CLEAR MEDIA LIMITED
白馬戶外媒體有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 100)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

- The Group's total revenue declined by 50.3% to RMB369.1 million due to reduced demand for advertising space amid the outbreak of Covid-19
- The Group reported loss before interest, tax, depreciation and amortisation of RMB45.7 million in 1H2020, compared to the earnings before interest, tax, depreciation and amortisation of RMB396.1 million in 1H2019, mainly due to the revenue decline and the impairment losses of trade and lease receivables
- Net loss[1] increased from RMB58.2 million in 1H2019 to RMB352.2 million in 1H2020 due to the revenue decline, the relatively high fixed costs and the impairment losses of trade and lease receivables
- Loss per share increased from RMB10.76 cents in 1H2019 to RMB65.08 cents in 1H2020

[1] Net loss attributable to owners of the parent

* *For identification purposes only*

The Board of Directors (the "**Board**") of Clear Media Limited ("**Clear Media**" or the "**Company**") and its subsidiaries (Clear Media and its subsidiaries are hereafter collectively referred to as the "**Group**") are pleased to announce that the unaudited interim results of the Group for the six months ended 30 June 2020, which have been reviewed by Ernst & Young in accordance with Hong Kong Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"* issued by the Hong Kong Institute of Certified Public Accountants, and the Group's Audit Committee, together with the comparative figures for the corresponding period in the previous financial year, are as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2020

		For the six months ended 30 June	
		2020	2019
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
Revenue	*4*	**369,113**	742,193
Cost of sales	*6*	**(523,286)**	(532,058)
Gross (loss)/profit		**(154,173)**	210,135
Other income and gains	*4*	**2,207**	5,958
Selling and distribution expenses		**(63,358)**	(86,064)
Administrative expenses		**(76,329)**	(83,609)
Impairment losses on financial assets, net		**(107,458)**	(4,591)
Other expenses	*5*	**(2,103)**	(19,494)
Finance costs	*6*	**(72,583)**	(82,292)
LOSS BEFORE TAX	*6*	**(473,797)**	(59,957)
Income tax credit	*7*	**91,403**	5,185
LOSS FOR THE PERIOD		**(382,394)**	(54,772)
ATTRIBUTABLE TO:			
Owners of the parent		**(352,177)**	(58,168)
Non-controlling interests		**(30,217)**	3,396
LOSS FOR THE PERIOD		**(382,394)**	(54,772)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	*8*	**(0.6508)**	(0.1076)
Diluted (RMB)	*8*	**(0.6508)**	(0.1076)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
LOSS FOR THE PERIOD	**(382,394)**	(54,772)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**666**	1,837
Other comprehensive income for the period, net of tax	**666**	1,837
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(381,728)**	(52,935)
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:		
Owners of the parent	**(351,511)**	(56,331)
Non-controlling interests	**(30,217)**	3,396
	(381,728)	(52,935)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Notes	**30 June 2020 (Unaudited)** *RMB'000*	31 December 2019 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**174,667**	181,960
Concession rights	*11*	**1,330,789**	1,447,629
Right-of-use assets	*12*	**1,812,054**	2,012,557
Long-term prepayments, deposits and other receivables	*13*	**119,940**	121,821
Deferred tax assets		**194,548**	103,145
Total non-current assets		**3,631,998**	3,867,112
CURRENT ASSETS			
Trade and lease receivables	*14*	**721,237**	808,222
Prepayments, deposits and other receivables	*15*	**160,076**	168,154
Pledged deposits and restricted cash	*16*	**6,000**	6,000
Cash and cash equivalents	*16*	**225,608**	266,988
Total current assets		**1,112,921**	1,249,364
CURRENT LIABILITIES			
Other payables and accruals		**497,800**	403,935
Deferred income		**4,774**	11,024
Tax payable		**99,305**	117,255
Current lease liabilities	*12*	**525,936**	416,960
Total current liabilities		**1,127,815**	949,174
NET CURRENT (LIABILITIES)/ASSETS		**(14,894)**	300,190
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,617,104**	4,167,302
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**7,098**	10,375
Non-current lease liabilities	*12*	**1,657,463**	1,827,891
Total non-current liabilities		**1,664,561**	1,838,266
Net assets		**1,952,543**	2,329,036
EQUITY			
Equity attributable to owners of the parent			
Share capital	*17*	**56,945**	56,945
Reserves		**1,800,066**	2,146,342
		1,857,011	2,203,287
Non-controlling interests		**95,532**	125,749
Total Equity		**1,952,543**	2,329,036

