The Group's 2020 total revenue declined by 28.4% to RMB1,035.7 million mainly due to reduced demand for advertising space amid the outbreak of Covid-19. Total monthly revenue started to decline during 1Q2020 on the back of the Covid-19 outbreak in Mainland China. As the pandemic became under control, total monthly revenue began to recover in 2Q2020. The recovery of monthly revenue continued in 3Q2020 and 4Q2020. Total revenue in 4Q2020 slightly exceeded the level in 4Q2019.

The Group's earnings before interest, tax, depreciation and amortization declined by 37.7% to RMB505.3 million, mainly due to the revenue decline.

Net loss[1] increased from RMB86.9 million in 2019 to RMB246.7 million in 2020, mainly due to the revenue decline and the relatively high fixed costs.

Loss per share increased from RMB0.1606 in 2019 to RMB0.4557 in 2020.

CLEAR MEDIA LIMITED
白馬戶外媒體有限公司 *

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The Board of Directors (the "Board") of Clear Media Limited (the "Company" or "Clear Media") and its subsidiaries (hereinafter collectively referred to as the "Group") are pleased to announce that the audited consolidated results of the Group for the year ended 31 December 2020, which has been reviewed by the Audit Committee of the Company, together with the comparative results for the previous year, are as follows:

1. Net loss attributable to owners of the parent.

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Revenue	4	**1,035,724**	1,445,850
Cost of sales	6	**(962,717)**	(999,726)
Gross profit		**73,007**	446,124
Other income and gains	4	**26,652**	19,181
Selling and distribution expenses		**(126,646)**	(165,011)
Administrative expenses		**(134,301)**	(184,902)
Impairment losses on financial assets, net		**(23,241)**	(24,131)
Other expenses	5	**(3,188)**	(19,567)
Finance costs		**(145,809)**	(165,022)
LOSS BEFORE TAX	6	**(333,526)**	(93,328)
Income tax credit	7	**56,623**	9,190
LOSS FOR THE YEAR		**(276,903)**	(84,138)
ATTRIBUTABLE TO:			
Owners of the parent		**(246,714)**	(86,854)
Non-controlling interests		**(30,189)**	2,716
LOSS FOR THE YEAR		**(276,903)**	(84,138)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	9	**(0.4557)**	(0.1606)
Diluted (RMB)	9	**(0.4557)**	(0.1606)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	2020	2019
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(276,903)**	(84,138)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(981)**	2,312
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(981)**	2,312
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(277,884)**	(81,826)
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:		
Owners of the parent	**(247,695)**	(84,542)
Non-controlling interests	**(30,189)**	2,716
	(277,884)	(81,826)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	**31 December 2020** **RMB'000**	31 December 2019 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**60,697**	181,960
Concession rights	*11*	**1,325,788**	1,447,629
Right-of-use assets	*12*	**1,599,854**	2,012,557
Long-term prepayments, deposits and other receivables	*13*	**75,634**	121,821
Deferred tax assets	*17*	**156,526**	103,145
Total non-current assets		**3,218,499**	3,867,112
CURRENT ASSETS			
Trade and lease receivables	*14*	**675,803**	808,222
Prepayments, deposits and other receivables	*15*	**211,303**	168,154
Pledged deposits and restricted cash	*16*	**6,000**	6,000
Cash and cash equivalents	*16*	**443,529**	266,988
Total current assets		**1,336,635**	1,249,364
CURRENT LIABILITIES			
Other payables and accruals		**463,128**	403,935
Deferred income		**3,895**	11,024
Tax payable		**94,723**	117,255
Current lease liabilities	*12*	**422,216**	416,960
Total current liabilities		**983,962**	949,174
NET CURRENT ASSETS		**352,673**	300,190
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,571,172**	4,167,302
NON-CURRENT LIABILITIES			
Deferred tax liabilities	*17*	**7,098**	10,375
Non-current lease liabilities	*12*	**1,505,359**	1,827,891
Total non-current liabilities		**1,512,457**	1,838,266
Net assets		**2,058,715**	2,329,036

