor of the Group, Ernst and Young, in respect of the Group's audited consolidated financial statements for the financial years ended 31 December 2018 and 2019.

For the financial year ended 31 December 2017, the Group's auditor did not express an opinion in its auditor's report on the Group's consolidated financial statements, an extract of which is as follows:

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Clear Media Limited and its subsidiaries (the "**Group**") set out on pages 74 to 138, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. Because of the significance of the matters described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements.

Basis for Disclaimer of Opinion

(1) *Unrecorded bank receipts and payments*

As disclosed in the Company's announcement dated 2 January 2018, one employee in the finance department of the Group in the PRC, being a cashier, reported and confessed to the PRC police authorities to have illegally misappropriated certain funds of the Group. The Company has established a special committee to look into this matter and engaged an independent external law firm and an independent accounting firm to conduct a forensic investigation and to assist the special committee of the Company in investigating the misappropriation (the "**Investigation**").

As detailed in note 2.2 and note 14 to the consolidated financial statements, management concluded that the misappropriation had the effect of reducing the Group's cash and cash equivalents and adjustments were put through by the management to reduce the cash and cash equivalents as at 31 December 2017 and 2016 and 1 January 2016 by RMB76.7 million, RMB72.6 million and RMB70.2 million, respectively. The impact on the current year's consolidated statement of profit or

loss amounted to approximately RMB4.1 million and the remainder was related to prior years. Management considered it appropriate to make adjustments to the current and prior years' financial statements.

It is noted from the bank statements obtained during the current year audit that funds deposited into and withdrawn from two bank accounts of a PRC subsidiary with two banks in the PRC during the years from 2007 to 2017, totaling RMB799 million and RMB868.8 million, respectively, had not been recorded by the subsidiary in its accounting records and therefore had not been reflected in the Group's consolidated financial statements. As the Group did not maintain any records and supporting documents in connection with these unrecorded bank receipts and payments, we were unable to perform any effective audit procedures on these unrecorded bank receipts and payments. Accordingly, we were unable to ascertain the nature of these unrecorded bank receipts and payments, the appropriateness of the adjustments put through by management in connection with these unrecorded bank receipts and payments and the possible impact that these unrecorded bank receipts and payments may have on the Group's financial statements.

(2) *Unrecorded bank accounts*

As set out in note 2.2 and note 14 to the consolidated financial statements, during the Investigation, it was discovered that three bank accounts opened in the name of a PRC subsidiary of the Group with three banks in the PRC were not recorded by the subsidiary in its accounting records and accordingly all the transactions in these three bank accounts had not been reflected in the Group's consolidated financial statements. We noted from the bank statements that the funds deposited into and withdrawn from these three bank accounts during the years from 2006 to 2017 both amounted to RMB257.1 million. The closing balances of these bank accounts at each of the year end dates were not material. As the Group did not maintain any records and supporting documents in connection with these unrecorded bank receipts and payments, we were unable to perform any effective audit procedures on these unrecorded bank receipts and payments. Accordingly, we are unable to ascertain the nature of these unrecorded bank receipts and payments and the possible impact that these unrecorded bank receipts and payments may have on the Group's financial statements.

(3) *Customer development expenses*

Included in the Group's selling expenses for the year ended 31 December 2017, we noted that customer development expenses of RMB19.8 million (2016: RMB23.5 million) were paid to entities whose identities were different from the entities in the documents maintained by the Group to support these payments. Management represented to us that these payments were made to intermediaries that act as agents of the Group to pay customer development expenses to those who conducted customer development services for the Group.

The Group has not maintained sufficient supporting documents to support the payments made to these intermediaries and also the subsequent payments made by these intermediaries to those who conducted customer development services for the Group. We were unable to perform sufficient effective audit procedures on these payments. Accordingly, we were unable to ascertain the nature of these payments made by the Group.

(4) Investigations

As the independent investigation and the police investigation (the “**Investigations**”) are still ongoing, we were unable to ascertain whether the investigations would reveal any further findings that would have impact on the Group’s consolidated financial statements.

(5) Completeness of transactions and disclosures

We were unable to contact several key personnel of the finance department of the Group, who were either under police investigation or could not be reached. In addition, unrecorded bank receipts and payments and unrecorded bank accounts were identified in points (1) and (2) above. The situation has casted significant doubt for us to rely on management’s representation for the completeness of the transactions being recorded by the Group in its accounting records.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

The Company is required to set out or refer to in this Composite Document the consolidated statement of profit or loss, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes of equity and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2017 (the “**2017 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the “**2018 Financial Statements**”); and (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2017 Financial Statements are set out from pages 74 to 138 in the annual report of the Company for the year ended 31 December 2017 (the “**2017 Annual Report**”) which was published on 25 April 2018 on the websites of the Company (<http://www.clear-media.net/>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0425/ltn20180425421.pdf>).

The 2018 Financial Statements are set out from pages 70 to 126 in the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”) which was published on 15 April 2019 on the websites of the Company (<http://www.clear-media.net/>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0415/ltn20190415696.pdf>).

The 2019 Financial Statements are set out from pages 74 to 138 in the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”) which was published on 23 April 2020 on the websites of the Company (<http://www.clear-media.net/>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0423/2020042301283.pdf>).

The 2017 Financial Statements, the 2018 Financial Statements and the 2019 Financial Statements (but not any other part of the 2017 Annual Report, the 2018 Annual Report and the 2019 Annual Report in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS STATEMENT

As at the close of business on 29 February 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group has outstanding indebtedness as summarized below:

Bank Borrowings

The Group has no outstanding bank borrowing.

Contingent liabilities

During 2014, a supplier of the Group in China (the “**Supplier**”) factored its accounts receivable allegedly due from the Group (the “**Accounts Receivable**”) under certain supply contracts (the “**Purported Supply Contracts**”) to certain financial institutions in China. Whilst the Purported Supply Contracts were allegedly entered into with a subsidiary of the Company, the Group has confirmed that none of them is an authentic supply contract to which it is a party. When the Accounts Receivable remained unpaid, the financial institutions commenced legal proceedings against, among others, the Company’s subsidiary to recover an aggregate amount of approximately RMB115 million. As the Group confirmed that it had not entered into any of the Purported Supply Contracts, the Group treated the Purported Supply Contracts as being contractual fraud and reported the cases to the competent police authority. The directors, taking into account the advice from the Group’s legal counsel, believe that the Group has a valid defence in law to the allegations against it and, accordingly, have not provided for any potential claim arising from the litigation, other than the related legal and other costs.