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the parent											
	Share capital *RMB'000*	Share premium account *RMB'000*	Share option reserve *RMB'000*	Contributed surplus *RMB'000*	Statutory surplus reserve *RMB'000*	Exchange fluctuation reserve *RMB'000*	Share award reserve *RMB'000*	Shares held under the share award scheme *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
As at 1 January 2019 (audited)	56,945	749,213	13,546	65,461	248,531	(4,805)	1,964	(8,165)	1,244,459	2,367,149	147,304	2,514,453
(Loss)/profit for the period	–	–	–	–	–	–	–	–	(58,168)	(58,168)	3,396	(54,772)
Other comprehensive income for the period												
— Exchange differences related to foreign operations	–	–	–	–	–	1,837	–	–	–	1,837	–	1,837
Total comprehensive income/(loss) for the period	–	–	–	–	–	1,837	–	–	(58,168)	(56,331)	3,396	(52,935)
Equity-settled share option arrangements	–	–	1,401	–	–	–	–	–	–	1,401	–	1,401
Recognition of share award scheme expenses	–	–	–	–	–	–	665	–	–	665	–	665
Dividends payable to a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	(24,270)	(24,270)
Final 2018 dividend paid	–	–	–	–	–	–	–	–	(81,122)	(81,122)	–	(81,122)
At 30 June 2019 (unaudited)	56,945	749,213	14,947	65,461	248,531	(2,968)	2,629	(8,165)	1,105,169	2,231,762	126,430	2,358,192
At 1 January 2020 (audited)	**56,945**	**747,861***	**15,941***	**65,461***	**248,531***	**(2,493)***	**–***	**(5,443)***	**1,076,484***	**2,203,287**	**125,749**	**2,329,036**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(352,177)**	**(352,177)**	**(30,217)**	**(382,394)**
Other comprehensive income for the period												
— Exchange differences related to foreign operations	**–**	**–**	**–**	**–**	**–**	**666**	**–**	**–**	**–**	**666**	**–**	**666**
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**666**	**–**	**–**	**(352,177)**	**(351,511)**	**(30,217)**	**(381,728)**
Equity-settled share option arrangements	**–**	**–**	**432**	**–**	**–**	**–**	**–**	**–**	**–**	**432**	**–**	**432**
Sales of shares held under the share award scheme	**–**	**(640)**	**–**	**–**	**–**	**–**	**–**	**5,443**	**–**	**4,803**	**–**	**4,803**
At 30 June 2020 (unaudited)	**56,945**	**747,221***	**16,373***	**65,461***	**248,531***	**(1,827)***	**–***	**–***	**724,307***	**1,857,011**	**95,532**	**1,952,543**

* These reserve accounts comprise the consolidated other reserve of RMB1,800,066,000 (31 December 2019: RMB2,146,342,000) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2020

	Notes	For the six months ended 30 June **2020** **(Unaudited)** ***RMB'000***	2019 (Unaudited) *RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(473,797)**	(59,957)
Adjustments for:			
Finance costs	*6*	**72,583**	82,292
Interest income	*4*	**(1,582)**	(2,375)
Gain on disposal of items of property, plant and equipment		**(42)**	(42)
Loss on disposal of concession rights		**2,145**	17,620
Depreciation of items of property, plant and equipment	*6*	**7,479**	7,577
Amortisation of concession rights		**158,003**	170,113
Amortisation of right-of-use assets on bus shelters	*6*	**173,254**	178,721
Amortisation of right-of-use assets on premises	*6*	**18,349**	17,832
Impairment losses of trade and lease receivables	*6*	**107,458**	4,591
Gain on lease modifications/remeasurements	*4*	**(286)**	(2,146)
Foreign exchange losses, net	*6*	**–**	1,916
Recognition of share award scheme expenses	*6*	**–**	665
Equity-settled share option expenses	*6*	**432**	1,401
		63,996	418,208
Decrease/(increase) in long-term prepayments, deposits and other receivables		**1,881**	(405)
(Increase)/decrease in trade and lease receivables		**(20,473)**	120,400
Decrease/(increase) in prepayments, deposits and other receivables		**8,353**	(8,099)
Increase in other payables and accruals		**108,495**	919
Decrease in deferred income		**(6,250)**	(1,057)
Decrease in pledged deposits and restricted cash		**–**	1,294
Cash generated from operations		**156,002**	531,260
Interest paid		**(265)**	–
Income taxes paid		**(21,227)**	(102,634)
Net cash flows from operating activities		**134,510**	428,626

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment, excluding construction in progress	**(917)**	(1,463)
Proceeds from disposal of items of property, plant and equipment	**44**	61
Proceeds from disposal of concession rights	**–**	16
Purchase of concession rights	**(57,763)**	(143,526)
Interest received	**2,007**	2,347
Net cash flows used in investing activities	**(56,629)**	(142,565)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal and interest elements of lease payments	**(124,730)**	(223,013)
Proceeds from selling of shares held under the share award scheme	**4,803**	–
Net cash flows used in financing activities	**(119,927)**	(223,013)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(42,046)**	63,048
Cash and cash equivalents at beginning of period	**266,988**	473,508
Effect of foreign exchange rate changes, net	**666**	(211)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**225,608**	536,345
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**225,608**	536,345

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020

1. CORPORATE INFORMATION

Clear Media Limited is an exempted company incorporated in Bermuda on 30 March 2001 under the Companies Act 1981 of Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Group is engaged in the operation of outdoor advertising business. There were no significant changes in the nature of the Group's principal activities during the period.

In the opinion of the directors, the parent and the ultimate holding company of the Company is Ever Harmonic Global Limited which is incorporated in the Cayman Islands.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions (early adopted)*
Amendment to HKAS 1 and HKAS 8	*Definition of Material*

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

(c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

    During the period ended 30 June 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the period ended 30 June 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB396,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 30 June 2020.

(d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

The outdoor advertising business is the only major reportable operating segment of the Group which comprises the display of advertisements on street furniture. Accordingly, no further business segment information is provided.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. As the Group's major operations and markets are all located in the PRC, no further geographical segment information is provided.

4. REVENUE, OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue		
Revenue from contracts with customers:		
Sales revenue from outdoor advertising spaces*	**367,178**	726,101
Sales revenue from digital panels**	**1,708**	4,178
Commission income***	**227**	630
	369,113	730,909
Rental income:		
Rental from outdoor advertising spaces	**–**	11,284
	369,113	742,193
Other income		
Interest income	**1,582**	2,375
Government subsidy	**339**	1,437
	1,921	3,812
Gains		
Gain on lease modifications/remeasurements	**286**	2,146
	286	2,146
Other income and gains	**2,207**	5,958

* *Sales revenue from outdoor advertising spaces*

Sales revenue from outdoor advertising spaces represented the advertising income generated from the outdoor advertising spaces. The performance obligation is satisfied over time and the payment is generally due within 90 to 180 days from delivery of services.