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	**31 December 2020** *RMB'000*	31 December 2019 *RMB'000*
EQUITY			
Equity attributable to owners of the parent			
Share capital	*18*	**56,945**	56,945
Reserves		**1,903,882**	2,146,342
		1,960,827	2,203,287
Non-controlling interests		**97,888**	125,749
Total equity		**2,058,715**	2,329,036

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 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	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 year	–	–	–	–	–	–	–	–	(86,854)	(86,854)	2,716	(84,138)
Other comprehensive income for the year												
— Exchange differences related to foreign operations	–	–	–	–	–	2,312	–	–	–	2,312	–	2,312
Total comprehensive income/(loss) for the year	–	–	–	–	–	2,312	–	–	(86,854)	(84,542)	2,716	(81,826)
Equity-settled share option arrangements	–	–	2,395	–	–	–	–	–	–	2,395	–	2,395
Sales of shares held under the share award scheme	–	(1,352)	–	–	–	–	–	2,722	–	1,370	–	1,370
Reversal of share award scheme expenses upon the lapse of share award scheme	–	–	–	–	–	–	(1,964)	–	–	(1,964)	–	(1,964)
Dividends payable to a non-controlling shareholder of a subsidiary offset by receivable from a non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	(24,271)	(24,271)
Final 2018 dividend paid	–	–	–	–	–	–	–	–	(81,121)	(81,121)	–	(81,121)
At 31 December 2019	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
As at 1 January 2020	**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 year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(246,714)**	**(246,714)**	**(30,189)**	**(276,903)**
Other comprehensive loss for the year												
— Exchange differences related to foreign operations	**–**	**–**	**–**	**–**	**–**	**(981)**	**–**	**–**	**–**	**(981)**	**–**	**(981)**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**(981)**	**–**	**–**	**(246,714)**	**(247,695)**	**(30,189)**	**(277,884)**
Equity-settled share option arrangements	**–**	**–**	**432**	**–**	**–**	**–**	**–**	**–**	**–**	**432**	**–**	**432**
Sales of shares held under the share award scheme	**–**	**(640)**	**–**	**–**	**–**	**–**	**–**	**5,443**	**–**	**4,803**	**–**	**4,803**
Capital contribution from non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,328**	**2,328**
At 31 December 2020	**56,945**	**747,221***	**16,373***	**65,461***	**248,531***	**(3,474)***	**–***	**–***	**829,770***	**1,960,827**	**97,888**	**2,058,715**

* These reserve accounts comprise the consolidated reserves of RMB1,903,882,000 (2019: RMB2,146,342,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Notes	**2020** **RMB'000**	2019 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(333,526)**	(93,328)
Adjustments for:			
Finance costs		**145,809**	165,022
Interest income	*6*	**(4,372)**	(4,944)
(Gain)/loss on disposal of items of property, plant and equipment	*6*	**(18)**	58
Loss on disposal of concession rights	*6*	**3,206**	17,593
Depreciation of items of property, plant and equipment	*6*	**13,642**	14,942
Amortisation of concession rights	*6*	**307,135**	335,669
Amortisation of right-of-use assets on bus shelters	*12*	**339,674**	355,271
Amortisation of right-of-use assets on premises	*12*	**36,905**	36,119
Impairment losses of trade and lease receivables	*6*	**23,351**	24,334
Impairment losses of prepayments, deposits and other receivables	*6*	**–**	21,619
Gain on lease modifications/remeasurements	*6*	**(9,249)**	(3,270)
Covid-19-related rent concessions from lessors	*12*	**(33,099)**	–
Foreign exchange losses, net	*6*	**–**	1,916
Recognition of share award scheme expenses	*6*	**–**	(1,964)
Equity-settled share option expenses	*6*	**432**	2,395
		489,890	871,432
Decrease/(increase) in long-term prepayments, deposits and other receivables		**46,187**	(27,999)
Decrease in trade and lease receivables		**109,068**	30,057
(Increase)/decrease in prepayments, deposits and other receivables		**(42,872)**	313
Increase/(decrease) in other payables and accruals		**86,793**	(125,949)
Decrease in deferred income		**(7,129)**	(1,987)
Decrease in pledged deposits and restricted cash		**–**	(206)
Cash generated from operations		**681,937**	745,661
Interest paid		**(1,531)**	–
Income taxes paid		**(22,567)**	(120,864)
Net cash flows from operating activities		**657,839**	624,797