On 8 January 2016, the Group received a notice from a District Court in the PRC (the “**Court**”) stating that a financial institution (the “**Plaintiff**”) has initiated legal action against the Supplier and that the Court has ruled in such Plaintiff’s favour and has frozen the Supplier’s right to receive payment from the Group for the settlement of any outstanding liability between the Supplier and the Group. Total outstanding liability owed by the Group to the Supplier was RMB31.6 million. The Court has issued a compulsory order requiring the Group to remit an outstanding sum of about RMB17.6 million owing by the Group to the Supplier into

the bank account of the Court. On 5 August 2016, the Court issued another compulsory order requiring the Group to remit the remaining outstanding sum of about RMB14.0 million owed by the Group to the Supplier to the bank account of the Court. The directors, taking into consideration the advice of the Group's legal counsel, believe that this development will not result in the Group being liable to additional liability exceeding the outstanding liability already taken up in the accounts under other payables and accruals, between the Supplier and the Group.

On 15 November 2018 and 24 April 2019, the trials of the case were held on Foshan Intermediate People's Court. On 8 July 2019, the Group received the civil judgement made by the Foshan Intermediate People's Court. According to the case judgement, the Foshan Intermediate People's Court held that the underlying transaction of the Purported Supply Contracts did not exist, and ruled that the Group shall not be responsible for any debts against the Plaintiff. As of the date of this indebtedness statement, the Group was advised that the Plaintiff has filed an appeal to Guangdong Higher People's Court and the appeal was still in service process.

Lease liabilities

As at close of business on 29 February 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had recognised lease liabilities of approximately RMB2,186.0 million.

Save as disclosed above, the Group did not have any other loan capital issued and outstanding or agreed to be issued but unissued, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgage, charges, guarantees or other material contingent liabilities as at the close of business on 29 February 2020.

4. MATERIAL CHANGE

The Directors confirm that save and except as disclosed below, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to and including the Latest Practicable Date.

As disclosed in the 2019 Annual Report, the outbreak of the novel coronavirus in 2020 could further slow China's economic growth, negatively impact customers' advertising spend and reduce demand for advertising space. Therefore, it is expected that the overall outdoor advertising market may be more challenging in the coming year. The first quarter of 2020 was very difficult as the Company experienced high order cancellations in February and March. Sales for the first two months of 2020 declined by approximately 30 per cent compared to the same period in 2019.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offers and the Group to the Shareholders and Optionholders.

The Directors jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Offeror and its Concert Parties) contained in this Composite Document, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Offeror Directors, Mr. Han Zi Jing, Antfin Directors, JCDI Directors, JCDecaux Directors and CWG Fund Director) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL AND OPTIONS

Share Capital

As at the Latest Practicable Date, the authorized share capital of the Company was HK\$100,000,000 divided into 1,000,000,000 Shares of HK\$0.1 each. The number of issued and paid-up Shares as at the Latest Practicable Date was 541,700,500 Shares.

All the issued Shares are fully paid and rank *pari passu* in all respects including, in particular, the rights in respect of capital, dividend and voting.

As at the Latest Practicable Date, the Company has not issued any new Shares since 31 December 2019, being the date to which the latest audited financial statements of the Company were made up.

Options

As at the Latest Practicable Date, save for the Options granted by the Company pursuant to the Existing Share Option Scheme under which 5,283,000 Options remain outstanding, the Company has no outstanding convertible securities, options, warrants, derivatives or any other conversion rights in issue affecting the Shares.

The details of the outstanding Options under the Existing Share Option Scheme are set out below:

Date of grant	Exercise price per Option	Outstanding as at the Latest Practicable Date
10 June 2015	HK\$9.54	3,800,000
31 May 2017	HK\$8.99	1,483,000

3. MARKET PRICES

The table below shows the closing prices of the Shares as quoted on the Stock Exchange on (i) the last trading day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
May 31, 2019	5.64
June 28, 2019	4.54
July 31, 2019	4.64
August 30, 2019	4.10
September 30, 2019	3.90
October 31, 2019	3.60
November 28, 2019 (being the last trading day prior to the publication of the Rule 3.7 Announcement)	4.56
November 29, 2019	4.74
December 31, 2019	6.45
January 31, 2020	5.50
February 28, 2020	4.70
March 27, 2020 (being the Last Trading Day)	5.10
April 24, 2020 (being the Latest Practicable Date)	7.09

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$7.09 on April 24, 2020 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$3.53 on October 25, 2019.

4. DISCLOSURE OF INTERESTS

- (a) Directors and the chief executives' interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporations.

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives in the Shares, underlying shares or debentures of the Company, including their respective associates (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange (a) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; (c) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code"); or (d) pursuant to the requirements of the Takeovers Code to be notified to the Company and the Stock Exchange, were as follows:

A. Long Positions in the Ordinary Shares of the Company:

Name of director	Number of Shares held, capacity and nature of interest					Total	% of the Company's issued share capital
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation (Note 1)	Beneficiary of a trust (Note 2)			
Han Zi Jing	-	-	6,600,000	-	-	6,600,000	1.22%

Notes:

- (1) The 6,600,000 shares are held by Outdoor Media China, Inc. ("OMC"), a company incorporated in Western Samoa of Offshore Chambers. As at the Latest Practicable Date, Mr. Han Zi Jing held approximately 94.5% of the issued share capital of Golden Profits Consultants Limited, which is the beneficial holder of 100% of the shares in OMC. The effective interest of Mr. Han in OMC is therefore 94.5%.