** *Sales revenue from digital panels*

Sales revenue from digital panels represented the advertising income generated from the digital panels in Nanjing. The performance obligation is satisfied over time and the payment is generally due within 90 to 180 days from delivery of services.

*** *Commission income*

The Group operates certain bus shelters in Harbin with an independent third party under a profit sharing arrangement. The Group acts as an agent and the performance obligation is to arrange for the independent third party to provide services to customers. The performance obligation is satisfied over time and the payment is generally due within 90 to 180 days from delivery of services.

5. OTHER EXPENSES

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Foreign exchange loss	**–**	1,916
Loss on disposal of concession rights and items of property, plant and equipment, net	**2,103**	17,578
	2,103	19,494

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of services provided	**126,960**	160,970
Compensation upon early termination of contracts	**3,938**	–
Lease payments on bus shelters not included in the measurement of lease liabilities	**–**	11,058
Services fees on bus shelters	**61,131**	11,196
Amortisation of concession rights	**158,003**	170,113
Amortisation of right-of-use assets on bus shelters	**173,254**	178,721
Cost of sales	**523,286**	532,058
Impairment losses of trade and lease receivables	**107,458**	4,591
Auditors' remuneration	**2,250**	3,000
Depreciation of items of property, plant and equipment	**7,479**	7,577
Property management fee on buildings	**2,949**	3,062
Lease payments on premises not included in the measurement of lease liabilities	**1,845**	1,698
Amortisation of right-of-use assets on premises	**18,349**	17,832
Employee benefits expense (including directors' and chief executive's remuneration):		
Wages and salaries	**62,712**	79,509
Equity-settled share option expenses	**432**	1,401
Share award scheme expenses	**–**	665
Pension scheme contributions	**4,134**	8,797
	67,278	90,372
Additional professional fees as a result of the misappropriation incident and related investigation	**1,787**	4,420
Finance costs:		
— Interest on financing	**265**	–
— Interest on lease liabilities	**72,318**	82,292
	72,583	82,292

7. INCOME TAX

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax credit in the interim condensed consolidated statement of profit or loss are:

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current — Hong Kong profits tax	**–**	–
Current — PRC corporate income tax	**–**	–
Deferred tax	**(91,403)**	(5,185)
	(91,403)	(5,185)

Hong Kong profits tax has not been provided as the Group has no assessable profits arising in Hong Kong during the period (six months ended 30 June 2019: Nil). Taxes on profits assessable in the PRC have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof.

According to No. 31 Caishui 2020 "Notice on Preferential Policies for Enterprise Income Tax in Hainan Free Trade Port ("Hainan FTP")" published by Ministry of Finance and State Administration of Taxation effective on 23 June 2020, the WHA Joint Venture, a subsidiary of the Company established in the Hainan FTP of the PRC, is subject to a corporate income tax of 15% (2019: 25%) for the head office and 25% (2019:25%) for its branches on its assessable profits arising in the PRC from 1 January 2020 to 31 December 2024.

In accordance with the Enterprise Income Tax Law of the PRC effective on 1 January 2008, a 10% (or a lower rate if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors) withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is therefore liable to withholding taxes on dividends distributed by WHA Joint Venture in respect of earnings generated from 1 January 2008. As at 30 June 2020, the Group recognised a deferred tax liability of RMB7,098,000 (31 December 2019: RMB10,375,000) in respect of the withholding tax on future dividend distribution by WHA Joint Venture.

8. LOSS PER SHARE

The calculation of the basic loss per share for the period is based on the loss attributable to ordinary equity holders of the parent of RMB352,177,000 (six months ended 30 June 2019: loss of RMB58,168,000) and the weighted average number of ordinary shares in issue less shares held under the Company's share award scheme of 541,176,967 (six months ended 30 June 2019: 540,641,800) during the period.

The calculation of the diluted loss per share for the period is based on the loss attributable to ordinary equity holders of the parent of RMB352,177,000 (six months ended 30 June 2019: loss of RMB58,168,000). The weighted adjusted average number of ordinary shares used in the calculation is the 541,176,967 (six months ended 30 June 2019: 540,641,800) ordinary shares in issue during the period, as used in the basic loss per share calculation; and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares under the share award scheme of Nil (six months ended 30 June 2019: Nil). As the deemed conversion or exercise of the share options under the share option schemes would have an antidilutive effect on loss per share, the calculation of diluted loss per share does not assume the conversion or exercise of the share options.

9. DIVIDEND

The Board of Directors resolved not to pay any interim dividend to the shareholders in respect of the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired property, plant and equipment at a cost of RMB917,000 (six months ended 30 June 2019: RMB1,392,000), and incurred construction in progress at a cost of RMB859,000 (six months ended 30 June 2019: RMB14,325,000).

Property, plant and equipment with a net book value of RMB2,000 were disposed of by the Group during the six months ended 30 June 2020 (six months ended 30 June 2019: RMB18,000), resulting in a net gain on disposal of RMB42,000 (six months ended 30 June 2019: RMB42,000).

11. CONCESSION RIGHTS

During the six months ended 30 June 2020, the Group had an addition of concession rights at a cost of RMB43,308,000 (six months ended 30 June 2019: RMB45,657,000), including concession rights transferred from construction in progress of RMB1,589,000 (six months ended 30 June 2019: RMB9,396,000).

Concession rights with a net book value of RMB2,145,000 were disposed of by the Group during the six months ended 30 June 2020 (six months ended 30 June 2019: RMB17,636,000), resulting in a net loss on disposal of RMB2,145,000 (six months ended 30 June 2019: net loss on disposal of RMB17,620,000).