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment, excluding construction in progress		**(2,854)**	(6,193)
Proceeds from disposal of items of property, plant and equipment		**700**	89
Proceeds from disposal of concession rights		**53**	48
Purchase of concession rights		**(126,103)**	(334,215)
Interest received		**4,795**	5,972
Net cash flows used in investing activities		**(123,409)**	(334,299)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal and interest elements of lease payments	*12*	**(364,041)**	(417,661)
Capital contribution from non-controlling shareholders		**2,328**	–
Dividends paid to shareholders		**–**	(81,121)
Proceeds from selling of shares held under the share award scheme		**4,803**	1,522
Net cash flows used in financing activities		**(356,910)**	(497,260)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**177,520**	(206,762)
Cash and cash equivalents at beginning of year		**266,988**	473,508
Effect of foreign exchange rate changes, net		**(979)**	242
CASH AND CASH EQUIVALENTS AT END OF YEAR		**443,529**	266,988
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**443,529**	266,988

NOTES TO FINANCIAL STATEMENTS

31 December 2020

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

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)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) 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.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. 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 hedging relationships.

(d) 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 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 for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's bus shelters and office buildings have been reduced or waived by the lessors upon reducing the scale of production as a result of the 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 pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB33,099,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020.

(e) 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, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group had no interest-bearing bank and other borrowings denominated in RMB and foreign currencies based on various Interbank Offered Rates as at 31 December 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRSs 2018–2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers*	**1,035,724**	1,433,413
Revenue from other sources:		
Rental income from outdoor advertising spaces	**–**	12,437
	1,035,724	1,445,850
Other income		
Interest income	**4,372**	4,944
Government subsidy	**9,935**	10,967
	14,307	15,911
Gains		
Gain on lease modifications/remeasurements	**9,249**	3,270
Others	**3,096**	–
	12,345	3,270
	26,652	19,181

* *Revenue from contracts with customers*

Revenue from contracts with customers represented the advertising income generated from the outdoor advertising spaces in Mainland China. The performance obligation is satisfied over time and the payment is generally due within 90 to 180 days from delivery of services.

As of 31 December 2020, the Company's future minimum rentals under non-cancellable operating leases with tenants were nil (2019: Nil).

5. OTHER EXPENSES

	2020	2019
	RMB'000	*RMB'000*
Foreign exchange loss	**–**	1,916
Loss on disposal of concession rights and items of property, plant and equipment, net	**3,188**	17,651
	3,188	19,567

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	2020 RMB'000	2019 RMB'000
Cost of services provided		**233,516**	266,864
Lease payments on bus shelters not included in the measurement of lease liabilities		**–**	15,187
Services fees on bus shelters		**81,207**	26,735
Amortisation of concession rights	*11*	**307,135**	335,669
Amortisation of right-of-use assets		**340,859**	355,271
Cost of sales		**962,717**	999,726
Impairment losses of trade and lease receivables	*14*	**23,351**	24,334
Impairment losses of prepayments, deposits and other receivables		**–**	21,619
Bad debt recovered		**(110)**	(203)
Auditors' remuneration		**3,631**	5,239
Depreciation of items of property, plant and equipment	*10*	**13,642**	14,942
Loss on disposal of concession rights		**3,206**	17,593
(Gain)/loss on disposal of items of property, plant and equipment		**(18)**	58
Gain on lease modifications/remeasurements	*4*	**(9,249)**	(3,270)
Lease payments on premises not included in the measurement of lease liabilities		**3,427**	3,126
Property management fee on buildings		**6,398**	6,042
Amortisation of right-of-use assets on premises		**35,720**	36,119
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		**119,184**	147,444
Equity-settled share option expenses		**432**	2,395
Share award scheme expenses		**–**	(1,964)
Pension scheme contributions		**6,734**	18,071
		126,350	165,946
Additional professional fees as a result of the misappropriation incident and related investigation		**1,776**	6,605
Foreign exchange loss	*5*	**–**	1,916
Finance costs — interest on lease liabilities	*12*	**144,278**	165,022
Interest income	*4*	**(4,372)**	(4,944)