B. Share Options granted and outstanding under the Existing Share Option Scheme of the Company

Name or category of participant	Type of share option scheme	Number of share options						Price of the Company's shares***					
		At the beginning of the period	Granted during the period	Exercised during the period	Expired during the period	Forfeited during the period	At the end of the period	Date of grant of share options*	Exercise period	Exer-cise price per share** HK\$	At grant date of options HK\$	Immediately before the exercise date HK\$	At exercise date of options HK\$
Director Han Zi Jing	The New Scheme	333,333	-	-	-	-	333,333	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	-	-
	The New Scheme	333,333	-	-	-	-	333,333	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	-	-
	The New Scheme	333,334	-	-	-	-	333,334	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	-	-
	The New Scheme	333,000	-	-	-	-	333,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	-	-
		1,333,000	-	-	-	-	1,333,000						
Zhang Huai Jun	The New Scheme	166,666	-	-	-	-	166,666	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	-	-
	The New Scheme	166,666	-	-	-	-	166,666	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	-	-
	The New Scheme	166,668	-	-	-	-	166,668	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	-	-
	The New Scheme	266,000	-	-	-	-	266,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	-	-
		766,000	-	-	-	-	766,000						

Name or category of participant	Type of share option scheme	Number of share options							Price of the Company's shares**				
		At the beginning of the period	Granted during the period	Exercised during the period	Expired during the period	Forfeited during the period	At the end of the period	Date of grant of share options*	Exercise period	Exer-cise price per share** HK\$	At grant date of options HK\$	Immediately before the exercise date HK\$	At exercise date of options HK\$
Zou Nan Feng	The New Scheme	100,000	-	-	-	-	100,000	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	-	-
	The New Scheme	100,000	-	-	-	-	100,000	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	-	-
	The New Scheme	100,000	-	-	-	-	100,000	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	-	-
	The New Scheme	106,000	-	-	-	-	106,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	-	-
		406,000	-	-	-	-	406,000						
Other Member of senior management and other employees of the Group	The New Scheme	666,662	-	-	-	-	666,662	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	-	-
	The New Scheme	666,662	-	-	-	-	666,662	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	-	-
	The New Scheme	666,676	-	-	-	-	666,676	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	-	-
	The New Scheme	778,000	-	-	-	-	778,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	-	-
		2,778,000	-	-	-	-	2,778,000						

APPENDIX III

GENERAL INFORMATION OF THE GROUP

Name or category of participant	Type of share option scheme	Number of share options							Price of the Company's shares**				
		At the beginning of the period	Granted during the period	Exercised during the period	Expired during the period	Forfeited during the period	At the end of the period	Date of grant of share options*	Exercise period	Exer-cise price per share** HK\$	At grant date of options HK\$	Immediately before the exercise date HK\$	At exercise date of options HK\$
In aggregate	The New Scheme	1,433,327	-	-	(166,666)	-	1,266,661	10/06/2015	11/06/2018 to 10/06/2022/ 20/03/2018 to 19/03/2019	9.54	9.52	-	-
	The New Scheme	1,433,327	-	-	(166,666)	-	1,266,661	10/06/2015	11/06/2019 to 10/06/2022/ 20/03/2018 to 19/03/2019	9.54	9.52	-	-
	The New Scheme	1,433,346	-	-	(166,668)	-	1,266,678	10/06/2015	11/06/2020 to 10/06/2022/ 20/03/2018 to 19/03/2019	9.54	9.52	-	-
	The New Scheme	1,683,000	-	-	(200,000)	-	1,483,000	31/05/2017	01/02/2020 to 31/05/2024/ 20/03/2018 to 19/03/2019	8.99	8.99	-	-
		5,983,000	-	-	(700,000)	-	5,283,000						

C. *Long Positions in the Class A Common Shares of Clear Channel: (Note 1)*

Name of director	Number of shares held, capacity and nature of interest					Total	% of issued share capital
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust			
William Eccleshare	955,479	-	-	-	-	955,479	0.20%
Michael Saunter	97,111	-	-	-	-	97,111	0.02%

Note:

- (1) Clear Channel is an indirect holding company of the Company.

D. Right to Acquire Class A Common Shares in Clear Channel: (Note 1)

Name of director	Date of grant	Number of Outstanding Options as at 31 December		Option Period	Subscription Price per share of Clear Channel
		2019			
William Eccleshare	10/9/2010	15,895		10/9/2011-10/9/2020	US\$1.434
	10/9/2010	15,896		10/9/2012-10/9/2020	US\$1.434
	10/9/2010	15,895		10/9/2013-10/9/2020	US\$1.434
	10/9/2010	15,897		10/9/2014-10/9/2020	US\$1.434
	13/12/2010	5,120		10/9/2011-13/12/2020	US\$4.784
	13/12/2010	5,120		10/9/2012-13/12/2020	US\$4.784
	13/12/2010	5,120		10/9/2013-13/12/2020	US\$4.784
	21/2/2011	22,500		21/2/2012-21/2/2021	US\$6.094
	21/2/2011	22,500		21/2/2013-21/2/2021	US\$6.094
	21/2/2011	22,500		21/2/2014-21/2/2021	US\$6.094
	21/2/2011	22,500		21/2/2015-21/2/2021	US\$6.094
	26/3/2012	22,500		26/3/2013-26/3/2022	US\$5.024
	26/3/2012	22,500		26/3/2014-26/3/2022	US\$5.024
	26/3/2012	22,500		26/3/2015-26/3/2022	US\$5.024
	26/3/2012	22,500		26/3/2016-26/3/2022	US\$5.024
	3/6/2019	729,927		31/12/2019-3/6/2029	US\$5.110
	3/6/2019	729,927		31/12/2020-3/6/2029	US\$5.110
	3/6/2019	729,927		31/12/2021-3/6/2029	US\$5.110

Note:

- (1) Clear Channel is an indirect holding company of the Company. The table sets out the share options granted pursuant to the share option scheme of Clear Channel.

As at the Latest Practicable Date, save as disclosed above, none of the Directors nor chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange; or (iv) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code.

(b) Substantial shareholders' interests and short positions in the Shares, underlying shares and securities of the Company.

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 5% or more of the issued voting shares of any other member of the Group, or in any options in respect of such share capital were as follows:

E. Long Positions in the Ordinary Shares of the Company:

Name	Capacity	Number of Shares held	% of the Company's issued share capital
Clear Channel KNR (<i>note 1</i>)	Beneficial owner	275,789,081	50.91%
International Value Advisers LLC.	Investment manager	78,054,850	14.41%

Note:

- (1) Clear Channel KNR is an indirect wholly owned subsidiary of Clear Channel, which is listed on the New York Stock Exchange.