12. LEASES

The Group as a lessee

The Group has lease contracts for various items of bus shelters and premises. Leases of bus shelters generally have lease terms between 2 and 18 years, while premises generally have lease terms between 2 and 7 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the period are as follows:

	Bus shelters *RMB'000*	**Premises** *RMB'000*	**Total** *RMB'000*
As at 1 January 2020	**1,845,593**	**166,964**	**2,012,557**
Additions	**–**	**546**	**546**
Amortisation charge	**(173,254)**	**(18,349)**	**(191,603)**
Modifications/Remeasurements	**(9,446)**	**–**	**(9,446)**
As at 30 June 2020	**1,662,893**	**149,161**	**1,812,054**

	Bus shelters	Premises	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2019	2,223,096	197,203	2,420,299
Additions	–	4,772	4,772
Amortisation charge	(179,294)	(17,832)	(197,126)
Modifications/Remeasurements	(25,857)	(73)	(25,930)
As at 30 June 2019	2,017,945	184,070	2,202,015

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the period are as follows:

	2020 Lease liabilities
	RMB'000
Carrying amount at 1 January	2,244,851
New leases	546
Accretion of interest recognised during the period	72,318
Modifications/Remeasurements	(9,190)
Payments	(124,730)
Rent concessions	(396)
Carrying amount at 30 June 2020	2,183,399
Analysed into:	
Current portion	525,936
Non-current portion	1,657,463

	2019 Lease liabilities
	RMB'000
Carrying amount at 1 January	2,535,418
New leases	4,772
Accretion of interest recognised during the period	82,373
Modifications/Remeasurements	(31,220)
Payments	(223,013)
Carrying amount at 30 June 2019	2,368,330
Analysed into:	
Current portion	374,846
Non-current portion	1,993,484

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Interest on lease liabilities	**72,318**	82,373
Amortisation charge of right-of-use assets	**191,603**	197,126
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 30 June 2020 (included in cost of sales and expenses)	**1,845**	12,756
Gain on lease modifications/remeasurements	**286**	2,146
Rent concessions	**(396)**	–
Total amount recognised in profit or loss	**265,656**	294,401

(d) The total cash outflow for leases included in the statement of cash flows is as follows:

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
Within operating activities	**1,636**	4,108
Within financing activities	**124,730**	223,013
	126,366	227,121

The Group has no lease contracts that have not yet commenced as at 30 June 2020.

13. LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Long-term prepayments and deposits amounting to RMB73,938,000 (31 December 2019: RMB75,870,000) have been placed with certain independent third parties in connection with the rental, extension and renewal of certain of the Group's bus shelter concession rights in the PRC.

The balance as at 30 June 2020 also included a non-current portion of a prepaid bus shelter service fee payment amounting to RMB21,985,000 (31 December 2019: RMB21,986,000) and a long-term rental deposit of RMB24,017,000 (31 December 2019: RMB23,965,000).

14. TRADE AND LEASE RECEIVABLES

	30 June 2020	31 December 2019
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Trade and lease receivables	**921,395**	901,419
Impairment	**(200,158)**	(93,197)
	721,237	808,222

The Group's trading terms with its customers are mainly on credit, except for new customers, where advanced payments are normally required. The credit period is generally 90 days extending up to 180 days for major customers. Overdue balances are reviewed regularly by senior management. The Group's trade and lease receivables relate to a diverse number of customers and are non-interest-bearing.

Included in the Group's trade and lease receivables are amounts due from the Group's related parties, Hainan White Horse Media Advertising Company Limited ("**WHM**") and White Horse (Shanghai) Investment Company Limited ("**WSI**"), of RMB268,084,000 (31 December 2019: RMB248,276,000).

An ageing analysis of the trade and lease receivables as at the end of the reporting period, based on the revenue recognition date, and net of loss allowance is as follows:

	30 June 2020 (Unaudited) ***RMB'000***	31 December 2019 (Audited) *RMB'000*
Within 6 months	**292,434**	594,122
6 to 12 months	**351,219**	202,534
1 to 1.5 years	**75,479**	10,034
1.5 to 2 years	**2,105**	1,532
Over 2 years	**–**	–
Total trade and lease receivables, net	**721,237**	808,222

The movements in the loss allowance for impairment of trade and lease receivables are as follows:

	For the six months ended 30 June	
	2020 (Unaudited) ***RMB'000***	2019 (Unaudited) *RMB'000*
At beginning of period	**93,197**	72,005
Impairment losses, net*	**107,458**	4,591
Amount written off as uncollectible	**(497)**	–
At 30 June**	**200,158**	76,596

* The amount included impairment losses of trade and lease receivables due from the Group's related parties of RMB29,245,000 (six months ended 30 June 2019: reversal of loss allowance of RMB800,000).

** The amount included loss allowance for impairment of trade and lease receivables due from the Group's related parties of RMB35,327,000 (six months ended 30 June 2019: RMB772,000).

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance of prepayments, deposits and other receivables as at 30 June 2020 included a receivable from Hainan White Horse, the non-controlling shareholder of WHA Joint Venture, amounting to RMB125,749,000 (31 December 2019: RMB125,749,000), which is unsecured, interest-free and has no fixed terms of repayment.

16. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND RESTRICTED CASH

As at 30 June 2020, the Group's cash and bank balances, pledged deposits and restricted cash denominated in Renminbi ("**RMB**") and in Hong Kong dollars ("**HK$**") amounted to RMB204,137,000 (31 December 2019: RMB252,024,000) and RMB27,471,000 (31 December 2019: RMB20,964,000), respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

All of the Group's bank balances and pledged deposits are placed with registered banking institutions in the PRC and Hong Kong. The Group's policy is to spread the total bank balance (including pledged deposits) among various creditworthy banks with no recent history of default.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are placed for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

As at 30 June 2020, the Group had pledged deposit of RMB6,000,000 in total (31 December 2019: RMB6,000,000) to bank as security for a letter of guarantee of RMB20,000,000 in total (31 December 2019: RMB20,000,000).