7. INCOME TAX

The Group is subject to income tax on entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company and its Hong Kong subsidiary carry on business in Hong Kong and are subject to Hong Kong profits tax at a rate of 16.5% (2019: 16.5%). However, no provision for Hong Kong profits tax has been made since no assessable profits were generated in Hong Kong during the reporting period.

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, WHA Joint Venture, a subsidiary of the Company established in the Hainan FTP of the PRC, is subject to corporate income taxes 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.

	2020	2019
	RMB'000	*RMB'000*
Current — Hong Kong profits tax	**–**	–
Current — PRC corporate income tax	**(3,242)**	24,002
Deferred tax	**(53,381)**	(33,192)
Total tax credit for the year	**(56,623)**	(9,190)

A reconciliation of the tax expense applicable to loss before tax using the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax credit at the effective tax rate is as follows:

	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
Loss before tax	**(333,526)**		(93,328)	
Tax at the PRC statutory tax rate	**(83,381)**	**25.0**	(23,332)	25.0
Effect of different applicable tax rates for certain subsidiaries	**17,547**	**(5.3)**	2,449	(2.6)
Effect on opening deferred tax of decrease in rates	**8,185**	**(2.5)**	–	–
Income not subject to tax	**15**	**0**	(81)	0.1
Expenses not deductible for tax	**4,833**	**(1.4)**	7,043	(7.5)
Tax losses not recognised	**135**	**0**	–	–
Effect of withholding tax on the distributable profits of the Group's PRC subsidiary	**–**	**0**	7,484	(8.0)
Others	**(3,957)**	**1.2**	(2,753)	2.9
Tax credit at the Group's effective tax rate	**(56,623)**	**17.0**	(9,190)	9.9

8. DIVIDENDS

	2020 *RMB'000*	2019 *RMB'000*
Special dividend — Nil (2019: Nil) per ordinary share	**–**	–
Proposed final — Nil (2019: Nil) per ordinary share	**–**	–
	–	–

At the meeting of board of directors held on 17 March 2021, the directors resolved not to pay any dividend to the shareholders in respect of year ended 31 December 2020 (2019: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent of RMB246,714,000 (year ended 31 December 2019: loss of RMB86,854,000), and the weighted average number of ordinary shares in issue less shares held under the Company's share award scheme of 541,440,164 (year ended 31 December 2019: 540,766,755) during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2020 and 2019 in respect of a dilution as the impact of the share options had an anti-dilutive effect on the basic loss per share amounts presented and the Group had no potentially dilutive ordinary shares in issue related to the share award scheme during the years ended 31 December 2020 and 2019.

The calculations of basic and diluted loss per share are based on:

	2020 *RMB'000*	2019 *RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(246,714)**	(86,854)

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic loss per share calculation	**541,440,164**	540,766,755
Effect of dilution — weighted average number of ordinary shares:		
Share options	**–**	–
Share awards	**–**	–
	541,440,164	540,766,755