As at the Latest Practicable Date, save as disclosed above, so far as was known to the Directors, no person had an interest or a short position in the shares or the underlying shares of the Company recorded in the register required to be kept by the Company under section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the issued voting shares of any other member of the Group, or any options in respect of such share capital.

5. ADDITIONAL DISCLOSURE OF INTERESTS

During the Relevant Period:

- (a) Neither the Company, nor any member of the Group, was interested in any shares of the Offeror or any warrants, options, convertible securities or derivatives in respect of any shares of the Offeror;
- (b) Save as Mr. Han Zi Jing's indirect interest in the shares of the Offeror as disclosed below, none of the Directors was interested within the meaning of Part XV of the SFO in the shares of the Offeror or any warrants, options, convertible securities or derivatives in respect of any shares of the Offeror;

The Offeror is wholly owned by City Lead, which is held as to 40% by Forward Elite. Mr. Han Zi Jing is the sole director and sole shareholder of Forward Elite.

- (c) Save as disclosed in the section headed "4. Disclosure of Interests" in this appendix, none of the Directors was interested within the meaning of Part XV of the SFO in the Shares or any warrants, options, convertible securities or derivatives in respect of any Shares;
- (d) None of the subsidiaries of the Company, pension funds of the Company or of a subsidiary of the Company, or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert in the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of "associate" in the Takeovers Code but excluding any exempt principal trader, owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (e) There was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Company, or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert, or any of the Company's associates by virtue of classes (2), (3) or (4) of the definition of "associate" under the Takeovers Code, and any other person;
- (f) No fund managers (other than exempt fund managers) connected with the Company had managed any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares on a discretionary basis; and
- (g) None of the Company or the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares.

As at the Latest Practicable Date, (i) Mr. Han Zi Jing intended to accept the Offers in respect of all Shares and Options held by him, (ii) Mr. Zhang Huai Jun intended to accept the Option Offer in respect of all Options held by him and (iii) none of the other Directors held any Shares or Options.

6. DEALING IN SECURITIES

During the Relevant Period:

- (a) Save as disclosed below, none of the Company, any of its subsidiaries, nor any Directors had dealt for value in any shares of the Offeror or any other convertible securities, warrants, options or derivatives in respect of any shares of the Offeror.

Date	Name of Director	Nature of Dealing
December 6, 2019	Han Zi Jing	City Lead, which was indirectly wholly owned by Han Zi Jing, acquired the entire issued share capital of the Offeror at a nominal consideration of US\$1.
March 29, 2020	Han Zi Jing	City Lead allotted 3,999 new shares to Han Zi Jing at a consideration of US\$3,999 and allotted 6,000 new shares to other investors. Following the allotment of new shares, the Offeror is wholly owned by City Lead which in turn is indirectly held by Han Zi Jing as to 40%.

- (b) Save as disclosed below, none of the Directors had dealt for value in any Shares, convertible securities, warrants, options, or derivatives in respect of any Shares:

Date	Name of Director	Nature of Dealing	Price per Share
April 2, 2020	Peter Cosgrove	Sale of 250,000 Shares	HK\$6.98

- (c) None of the subsidiaries of the Company, or pension funds of the Company or of a subsidiary of the Company, or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert in the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of "associate" in the Takeovers Code but excluding exempt principal traders had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (d) No fund managers connected with the Company (other than exempt fund managers) who managed funds on a discretionary basis had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of any Shares.
- (e) No person between whom there is arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code and the Company, or any person who is presumed to be acting in concert with the Company virtue of classes (1), (2), (3) and (5) of the definition of acting in concert, or any of the Company's associates by virtue of classes, (2), (3) or (4) of the definition of "associate" under the Takeovers Code had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

7. LITIGATION

As disclosed in the 2019 Annual Report, in 2014, a supplier of the Group in China (the “**Supplier**”) factored its accounts receivable allegedly due from the Group (the “**Accounts Receivable**”) under certain supply contracts (the “**Purported Supply Contracts**”) to certain financial institutions in China. Whilst the Purported Supply Contracts were allegedly entered into with a subsidiary of the Company, the Group has confirmed that none of them is an authentic supply contract to which it is a party. When the Accounts Receivable remained unpaid, the financial institutions commenced legal proceedings against, among others, the Company’s subsidiary to recover an aggregate amount of approximately RMB115 million. As the Group confirmed that it had not entered into any of the Purported Supply Contracts, the Group treated the Purported Supply Contracts as being contractual fraud and reported the cases to the competent police authority. The directors, taking into account the advice from the Group’s legal counsel, believe that the Group has a valid defence in law to the allegations against it and, accordingly, have not provided for any potential claim arising from the litigations, other than the related legal and other costs.

On 8 January 2016, the Group received a notice from a District Court in the PRC (the “**Court**”) stating that a plaintiff has initiated legal action against the Supplier and that the Court has ruled in such plaintiff’s favor and has frozen the Supplier’s right to receive payment from the Group for the settlement of any outstanding liability between the Supplier and the Group. Total outstanding liability owed by the Group to the Supplier was RMB31.6 million. The Court has issued a compulsory order requiring the Group to remit an outstanding sum of about RMB17.6 million owing by the Group to the Supplier into the bank account of the Court. On 5 August 2016, the Court issued another compulsory order requiring the Group to remit the remaining outstanding sum of about RMB14.0 million owed by the Group to the Supplier to the bank account of the Court. The directors, taking into consideration the advice of the Group’s legal counsel, believe that this development will not result in the Group being liable for additional liability exceeding the outstanding liability already taken up in the accounts under other payables and accruals, between the Supplier and the Group.

On 15 November 2018 and 24 April 2019, the trials of the case were held on Foshan Intermediate People’s Court. On 8 July 2019, the Group received the civil judgement made by the Foshan Intermediate Court. According to the case judgement, the Foshan Intermediate Court held that the underlying transaction of the Purported Supply Contracts did not exist, and ruled that the Group shall not be responsible for any debts against the plaintiff. As at the latest Practicable Date, the Group was advised that the Plaintiff has filed an appeal to Guangdong Higher People’s Court and the appeal was still in service process.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and so far as the Directors are aware of, no litigation, arbitration or claim of material importance is pending or threatened by or against the Company or any of its subsidiaries.