As at 30 June 2020, a bank balance of Nil (31 December 2019: RMB271) was frozen by one of the financial institutions which has commenced legal proceedings against the Company's subsidiary as disclosed in the "Contingent Liabilities" section of this announcement. The directors of the Company are of the view that the dispute will not have any material impact on the interim condensed consolidated financial statements of the Group.

17. SHARE CAPITAL

	30 June 2020 (Unaudited) ***RMB'000***	31 December 2019 (Audited) *RMB'000*
Shares		
Issued and fully paid: 541,700,500 ordinary shares (31 December 2019: 541,700,500) of HK$0.10 each (31 December 2019: HK$0.10)	**56,945**	56,945

18. SHARE AWARD SCHEME

On 31 May 2017, the Board of Directors adopted the share award scheme (the "**Share Award Scheme**"). Under the Share Award Scheme, the Board of Directors may select any employee of the Group (the "**Selected Employee**") and make an award of Shares and cash (if any) ("**Award**") to such Selected Employee and determine the reference awarded sum ("**Reference Awarded Sum**") for the purchase and/or allocation of awarded shares ("**Awarded Shares**"). The Company has appointed an independent trustee ("**Trustee**") for the administration of the Share Award Scheme.

On 31 May 2017, the Board of Directors resolved to grant three Awards comprising an aggregate Reference Awarded Sums of HK$9,600,000 (equivalent to RMB8,165,000) for the purchase of Shares and an aggregate amount of HK$4,800,000 in cash to be awarded to three Selected Employees under the Share Award Scheme. Each Award comprises (i) a share award with a Reference Awarded Sum of HK$3,200,000 and (ii) a cash award of HK$1,600,000.

The Company paid the Trustee a sum of HK$9,600,000 ("**Reference Amount**") from the Company's resources and the Trustee had applied the Reference Amount to purchase the maximum number of board lots of Shares at the prevailing market price and will hold such Shares for the benefit of the relevant Selected Employees in accordance with the Share Award Scheme and the Trust Deed.

Vesting of the three Awards granted is subject to the fulfillment (or waiver) of vesting conditions (including the EBITDA performance of the Group for the years ended 31 December 2017, 2018 and 2019) specified in the Grant Letters. The actual number of Awarded Shares (and their Related Income) and amount of cash award to be vested is subject to the performance of the Group prior to vesting and may be reduced accordingly.

On 20 March 2018, one of the Selected Employees passed away. On 29 May 2018, the Board of Directors resolved to cancel the Award granted to him under the Share Award Scheme. As at 31 December 2019, these Awarded Shares had already been sold off.

On 18 March 2020, the Board of Directors resolved to cancel and sell the remaining Awarded Shares as the vesting conditions were not satisfied. As at 30 June 2020, these Awarded Shares had already been sold off.

No Share Award Scheme expense was recognised in profit or loss for the six months ended 30 June 2020 (six months ended 30 June 2019: RMB665,000).

19. RESERVES

The amount of the Group's reserves and the movements therein for the current period and prior period are presented in the interim condensed consolidated statement of changes in equity on page 5 of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

References are made to the Outlook section of the 2019 annual results announcement of the Company dated 18 March 2020 and the 2019 annual report of the Company, and the trading update and profit warning announcement of the Company dated 17 July 2020.

The Group's revenue began to decline substantially in February 2020 amid the outbreak of Covid-19 which further slowed China's economic growth, negatively impacted customers advertising spend and reduced demand for advertising space. The Group's total revenue bottomed in March 2020 and it had been recovering in the second quarter of 2020.

Mainly due to the substantial revenue decline during the outbreak of Covid-19, the Group's revenue for the six months ended 30 June 2020 was RMB369.1 million, which represented a 50.3% decline, compared with that of the corresponding period in 2019 (six months ended 30 June 2019: RMB742.2 million). For the six months ended 30 June 2020, the Group recorded a net loss attributable to the owners of the parent of RMB352.2 million, which is significantly more than RMB58.2 million, being the net loss attributable to the owners of the parent for the six months ended 30 June 2019. The net loss is mainly due to the substantial decline in the Group's revenue amid the outbreak of Covid-19, the relatively high fixed costs and the impairment losses of trade and lease receivables.

Generally speaking, except for the sales from the clients in the food, educational institution and transport sectors, the revenue from the customers operating in all key industries declined during the period. The revenue contribution from the food sector increased to 19.7% (1H2019: 9.4%) and that from the educational institutional sector increased to 6.1% (1H2019: 2.2%). During the period, 3.8% (1H2019: 1.8%) of total revenue came from clients in the transport industry.

Our employees are our most important asset and their well-being is our top priority. Since the outbreak of Covid-19 we have been strictly following government directives and actively implementing measures to protect the safety and health of our employees. We are continuing to follow such directives. Our deepest appreciation to all our colleagues for their resilience, creativity and professionalism during these challenging times.

OPERATION OVERVIEW

Bus Shelter Advertising

As of 30 June 2020, Clear Media operated the most extensive, standardised bus shelter advertising network in Mainland China, with a total of more than 58,000 panels (as of 30 June 2019: 54,000 panels) covering 24 cities. The Company's bus shelter advertising revenue, net of value added tax, decreased by 50.2% year on year to RMB367.4 million.

The average number of bus shelter panels increased by 3.7% during the first half of 2020. Yield per bus shelter before value added tax ("**yield**") decreased by 52.0% year on year. The decrease was mainly caused by the decline in overall occupancy rate.