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *RMB'000*	Furniture and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2020					
At 1 January 2020					
Cost	60,254	18,883	36,966	156,088	272,191
Accumulated depreciation	(51,626)	(13,107)	(25,498)	–	(90,231)
Net carrying amount	8,628	5,776	11,468	156,088	181,960
At 1 January 2020, net of accumulated depreciation	8,628	5,776	11,468	156,088	181,960
Additions	357	1,503	1,020	9,597	12,477
Disposals	–	(65)	(617)	–	(682)
Depreciation provided during the year	(6,350)	(2,830)	(4,462)	–	(13,642)
Exchange realignment	–	(2)	–	–	(2)
Transfers to concession rights *(note 11)*	–	–	–	(119,414)	(119,414)
At 31 December 2020, net of accumulated depreciation	2,635	4,382	7,409	46,271	60,697
At 31 December 2020:					
Cost	60,546	19,078	33,516	46,271	159,411
Accumulated depreciation	(57,911)	(14,696)	(26,107)	–	(98,714)
Net carrying amount	2,635	4,382	7,409	46,271	60,697

	Leasehold improvements *RMB'000*	Furniture and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2019					
At 1 January 2019					
Cost	60,164	18,559	35,995	74,368	189,086
Accumulated depreciation	(43,808)	(11,497)	(24,574)	–	(79,879)
Net carrying amount	16,356	7,062	11,421	74,368	109,207
At 1 January 2019, net of accumulated depreciation	16,356	7,062	11,421	74,368	109,207
Additions	71	2,066	3,985	143,350	149,472
Disposals	–	(56)	(91)	–	(147)
Depreciation provided during the year	(7,799)	(3,296)	(3,847)	–	(14,942)
Exchange realignment	–	–	–	–	–
Transfers to concession rights *(note 11)*	–	–	–	(61,630)	(61,630)
At 31 December 2019, net of accumulated depreciation	8,628	5,776	11,468	156,088	181,960
At 31 December 2019:					
Cost	60,254	18,883	36,966	156,088	272,191
Accumulated depreciation	(51,626)	(13,107)	(25,498)	–	(90,231)
Net carrying amount	8,628	5,776	11,468	156,088	181,960

11. CONCESSION RIGHTS

	RMB'000
31 December 2020	
Cost at 1 January 2020, net of accumulated amortisation and impairment	**1,447,629**
Additions	**69,139**
Transfer from construction in progress *(note 10)*	**119,414**
Disposals, impairment, write-off and write-down	**(3,259)**
Amortisation during the year	**(307,135)**
At 31 December 2020	**1,325,788**
At 31 December 2020	
Cost	**4,875,452**
Accumulated amortisation and impairment	**(3,549,664)**
Net carrying amount	**1,325,788**
31 December 2019	
Cost at 1 January 2019 net of accumulated amortisation and impairment	1,598,423
Additions	140,886
Transfer from construction in progress *(note 10)*	61,630
Disposals, impairment, write-off and write-down	(17,641)
Amortisation during the year	(335,669)
At 31 December 2019	1,447,629
At 31 December 2019	
Cost	4,779,339
Accumulated amortisation and impairment	(3,331,710)
Net carrying amount	1,447,629

Note:

All of the Group's bus shelter concession rights are granted by entities authorised by local governmental agencies in the PRC which have control over the construction and management of bus shelters. Under these concessions, the Group assumes responsibility for the construction and ongoing maintenance of the bus shelters and pays annual fixed fees to the entities authorised by local governmental agencies. In exchange, the Group has the exclusive rights to sell advertising spaces on these bus shelters during the terms of the concessions.

The Group's bus shelter concession contracts have initial terms of five to twenty years. As at 31 December 2020, the weighted average remaining term of the concession rights currently held by the Group was more than seven years. In terms of renewal rights, approximately 42% of the concession rights held by the Group, based on the total number of bus shelters granted to the Group, grant the Group the priority purchase to renew the concession contracts provided that the terms offered by the Group are no less favourable than those offered by competing tenders.