8. MATERIAL CONTRACTS

Other than the Investigation and Litigation Support Agreement, details of which are set out in the sections headed the “Investigation and Litigation Support Agreement” in the “Letter from CLSA Limited and CICC” and “Letter from the Board” in this Composite Document, the Group has not entered into any material contract (being a contract not entered into in the ordinary course of business carried on or intended to be carried on by the members of the Group) within the two years immediately preceding the commencement of the Offer Period, and up to and including the Latest Practicable Date, which is or may be material.

9. DIRECTORS’ SERVICE CONTRACTS

Save as disclosed in this section 9, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Group or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into, or amended within six months before the date of commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period:

Directors	Title	Commencement date of the service contract	Expiry date of the service contract	Notice Period	Remuneration (Note 1)
Zhang Huai Jun	Executive director	22 October 2018	21 October 2021	3 months	HK\$847,800 per annum
Han Zi Jing	Executive director	22 October 2018	21 October 2021	3 months	HK\$610,020 per annum
Michael Saunter	Non-executive director	26 February 2019	25 February 2022	3 months	HK\$200,000 per annum
William Eccleshare	Non-executive director	15 October 2018	14 October 2021	3 months	HK\$200,000 per annum
Peter Cosgrove	Non-executive director	1 January 2020	31 December 2022	3 months	HK\$450,000 per annum.
Robert Gazzi	Independent non-executive director	9 August 2019	8 August 2022	3 months	HK\$500,000 per annum.

Directors	Title	Commencement date of the service contract	Expiry date of the service contract	Notice Period	Remuneration (Note 1)
Wang Shou Zhi	Independent non-executive director	1 January 2019	31 December 2021	3 months	HK\$200,000 per annum
Thomas Manning	Independent non-executive director	30 October 2018	29 October 2021	3 months	HK\$300,000 per annum
Christopher Thomas	Independent non-executive director	7 September 2019	6 September 2021	3 months	HK\$250,000 per annum

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any other member of the Group nor were there any other service agreements proposed to be entered into by any of the Directors which would not expire or be determinable by the Group within one year without payment of compensation (other than statutory compensation).

Notes:

- (1) Each of the Directors serve as a Board committee member from time to time during the term of their service contracts and receive variable remuneration for such roles, the amount of which is determined by the Board on an annual basis. For details, please refer to the section headed "Directors' and Chief Executive's Remuneration" in the Notes to Financial Statements in the 2019 Annual Report, which was published on the websites of the Company (<http://www.clear-media.net/>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0423/2020042301283.pdf>).

10. EXPERTS AND CONSENT

The following are the names and qualification of the experts who had been engaged by the Company and who have been named in this Composite Document or who have given their opinion or advice, which is contained in this Composite Document:

Name	Qualification
Somerley	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee

Somerley has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and references to its name in the form and context in which it appears.

11. MISCELLANEOUS

- (a) As at the Latest Practicable Date, no arrangement was in place for any benefit (other than statutory compensation) to be given to any Directors as compensation for loss of office or otherwise in connection with the Offers.
- (b) As at the Latest Practicable Date, there was no agreement or arrangement between any Directors and any other person which was conditional on or dependent upon the outcome of the Offers or is otherwise connected with the Offers.
- (c) As at the Latest Practicable Date, other than the Investigation and Litigation Support Agreement and FE Deed of Indemnity, there was no material contract entered into by the Offeror in which any Director has a material personal interest.
- (d) The registered address of the Company is Clarendon House, 2 Church Street, Hamilton, HM11 Bermuda.
- (e) The principal place of business of the Company in Hong Kong is at Room 1202, 12th Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.
- (f) The Hong Kong Share Registrar of the Company is Tricor Tengis Limited at Level 22, Hopewell Centre 183 Queen's Road East Hong Kong.
- (g) The principal business address of Somerley is 20/F, China Building, 29 Queen's Road Central, Hong Kong.
- (h) The English texts of this Composite Document and the Forms of Acceptance shall prevail over the Chinese texts, in case of any inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) on the websites of the SFC at www.sfc.hk and the Company at <http://www.clear-media.net/>; and (ii) during normal business hours from 9:00 a.m. to 5:00 p.m. on any Business Day at the principal place of business of the Company in Hong Kong at Room 1202, 12th Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong during the period from the date of this Composite Document up to as long as the Offers remain open for acceptance:

- (a) the memorandum and bye-laws of the Company;
- (b) memorandum and articles of association of the Offeror;
- (c) the annual reports of the Company for the three financial years ended 31 December 2017, 2018 and 2019 respectively;
- (d) the letter from CLSA Limited and CICC;
- (e) the letter from the Board, the text of which is set out in this Composite Document;
- (f) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (g) the letter from the Independent Financial Adviser, the text of which is set out in this Composite Document;
- (h) the material contracts referred to in the paragraph headed "8. Material Contracts" in this Appendix;
- (i) the service contracts referred to under the section headed "9. Directors' service contracts" in this Appendix;
- (j) (i) the written consent referred to under the section headed "10. Experts and Consent" in this Appendix and (ii) the written consent referred to under the section headed "6. Consents" of Appendix IV of this Composite Document;
- (k) the Clear Channel KNR Undertaking and the Mondrian Undertaking;
- (l) the Shareholders' Agreement;
- (m) FE Deed of Indemnity; and
- (n) the bank facility agreement entered with the Lenders as disclosed in the paragraph headed "Confirmation of financial resources" in the Letter from CLSA Limited and CICC of this Composite Document.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Offeror and parties acting in concert with it) contained in this Composite Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed (other than opinions expressed by the Offeror Directors, Mr. Han Zi Jing, Antfin Directors, JCDI Directors, JCDecaux Directors and CWG Fund Director) in this Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The Offeror Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, Han Group, Antfin, JCDecaux Group and CWG Fund), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Directors, Mr. Han Zi Jing, Antfin Directors, JCDI Directors, JCDecaux Directors and CWG Fund Director) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading.

The sole director of Forward Elite Holdings Limited, i.e., Mr. Han Zi Jing, accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, Antfin, JCDecaux Group and CWG Fund), and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Directors, Antfin Directors, JCDI Directors, JCDecaux Directors and CWG Fund Director) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading.