Key Cities

For the six months ended 30 June 2020, the revenue from the top three cities Shanghai, Guangzhou and Beijing decreased by 52.1% to RMB216.5 million (1H2019: RMB451.9 million), driven by a lower average occupancy rate of bus shelter panels 36.6% (1H2019: 43.5%).

Mid-tier Cities

The revenue from all mid-tier cities decreased by 47.7% to RMB172.9 million (1H2019: RMB330.4 million) because the average occupancy rate of bus shelter panels operated by the Company decreased.

Digital Panel Advertising

As of 30 June 2020, the Company operated a total of 246 digital panels in Nanjing (as of 30 June 2019: 247). Total sales generated from the digital panel advertising operation, net of value added tax, amounted to RMB1.7 million (1H2019: RMB4.2 million).

FINANCIAL REVIEW

Turnover

The Group's total turnover decreased by 50.3% to RMB369.1 million during the first half of 2020.

Other Income and Gains

Other income and gains decreased from RMB6.0 million in the prior period to RMB2.2 million mainly because the gain on lease modification this period was much smaller than the first half of 2019.

Expenses

During the six months ended 30 June 2020, the Group's total direct operating costs, including rental, electricity and maintenance costs, and sales, cultural and other levies, increased by 4.8% to RMB192.0 million (1H2019: RMB183.2 million).

Electricity costs increased by RMB4.8 million in 1H2020 mainly due to the increase in the electrified bus shelter panels.

Cleaning and maintenance costs decreased by 11.5% mainly due to the revision of applicable maintenance fees as part of the cost control measures.

Total selling, general and administrative expenses, excluding depreciation and amortisation for the six months ended 30 June 2020 increased by 48.7% to RMB221.3 million (1H2019: RMB148.9 million). The higher expenses were driven by the increase in impairment losses on financial assets, RMB102.9 million for the period. Stripping out the effect of the increase in impairment losses, the decrease in selling, general and administrative expenses was mainly due to the decline in sales commission and the expense control measures including the reduction in the salary of the management.

EBITDA

The Group's earnings before interest, tax, depreciation and amortisation ("**EBITDA**") decreased by 111.5% to a loss of RMB45.7 million (1H2019: RMB396.1 million earnings). Excluding the effect of the adoption to HKFRS 16, EBITDA would have decreased to a loss of RMB288.9 million on a like-for-like basis. The decline in like-for-like EBITDA was mainly caused by the decrease in turnover of RMB373.1 million and the increase in impairment losses on financial assets of RMB102.9 million during the period.

A reconciliation of the Group's loss before tax to EBITDA is as follows:

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Loss before tax	**(473,797)**	(59,957)
Add:		
— Foreign exchange loss	**–**	1,916
— Finance costs	**72,583**	82,292
— Depreciation of property, plant and equipment	**7,479**	7,577
— Amortisation of concession rights	**158,003**	170,113
— Amortisation of right-of-use assets	**191,603**	196,553
— Subtotal	**429,668**	458,451
Less:		
— Interest income	**(1,582)**	(2,375)
Subtotal	**(1,582)**	(2,375)
EBITDA	**(45,711)**	396,119

Finance Costs

The Group's finance costs of RMB72.6 million were interest expenses on lease liabilities and certain factoring arrangement (1H2019: RMB82.3 million).

Taxation

According to No. 31 Caishui 2020 "Notice on Preferential Policies for Enterprise Income Tax in Hainan Free Trade Port ("**Hainan FTP**")" published by Ministry of Finance and State Administration of Taxation effective on 23 June 2020, the WHA Joint Venture, a subsidiary of the Company established in the Hainan FTP of the PRC, is subject to a corporate income tax of 15% (2019: 25%) for the head office and 25% (2019: 25%) for its branches on its assessable profits arising in the PRC from 1 January 2020 to 31 December 2024.

Further, a 10% (or a lower rate if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors) withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is therefore liable to withholding taxes on dividends distributed by the WHA Joint Venture, a subsidiary of the Company established in the Hainan Special Economic Zone of the PRC.

During the period, taxes credited for by the Group amounting to RMB91.4 million for the six months ended 30 June 2020 while taxes credited for of RMB5.2 million for the same period last year mainly due to the decrease in assessable profits of the core bus shelter advertising business during the period.

As at 30 June 2020, the Group recognised a deferred tax liability of RMB7.1 million (31 December 2019: RMB10.4 million) and income tax payable of RMB7.6 million (31 December 2019: RMB4.3 million) in respect of the withholding tax on future dividend distribution by WHA Joint Venture.

Net Loss

Net loss attributable to owners of the parent was RMB352.2 million (1H2019: net loss of RMB58.2 million) for the six months ended 30 June 2020.

Cashflow

Net cash flows from operating activities for the current period decreased to RMB134.5 million (1H2019: RMB428.6 million). The decrease was mainly due to the revenue decline and increase in trade and lease receivables.

Net cash flows used in investing activities during the six months ended 30 June 2020 decreased to RMB56.6 million (1H2019: RMB142.6 million) mainly due to a lower level of capital expenditure in the first half of the year.

Net cash flows used in financing activities amounted to RMB119.9 million (1H2019: RMB223.0 million) for the six months ended 30 June 2020 mainly due to the movement in principal and interest elements of lease payments.

Net decrease in cash and cash equivalents for the six months ended 30 June 2020 was RMB42.0 million (1H2019: net increase of RMB63.0 million).

Trade and Lease Receivables

The Group's trade and lease receivables balance decreased by 10.8% to RMB721.2 million as at 30 June 2020 from RMB808.2 million as at 31 December 2019.

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period is generally 90 days, extending up to 180 days for major customers. The Group maintains control over its outstanding receivables. Overdue balances are reviewed regularly and processes are in place to ensure balances are collected. The trade and lease receivables relate to a large number of different customers.