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 year are as follows:

	Bus shelters *RMB'000*	**Premises** *RMB'000*	**Total** *RMB'000*
As at 1 January 2019	2,223,096	197,203	2,420,299
Additions	–	17,506	17,506
Amortisation charge	(355,271)	(36,119)	(391,390)
Modifications/Remeasurements	(22,232)	(11,626)	(33,858)
As at 31 December 2019 and 1 January 2020	1,845,593	166,964	2,012,557
Additions	**–**	**5,249**	**5,249**
Amortisation charge	**(339,674)**	**(36,905)**	**(376,579)**
Modifications/Remeasurements	**(39,908)**	**(1,465)**	**(41,373)**
As at 31 December 2020	**1,466,011**	**133,843**	**1,599,854**

(b) Lease liabilities

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

	2020 **Lease liabilities** ***RMB'000***	2019 Lease liabilities *RMB'000*
Carrying amount at 1 January	**2,244,851**	2,535,418
New leases	**5,249**	17,506
Accretion of interest recognised during the year	**144,278**	165,022
Modifications/Remeasurements	**(61,036)**	(41,888)
Payments	**(364,041)**	(417,661)
Covid-19-related rent concessions from lessors	**(33,099)**	–
Reduction in accordance with the original lease terms	**(8,627)**	(13,546)
Carrying amount at 31 December	**1,927,575**	2,244,851
Analysed into:		
Current portion	**422,216**	416,960
Non-current portion	**1,505,359**	1,827,891

As disclosed in note 2.1 to the announcement, the Group has early adopted the amendment to HKFRS 16 and applied the practical expedient to all eligible rent concessions granted by the lessors for leases of bus shelters and premises during the year.

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

	2020 RMB'000	2019 RMB'000
Interest on lease liabilities	**144,278**	165,022
Amortisation charge of right-of-use assets	**376,579**	391,390
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 (included in cost of sales and expenses)	**4,227**	18,313
Gain on lease modifications/remeasurements	**9,249**	3,270
Covid-19-related rent concessions from lessors	**(33,099)**	–
Reduction in accordance with the original lease terms	**(8,627)**	(13,546)
Total amount recognised in profit or loss	**492,607**	564,449

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

	2020 RMB'000	2019 RMB'000
Within operating activities	**4,779**	18,313
Within financing activities	**364,041**	417,661

13. LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Long-term prepayments and deposits amounting to RMB22,228,000 (31 December 2019: RMB75,870,000) have been placed with certain independent third parties in connection with the extension and renewal of certain of the Group's bus shelter concession rights in the PRC.

The balance as at 31 December 2020 also included a non-current portion of a prepaid bus shelter service fee payment amounting to RMB30,800,000 (31 December 2019: RMB21,986,000) and a long-term rental deposit of RMB22,606,000 (31 December 2019: RMB23,965,000).

14. TRADE AND LEASE RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade and lease receivables	**753,520**	901,419
Impairment	**(77,717)**	(93,197)
	675,803	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 RMB318,138,000 (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:

	2020	2019
	RMB'000	*RMB'000*
Within 6 months	**516,025**	594,122
6 to 12 months	**126,107**	202,534
1 to 1.5 years	**31,653**	10,034
1.5 to 2 years	**2,018**	1,532
Over 2 years	**–**	–
Total trade and lease receivables, net	**675,803**	808,222

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

	2020	2019
	RMB'000	*RMB'000*
At beginning of year	**93,197**	72,005
Impairment losses* *(note 6)*	**23,351**	24,334
Amount written off as uncollectible	**(38,831)**	(3,142)
At end of year**	**77,717**	93,197

* The amount included impairment losses of trade and lease receivables due from the Group's related parties of RMB12,924,000 (2019: RMB4,510,000).