The directors of Antfin jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, Han Group, JCDecaux Group and CWG Fund), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Directors, Mr. Han Zi Jing, JCDI Directors, JCDecaux Directors and CWG Fund Director) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading.

The JCDI Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, Han Group, Antfin and CWG Fund), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Directors, Mr. Han Zi Jing, Antfin Directors and CWG Fund Director) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading.

The JCDecaux Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, Han Group, Antfin and CWG Fund), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Directors, Mr. Han Zi Jing, Antfin Directors and CWG Fund Director) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading.

The sole director of JT China Wealth Management Limited (acting in its capacity as a general partner of CWG Fund) accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, Han Group, Antfin and JCDecaux Group), and confirms, having made all reasonable inquiries, that to the best of her knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Directors, Mr. Han Zi Jing, Antfin Directors, JCDI Directors and JCDecaux Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading.

2. MARKET PRICES

- (a) During the Relevant Period, the highest closing price per Share as quoted on the Stock Exchange was HK\$7.06 on April 24, 2020 and the lowest closing price per Share as quoted on the Stock Exchange was HK\$3.53 on October 25, 2019.

- (b) The table below sets out the closing prices of the Shares as quoted on the Stock Exchange (i) on the last trading day of each of the six calendar months preceding the date of the Rule 3.7 Announcement, (ii) on November 28, 2019, being the last trading day prior to the publication of the Rule 3.7 Announcement, (iii) on March 27, 2020, being the Last Trading Day prior to the publication of the Rule 3.5 Announcement and (iv) on the Latest Practicable Date;

	Closing price per Share (HK\$)
May 31, 2019	5.64
June 28, 2019	4.54
July 31, 2019	4.64
August 30, 2019	4.10
September 30, 2019	3.90
October 31, 2019	3.60
November 29, 2019	4.74
December 31, 2019	6.45
January 31, 2020	5.50
February 28, 2020	4.70
March 31, 2020	6.99
November 28, 2019 (being the last trading day prior to the publication of the Rule 3.7 Announcement)	4.56
March 27, 2020 (being the Last Trading Day)	5.10
April 24, 2020 (being the Latest Practicable Date)	7.09

3. DISCLOSURE OF INTERESTS IN THE COMPANY

The Offeror confirms that, as at the Latest Practicable Date, save as disclosed below, none of the Offeror, the directors of the Offeror, nor any person acting in concert with any of them, owns or controls any Shares, convertible securities, warrants, options or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares:

Name of Shareholders	Capacity	Number of Shares Long Position	Percentage of holding Long Position
Mr. Han Zi Jing	Interest in controlled corporation	6,600,000	1.22%

Share Options granted and outstanding under the Existing Share Option Scheme of the Company

Name or category of participant	Type of share option scheme	Number of share options							Price of the Company's shares***			
		At the beginning of the period	Granted during the period	Exercised during the period	Expired during the period	Forfeited during the period	At the end of the period	Date of grant of share options*	Exercise period	Exercise price per share** HK\$	At grant date of options HK\$	Immediately before the exercise date HK\$
Director Han Zi Jing	The New Scheme	333,333	-	-	-	-	333,333	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	-
	The New Scheme	333,333	-	-	-	-	333,333	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	-
	The New Scheme	333,334	-	-	-	-	333,334	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	-
	The New Scheme	333,000	-	-	-	-	333,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	-
		1,333,000	-	-	-	-	1,333,000					

Save as disclosed above, as at the Latest Practicable Date, the Offeror or parties acting in concert with it did not have any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

4. OTHER INFORMATION

As at the Latest Practicable Date:

- (a) save for 6,600,000 Shares and the 1,333,000 Options held by Mr. Han Zi Jing, none of the Offeror or the parties acting in concert with it owns or has control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;
- (b) save for the Clear Channel KNR Undertaking and the Mondrian Undertaking, none of the Offeror or parties acting in concert with it has received any irrevocable commitment to accept or reject the Offers;
- (c) save for the Shareholders' Agreement, the Clear Channel KNR Undertaking, the Mondrian Undertaking, FE Deed of Indemnity, the share mortgage executed by City Lead to charge all of its shares in the Offeror in favor of CNCBI and the share mortgage executed by the Offeror to charge the Shares to be acquired by it under the Share Offer in favor of CNCBI, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company between any person and the Offeror or parties acting in concert with it;
- (d) there is no agreement or arrangement to which the Offeror or parties acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (e) none of the Offeror or parties acting in concert with it has entered into any arrangements or contracts in relation to any outstanding derivative in respect of the securities in the Company;
- (f) there is no understanding, arrangement or agreement which constitutes a special deal between the Offeror or parties acting in concert with it on one hand and Clear Channel KNR and its concert parties on the other hand;
- (g) there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or parties acting in concert with it to Clear Channel KNR or parties acting in concert with it in relation to the Offer Shares and Options under the Offers, other than the Share Offer Price and the Option Offer Price;
- (h) save for the Shareholders' Agreement, the Clear Channel KNR Undertaking, the Mondrian Undertaking, Investigation and Litigation Support Agreement and FE Deed of Indemnity, there is no agreement, arrangement or understanding (including compensation arrangement) which exists between the offeror or any person acting in concert with it and any of the Directors, recent Directors, shareholders, recent shareholders having any connection with or dependence upon the Offers;

- (i) none of the Offeror or parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; and
- (j) save as disclosed in section headed “5. DEALING IN SECURITIES” below in this Appendix IV, none of the Offeror and parties acting in concert with it has dealt in the Shares, options, derivatives, warrants and/or other securities convertible into Shares during the Relevant Period.

As at the Latest Practicable Date, there is no understanding, arrangement or agreement which constitute a special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder on the one hand, and the Offeror and parties acting in concert with it on the other hand.

The Company confirms that, as at the Latest Practicable date, there is no understanding, arrangement or agreement which constitute a special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholders on the one hand, and the Company, its subsidiaries or associated companies on the other hand.