The average trade and lease receivables outstanding days, on a time-weighted basis, increased to 218 days for the current six-month period from 127 days for the same period last year. As at 30 June 2020, the allowance for expected credit losses of the trade and lease receivables increased to RMB200.2 million from RMB93.2 million as at 31 December 2019 due to slower collection from certain customers. Based on the customers' past payment history and settlement subsequent to the period end, the Company's management is of the view that the loss allowance level is adequate as of 30 June 2020. We will continue to closely monitor the trade and lease receivables balance and ensure the level of loss allowance is appropriate and prudent.

Prepayments, Deposits and Other Receivables

The Group's total prepayments, deposits and other receivables as at 30 June 2020 decreased to RMB160.1 million from RMB168.2 million as at 31 December 2019.

The balance as at 30 June 2020 included a receivable from Hainan White Horse, the non-controlling shareholder of the WHA Joint Venture, amounting to RMB125.7 million (31 December 2019: RMB125.7 million), which are unsecured, interest-free and have no fixed terms of repayment.

The decrease in prepayments, deposits and other receivables was mainly due to the decrease of the receivable from Clear Channel International during the year for their professional fees.

Long-term Prepayments, Deposits and Other Receivables

The Group's total long-term prepayments, deposits and other receivables as at 30 June 2020 decreased to RMB119.9 million from RMB121.8 million as at 31 December 2019. They were mainly long-term deposits placed with independent third parties for the rental of the Group's bus shelters in the PRC.

Other Payables and Accruals

The Group's total payables and accruals as at 30 June 2020 were RMB497.8 million, compared to RMB403.9 million as at 31 December 2019. The increase was mainly due to higher bus shelter rental related payables during the period. We consider it inappropriate to give the turnover days against sales figures as the payable is more closely related to capital expenditure incurred for the acquisition of bus shelter concession rights.

Assets and Liabilities

As at 30 June 2020, the Group's total assets amounted to RMB4,744.9 million, a 7.3% decrease from RMB5,116.5 million as at 31 December 2019. The Group's total liabilities increased to RMB2,792.4 million as at 30 June 2020 from RMB2,787.4 million as at 31 December 2019. Net assets as at 30 June 2020 decreased by 16.2% to RMB1,952.5 million from RMB2,329.0 million as at 31 December 2019. This was mainly due to the operating loss in the six months ended 30 June 2020. Net current assets changed from RMB300.2 million as at 31 December 2019 to net current liabilities of RMB14.9 million as at 30 June 2020.

As at 30 June 2020, the Group's total cash and cash equivalents amounted to RMB225.6 million (31 December 2019: RMB267.0 million).

Share Capital and Shareholders' Equity

Total issued and fully paid share capital remained at RMB56.9 million as at 30 June 2020. Total shareholders' equity for the Group as at 30 June 2020 decreased by 16.2% to RMB1,952.5 million, from RMB2,329.0 million as at 31 December 2019. The Group's reserves as at 30 June 2020 amounted to RMB1,800.1 million, a 16.1% decrease over the corresponding balance of RMB2,146.3 million as at 31 December 2019. This was mainly due to the net loss for the period ended 30 June 2020.

Exposure to Foreign Exchange Risk

The Group's only investment in China remains its operating vehicle, the WHA Joint Venture, which solely conducts business within the PRC. WHA Joint Venture's operations, the bulk of its turnover, capital investment and expenses are denominated in RMB. As at the date of this announcement, the Group has not experienced any difficulties in obtaining government approval for its necessary foreign exchange purchases. During the six-month period ended 30 June 2020, the Group did not issue any financial instruments for hedging purposes.

Liquidity, Financial Resources, Borrowing and Gearing

The Group finances its operations and investment activities mainly with internally generated cash flow.

As at 30 June 2020, the Group's total cash and cash equivalents amounted to RMB225.6 million (31 December 2019: RMB267.0 million). The Group had no short-term or long-term debt outstanding as at 30 June 2020 (31 December 2019: Nil).

The Group's current policy is to maintain a low level of gearing. This policy is reviewed on an annual basis. We plan to invest in and expand our bus shelter network, and explore investment opportunities in complementary out-of-home platform with the aim to increase return to shareholders. Such investment is expected to be funded from the cash on the balance sheet and the Company's future operating cash flows.

Capital Expenditure

For the six months ended 30 June 2020, the Group invested RMB42.6 million in the construction of bus shelters and acquisition of concession rights, and RMB0.9 million on fixed assets, compared to RMB50.6 million and RMB1.4 million, respectively, for the same period last year.

Material Acquisitions and Disposals

There were no other material acquisitions or disposals of any subsidiaries, associates or joint ventures of the Group during the six months ended 30 June 2020.

Employment, Training and Development

The Group's revenue began to decline substantially in February 2020 amid the outbreak of Covid-19 which further slowed China's economic growth, negatively impacted customers advertising spend and reduced demand for advertising space. Various cost and expense control measures, including the reduction in the salary of the management, were introduced. As at 30 June 2020, the Group had a total of 563 employees, representing an decrease of 6.3% compared to the same period in 2019 and total wages and salaries decreased by 21.1% due to the decrease in total number of employees and the reduction in salary.

As a matter of policy, employees are remunerated based on their performance, experience and the prevailing industry practices, and compensation policies and packages are reviewed on a regular basis. Bonuses are linked to the performance of both the Group and the individual as recognition of value creation. Share options are also granted to senior management in an effort to align their individual interests with the Group's interests. Training courses and conferences aimed at improving team members' knowledge and skills were organized throughout the period.