** The amount included loss allowance for impairment of trade and lease receivables due from the Group's related parties of RMB19,006,000 (2019: RMB6,082,000).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and lease receivables are written off if past due for more than 1.5 years and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade and lease receivables using a provision matrix:

As at 31 December 2020

		Past due				
	Current	**Less than 6 months**	**6 to 12 months**	**1 to 1.5 years**	**Over 1.5 years**	**Total**
Expected credit loss rate	**2.83%**	**9.47%**	**41.19%**	**78.99%**	**100.00%**	**9.92%**
Gross carrying amount (RMB'000)	**561,625**	**139,299**	**53,826**	**9,603**	**18,884**	**783,237***
Expected credit losses (RMB'000)	**15,883**	**13,192**	**22,172**	**7,586**	**18,884**	**77,717****

As at 31 December 2019

		Past due				
	Current	Less than 6 months	6 to 12 months	1 to 1.5 years	Over 1.5 years	Total
Expected credit loss rate	1.47%	8.17%	51.01%	79.54%	100.00%	6.19%
Gross carrying amount (RMB'000)	625,777	220,549	20,480	7,485	11,251	885,542*
Expected credit losses (RMB'000)	9,198	18,015	10,446	5,953	11,251	54,863**

* The gross carrying amount represented the balance before considering the impact of volume rebates. The Group collects trade and lease receivables on a gross basis and settles volume rebates annually in cash with the customers.

** The Group's loss allowance included expected credit losses and individual impairment. The individually impaired trade and lease receivables as at 31 December 2020 amounted to nil (2019: RMB38,334,000), which were related to customers that were in financial difficulties or were in default in interest and/or principal payments.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance of prepayments, deposits and other receivables as at 31 December 2020 included a receivable from Hainan White Horse Advertising Co., Ltd. ("Hainan White Horse"), the non-controlling shareholder of WHA Joint Venture, amounting to RMB125,539,000 (31 December 2019: RMB125,749,000), which is unsecured, interest-free and has no fixed terms of repayment. During the year ended 31 December 2020, the impairment losses provided against receivables from Hainan White Horse were nil (2019: RMB21,619,000). The receivable amount from Hainan White Horse was assessed against its carrying amount in non-controlling interests, and impairment losses were recognised as the recoverability of the receivable amount exceeding the carrying amount of the non-controlling interests will be uncertain over a prolonged period.

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

At the end of the reporting period, the Group's cash and bank balances, pledged deposits and restricted cash denominated in Renminbi ("RMB") and in Hong Kong dollars ("HK$") amounted to RMB429,074,000 (2019: RMB252,024,000) and RMB20,455,000 (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 balances (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 31 December 2020, the Group had pledged deposits of RMB6,000,000 in total (2019: RMB6,000,000) to banks as securities for two letters of guarantee of RMB20,000,000 in total (2019: RMB20,000,000).

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

17. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities/(assets)

	2020			
	Depreciation and amortisation allowance in excess of related depreciation and amortisation, operating lease, accrued expenses and other temporary differences *RMB'000*	**Withholding tax** *RMB'000*	**Loss available for offsetting against future taxable profit** *RMB'000*	**Total** *RMB'000*
At 1 January 2020	**(103,145)**	**10,375**	**–**	**(92,770)**
Deferred tax credited to the statement of profit or loss during the year	**(5,621)**	**–**	**(47,760)**	**(53,381)**
Transferred to tax payable	**–**	**(3,277)**	**–**	**(3,277)**
At 31 December 2020	**(108,766)**	**7,098**	**(47,760)**	**(149,428)**

	2019		
	Depreciation and amortisation allowance in excess of related depreciation and amortisation, accrued expenses and other temporary differences	Withholding tax	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2019	(62,469)	10,536	(51,933)
Deferred tax (credited)/charged to the statement of profit or loss during the year	(40,676)	7,484	(33,192)
Transferred to tax payable	–	(7,645)	(7,645)
At 31 December 2019	(103,145)	10,375	(92,770)

The Group has tax losses of RMB17,284,000 (equivalent to HK$20,537,000) (2019: RMB18,354,000 (equivalent to HK$20,537,000)) arising in Hong Kong. Deferred tax assets have not been recognised in respect of the tax losses since the possibility of utilising such amount is considered remote.