5. DEALINGS IN SECURITIES

During the Relevant Period,

- (a) save for the disclosure below and the share mortgage executed by the Offeror to charge the Shares to be acquired by it under the Share Offer in favour of CNCBI, none of the Offeror and parties acting in concert with it have dealt in the Shares, options, derivatives, warrants and/or other securities convertible into Shares;

CLSA Capital Markets is acting as the lead financial adviser to the Offeror and CLSA Limited is making the Offers on behalf of the Offeror. Each of CLSA Capital Markets and CLSA Limited is regarded as a party acting in concert with the Offeror pursuant to the Takeovers Code. CLSA Group did not own, control nor have any other interest in the Shares, options, warrants, derivatives or securities which are convertible into Shares as at the Latest Practicable Date. During the Relevant Period, save for the dealings in Shares for non-discretionary clients of the CLSA Group, certain principal trades for value in Shares were dealt with by the CLSA Group. Details of the transactions disclosed on a non-aggregated daily basis are as follows:

Entity	Date of dealing	Type of dealing	Price per Share	Number of Shares
CLSA Capital Limited	12/11/2019	Buy	HK\$3.6	420
CLSA Capital Limited	29/11/2019	Buy	HK\$4.77	58,000
CLSA Capital Limited	02/12/2019	Sell	HK\$4.84	58,000
CLSA Capital Limited	18/12/2019	Sell	HK\$6.3	420
CLSA Capital Limited	28/02/2020	Buy	HK\$4.592	50,000
CLSA Capital Limited	02/03/2020	Sell	HK\$4.6432	50,000

- (b) save as disclosed below, Clear Channel KNR has not dealt in the Shares, options, derivatives, warrants and/or other securities convertible into Shares;

Trade Date	Settle Date	Type of dealing	Price per Share	Number of Shares
August 16, 2019	August 20, 2019	Purchase	HK\$4.4991	110,000
August 19, 2019	August 21, 2019	Purchase	HK\$4.7404	563,000
August 20, 2019	August 22, 2019	Purchase	HK\$4.9211	827,000
August 20, 2019	August 22, 2019	Purchase	HK\$4.9226	1,148,581
Total shares:				2,648,581

- (c) save as disclosed below, Mondrian has not dealt in the Shares, options, derivatives, warrants and/or other securities convertible into Shares; and

Mondrian Emerging Market Small Cap Equity Fund, L.P

Trade Date	Settle Date	Type of dealing	Price per Share	Number of Shares
6/18/2019	6/20/2019	Sell	4.75	250,000
6/19/2019	6/21/2019	Sell	4.71	83,000
6/20/2019	6/24/2019	Sell	4.66	15,000
11/15/2019	11/19/2019	Sell	3.94	444,000
11/20/2019	11/22/2019	Sell	4.01	34,000
11/21/2019	11/25/2019	Sell	3.92	351,000
11/25/2019	11/27/2019	Sell	4.06	174,000
11/26/2019	11/28/2019	Sell	4.05	207,000
11/27/2019	11/29/2019	Sell	4.12	193,000
12/5/2019	12/9/2019	Sell	6.26	299,000
12/6/2019	12/10/2019	Sell	5.85	275,000
12/11/2019	12/13/2019	Sell	6.08	54,000
12/13/2019	12/17/2019	Sell	6.28	490,000
12/16/2019	12/18/2019	Sell	6.40	134,000
12/17/2019	12/19/2019	Sell	6.37	42,000
12/18/2019	12/20/2019	Sell	6.41	50,000
1/8/2020	1/10/2020	Sell	6.28	103,000
1/9/2020	1/13/2020	Sell	6.16	41,000
1/10/2020	1/14/2020	Sell	5.86	148,000
1/14/2020	1/16/2020	Sell	5.62	98,000
1/15/2020	1/17/2020	Sell	5.73	120,000
1/16/2020	1/20/2020	Sell	5.83	23,000
1/17/2020	1/21/2020	Sell	5.83	76,000
1/20/2020	1/22/2020	Sell	5.80	78,000
1/22/2020	1/29/2020	Sell	5.76	40,000
1/23/2020	1/30/2020	Sell	5.52	54,000
1/29/2020	1/31/2020	Sell	5.54	133,000
1/30/2020	2/3/2020	Sell	5.74	159,000

Trade Date	Settle Date	Type of dealing	Price per Share	Number of Shares
2/10/2020	2/12/2020	Sell	5.40	65,000
2/11/2020	2/13/2020	Sell	5.40	84,000
2/12/2020	2/14/2020	Sell	5.35	93,000
2/13/2020	2/17/2020	Sell	5.18	63,000
2/14/2020	2/18/2020	Sell	5.20	203,000
2/17/2020	2/19/2020	Sell	5.18	207,000
2/18/2020	2/20/2020	Sell	5.01	57,000
2/20/2020	2/24/2020	Sell	5.00	20,000
2/21/2020	2/25/2020	Sell	4.97	46,000
2/25/2020	2/27/2020	Sell	4.76	15,000
2/26/2020	2/28/2020	Sell	4.75	10,000
2/28/2020	3/3/2020	Sell	4.77	18,000
3/2/2020	3/4/2020	Sell	4.75	7,000
3/4/2020	3/6/2020	Sell	4.75	5,000
3/5/2020	3/9/2020	Sell	4.75	1,000
3/6/2020	3/10/2020	Sell	4.53	126,000
3/9/2020	3/11/2020	Sell	4.52	116,000
3/10/2020	3/12/2020	Sell	4.61	202,000
3/11/2020	3/13/2020	Sell	5.33	116,000
3/12/2020	3/16/2020	Sell	5.80	399,000
3/13/2020	3/17/2020	Sell	5.85	322,000
3/16/2020	3/18/2020	Sell	5.79	78,000
3/31/2020	4/2/2020	Sell	6.90	278,000

Ontario Power Board Pension Fund

Trade Date	Settle Date	Type of dealing	Price per Share	Number of Shares
12/11/2019	12/13/2019	Sell	6.08	64,000
12/12/2019	12/16/2019	Sell	6.09	80,000
12/13/2019	12/17/2019	Sell	6.28	550,000
12/16/2019	12/18/2019	Sell	6.40	151,000
12/17/2019	12/19/2019	Sell	6.37	47,000
12/18/2019	12/20/2019	Sell	6.41	57,000
1/8/2020	1/10/2020	Sell	6.28	116,000
1/9/2020	1/13/2020	Sell	6.16	45,000
1/10/2020	1/14/2020	Sell	5.86	166,000
1/14/2020	1/16/2020	Sell	5.62	78,000
1/15/2020	1/17/2020	Sell	5.73	96,000
1/16/2020	1/20/2020	Sell	5.83	40,000
1/21/2020	1/23/2020	Sell	5.77	20,000
1/22/2020	1/29/2020	Sell	5.76	40,000
1/23/2020	1/30/2020	Sell	5.52	55,000
1/24/2020	1/30/2020	Sell	5.40	40,000
1/29/2020	1/31/2020	Sell	5.54	117,000
1/30/2020	2/3/2020	Sell	5.74	141,000
2/10/2020	2/12/2020	Sell	5.40	85,000