Charges on Group Assets

As at 30 June 2020, the Group had pledged deposit of RMB6.0 million (31 December 2019: RMB6.0 million) to bank as security for a letter of guarantee of RMB20.0 million (31 December 2019: RMB20.0 million).

As at 30 June 2020, a bank balance of Nil (31 December 2019: RMB271) was frozen in respect of a legal claim discussed in the "Contingent Liabilities" section below.

Capital Commitments

As at 30 June 2020, the Group had capital commitments contracted but not provided for in relation to the construction of bus shelters amounting to RMB147.3 million (31 December 2019: RMB139.7 million).

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 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 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 announcement, 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.

FINANCIAL KEY PERFORMANCE INDICATOR

EBITDA as the financial key performance indicator

EBITDA is the Group's earnings before interest, tax, depreciation and amortisation. The Company uses the Group's EBITDA as the financial key performance indicator. The Company's aim is to increase the Group's EBITDA. We monitor the Group's EBITDA for the current period and make comparison with that in the same period of the previous year as a measure of the performance, on a like-for-like basis. Details of the Group's EBITDA are set out in the "EBITDA" section.

KEY RELATIONSHIPS

Relationships with Vendors

We have established relationships with over 11 major suppliers for the construction and supply of bus shelters and other outdoor media. Except for one vendor who has allegedly engaged in certain fraudulent activities as set out in the "Contingent Liabilities" section and was replaced with other third party suppliers, we have no major events affecting our relationships with our suppliers. An annual internal evaluation, led by our Engineering Department, is performed to measure the financial, technical, quality and logistics performance of these suppliers.

Relationships with Employees

The Group's revenue began to decline substantially in February 2020 amid the outbreak of Covid-19 which further slowed China's economic growth, negatively impacted customers advertising spend and reduced demand for advertising space. Various cost and expense control measures, including the reduction in the salary of the management, were introduced. During the period, apart from the reduction in salary, we are not aware of any major event affecting our relationships with our employees.

Relationships with Customers

Our sales team interact closely with advertising clients' marketing personnel and their advertising agents. In addition, our sales team identify new advertising clients every year. During the period, the total number of advertising clients decreased to 424 for the six months ended 30 June 2020 from 440 in the same period last year.

OUTLOOK

Management expects the overall outdoor advertising market to remain challenging in the second half of 2020 given the risks of new waves of the outbreak of Covid-19 and the uncertainties of the external environment which could negatively impact customers' advertising spend. The Group is intensifying its efforts to reorganise the sales and maintenance organisation, broaden the customer base, target growth industries, attract customers with a flexible pricing policy and further implement cost savings initiatives including temporary salary reduction. The Group continues to control and reduce capital expenditure to maintain capital liquidity.

The Group's revenue began to decline substantially during February 2020 amid the outbreak of Covid-19 which further slowed China's economic growth, negatively impacted customers advertising spend and reduced demand for advertising space. The Group's revenue bottomed in March 2020. Although the Group's revenue had been recovering in the second quarter of 2020, given the magnitude of the revenue decline and the net loss attributable to the owners of the parent reported for the six months ended 30 June 2020, if the revenue trend does not significantly improve in the second half of 2020, the Group expects to record a net loss attributable to the owners of the parent to be reported for the full year of 2020 at an amount more than that for the full year of 2019.

CORPORATE GOVERNANCE

The Board is committed to the principles of corporate governance for a transparent, responsible and value-driven management that is focused on enhancing shareholders' value. In order to reinforce independence, accountability and responsibility, the role of Clear Media's Chairman is separate from that of Clear Media's Chief Executive Officer. The Board has established an Audit Committee, a Remuneration Committee, a Nomination Committee, a Capital Expenditure Committee, a Cash Committee, a Directors' Securities Dealing Committee and a Risk Committee with defined terms of reference.

Corporate governance practices adopted by the Group during the period from 1 January 2020 to 30 June 2020 are in line with the code provisions set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

None of the directors of the Company is aware of any information that would reasonably indicate that Clear Media is not, or was not for any part of the period from 1 January 2020 to 30 June 2020, in compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE OF APPENDIX 10 OF THE LISTING RULES

The directors of the Company confirm that the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules has been adopted, and all Directors, following specific enquiry by Clear Media, have confirmed their compliance during the six months period under review.

AUDIT COMMITTEE

The Audit Committee is comprised of a majority of independent non-executive Directors with substantial expertise in finance as well as relevant market experience. The Audit Committee has reviewed the accounting policies and practices adopted by the Group as well as the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2020. The Audit Committee has also discussed with the external auditors their work in relation to the interim review. As part of discharging its responsibilities, the Audit Committee has also met with the internal auditor and monitored his work on internal controls, risk management and financial reporting matters during the period.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Other than the sale of the 705,800 Awarded Shares under the Share Award Scheme as mentioned in note 18 to the interim condensed consolidated financial statements, neither Clear Media nor any of its subsidiaries has purchased, sold or redeemed any of Clear Media's securities during the interim period.

PUBLIC FLOAT

Trading in the shares of the Company has been suspended since 14 July 2020. Please refer to the Company's announcement dated 14 July 2020 for details.

The Company will make further announcement to inform its shareholders and potential investors of the development as and when appropriate pursuant to the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Clear Media Limited
Joseph Tcheng
Chairman

Hong Kong, 12 August 2020

As at the date of this announcement, the directors of the Company are:

Executive Directors:
Mr. Joseph Tcheng
Mr. Han Zi Jing
Mr. Zhang Huai Jun

Non-executive Director:
Mr. Peter Cosgrove

Independent Non-executive Directors:
Mr. Robert Gazzi
Mr. Wang Shou Zhi
Mr. Christopher Thomas

Alternate Director:
Mr. Zou Nan Feng
(alternate to Mr. Zhang Huai Jun)