Trade Date	Settle Date	Type of dealing	Price per Share	Number of Shares
2/11/2020	2/13/2020	Sell	5.40	108,000
2/12/2020	2/14/2020	Sell	5.35	120,000
2/13/2020	2/17/2020	Sell	5.18	81,000
2/14/2020	2/18/2020	Sell	5.20	264,000
2/17/2020	2/19/2020	Sell	5.18	268,000
2/18/2020	2/20/2020	Sell	5.01	73,000
2/19/2020	2/21/2020	Sell	4.98	98,000
2/24/2020	2/26/2020	Sell	4.78	100,000
3/3/2020	3/5/2020	Sell	4.79	99,000
3/6/2020	3/10/2020	Sell	4.53	133,000
3/9/2020	3/11/2020	Sell	4.52	123,000
3/10/2020	3/12/2020	Sell	4.61	213,000
3/11/2020	3/13/2020	Sell	5.33	122,000
3/12/2020	3/16/2020	Sell	5.80	523,000
3/13/2020	3/17/2020	Sell	5.85	422,000
3/16/2020	3/18/2020	Sell	5.79	102,000
3/31/2020	4/2/2020	Sell	6.90	365,000

- (d) save as disclosed below, no person who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any person acting in concert with it, had dealt for value in the Shares, options, derivatives, warrants and/or other securities convertible into Shares.

Date	Name of Director	Purchase/Sale	Number of Shares involved	Price per Share
April 2, 2020	Peter Cosgrove	Sale	250,000	HK\$6.98

6. CONSENTS

CLSA Capital Markets, CLSA Limited and CICC have jointly given and have not withdrawn their written consent to the issue of this Composite Document with the references to their respective names in the form and context in which they respectively appears.

7. GENERAL

As at the Latest Practicable Date:

(a) Set out below are the details of the Offeror:

Place of incorporation	Cayman Islands
Registered address	The offices of Vistra (Cayman) Limited P. O. Box 31119 Grand Pavilion Hibiscus Way, 802 West Bay Road Grand Cayman, KY1-1205 Cayman Islands
The directors	Mr. Han Zi Jing Ms. Junrong Zhao Mr. Chen Liang Mr. Stephen Hon Chiu Wong Ms. Fei Fei Shum
The shareholders and beneficial owners of the Offeror	<p>The Offeror is wholly owned by City Lead, which is held as to 40% by Forward Elite, 30% by Antfin, 23% by JCDI and 7% by CWG Fund.</p> <p>The registered office address of City Lead is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. As at the Latest Practicable Date, Mr. Han Zi Jing, Ms. Junrong Zhao, Mr. Chen Liang, Mr. Stephen Hon Chiu Wong and Ms. Fei Fei Shum are the directors of City Lead.</p> <p>Forward Elite is an investment holding company incorporated in the British Virgin Island with limited liability and Mr. Han Zi Jing is its sole director and sole shareholder. The registered office address of Forward Elite is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.</p> <p>Mr. Han Zi Jing's correspondence address is 3/F, Starry Winking, 4 Hua Ming Road, Tianhe District, Guangzhou 510623, PRC (廣州市天河區華明路四號星匯雲錦三層).</p>

Antfin is an investment holding company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Ant Financial. Ant Financial is a company incorporated in the PRC and together with its ecosystem partners is engaged in businesses that bring financial services to individuals and small and micro-sized individual customer and small businesses worldwide. Ant Financial is owned as to approximately 50% by two limited liability partnerships established in the PRC, whose general partner is wholly-owned by Mr. Jack Ma, and as to 33% by Alibaba Group Holding Limited indirectly (a company listed on the New York Stock Exchange, stock symbol BABA, and the Hong Kong Stock Exchange, stock code 9988), and the remaining interest by other shareholders.

The registered office address of Antfin is 26/F, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. As at the Latest Practicable Date, Mr. Leiming Chen, Mr. Xinyi Han and Mr. Kai Nin Kenny Man are the directors of Antfin and Mr. Eric Xiandong Jing, Ms. Lei Peng, Mr. Xi Hu, Mr. Xiaoming Hu, Mr. Joseph C. Tsai, Ms. Maggie Wei Wu and Mr. Daniel Yong Zhang are the directors of Ant Financial.

JCDI is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of JCDecaux SA.

The registered office address of JCDI is 1501 Berkshire House, 25 Westlands Road, Quarry Bay, Hong Kong. As at the Latest Practicable Date, Ms. Juliette, Cécile, Marie Vigier ép. Mouchonnet, Mr. Emmanuel André Bernard Bastide and Mr. Stephen Hon Chiu Wong are the directors of JCDI.

JCDecaux SA is a company incorporated in France and listed on Euronext Paris (stock code: DEC). The registered office address of JCDecaux is 17 rue Soyer 92200 Neuilly sur Seine, France. As at the Latest Practicable Date, Mr. Jean-François Decaux, Mr. Jean-Charles Decaux, Mr. David Bourg, Mr. Emmanuel André Bernard Bastide and Mr. Daniel Hofer are the members of the Executive Board (le Directoire) of JCDecaux SA.

CWG Fund is an exempted limited partnership registered under the laws of the Cayman Islands, whose general partner is JT China Wealth Management Limited and whose sole limited partner is Empyrean Management (Hong Kong) Limited (九天管理(香港)有限公司).

The registered office address of CWG Fund is Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands. As at the Latest Practicable Date, Ms. Fei Fei Shum is the sole director of JT China Wealth Management Limited, the general partner of CWG Fund.

- (b) The registered office of CLSA Capital Markets and CLSA Limited is situated at 18/F, One Pacific Place, 88 Queensway, Hong Kong. The registered office of CICC is 29/F One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (c) In case of inconsistency, the English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text.