Pursuant to the PRC Corporate Income Tax Law, a 10% 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. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2020, deferred tax liabilities for withholding taxes have not been provided on unremitted earnings of RMB763,919,000 (2019: RMB983,142,000) of a subsidiary in Mainland China. In the opinion of the directors, it is not probable that this subsidiary will distribute such earnings in the foreseeable future.

18. SHARE CAPITAL

	2020	2019
	RMB'000	*RMB'000*
Shares		
Issued and fully paid:		
541,700,500 ordinary shares (2019: 541,700,500) of HK$0.1 each (2019: HK$0.1)	**56,945**	56,945

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

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 monthly revenue bottomed in March 2020 and it had been recovering in the second quarter of 2020. The recovery in total monthly revenue continued in 3Q2020 and 4Q2020. Total revenue in 4Q2020 slightly exceeded the level in 4Q2019.

Mainly due to the substantial revenue decline during the outbreak of Covid-19, the Group's revenue for the year ended 31 December 2020 was RMB1,035.7 million, which represented a 28.4% decline, compared with that of the corresponding period in 2019 (year ended 31 December 2019: RMB1,445.9 million). For the year ended 31 December 2020, the Group recorded a net loss attributable to the owners of the parent of RMB246.7 million, which is significantly more than RMB86.9 million, being the net loss attributable to the owners of the parent for the year ended 31 December 2019. The net loss is mainly due to the substantial decline in the Group's revenue amid the outbreak of Covid-19 and the relatively high fixed costs.

Generally speaking, except for the sales revenue contribution from the clients in the IT digital product, educational institution and transport sectors, the contribution from the customers operating in all key industries declined during the year. The revenue contribution from the IT digital product sector increased to 19.2% (2019: 17.3%) and that from the educational institutional sector increased to 18.1% (2019: 1.9%). During the year, 3.7% (2019: 2.8%) of total revenue came from clients in the transport industry.

During the Covid-19 pandemic, we have been strictly following government directives and actively implementing measures to protect the safety and health of our employees. During the year, the Group reorganized its sales teams and maintenance organisation; and implemented flexible pricing policies and various cost saving initiatives. The Group also reduced capital expenditure to maintain capital liquidity.

OPERATION OVERVIEW

Bus Shelter Advertising Business

As of 31 December 2020, Clear Media operated the most extensive standardized bus shelter advertising network in Mainland China, with a total of more than 59,000 panels (end-2019: 57,000 panels) covering 24 cities. Our bus shelter advertising revenue, net of value added tax, decreased by 28.4% to RMB1,035.7 million.

The decline in revenue was mainly driven by the decrease in average monthly selling price of bus shelter panels during the year. The average number of bus shelter panels increased by 1.0% while yield per shelter before value added tax ("yield") decreased to RMB21,277 (2019: RMB30,053).

Key Cities

For the year ended 31 December 2020, the revenue from the top three cities Beijing, Guangzhou and Shanghai decreased by 30.1% to RMB615.8 million (2019: RMB880.8 million) due to a lower yield per shelter of RMB28,328 (2019: RMB40,075).

Mid-tier Cities

The revenue from all mid-tier cities decreased by 26.3% to RMB473.5 million (2019: RMB642.7 million) due to a lower yield per shelter of RMB16,074 (2019: RMB22,382).

Digital Panel Advertising

As of 31 December 2020, we operated a total of 276 digital panels (end-2019: 261). Total sales generated from the digital panel advertising operation net of value added tax amounted to RMB3.7 million (2019: RMB8.5 million).

FINANCIAL REVIEW

Turnover

The Group's total turnover decreased by 28.4% to RMB1,035.7 million during the year ended 31 December 2020.

Other Income and Gains

Other income and gains increased from RMB19.2 million in 2019 to RMB26.7 million in 2020. The increment was mainly coming from increase in gain on lease modifications and remeasurements.

Expenses

During the year ended 31 December 2020, the Group's total direct operating costs, including rental, electricity and maintenance costs, and sales, cultural and other levies, increased by 1.9% to RMB314.7 million (2019: RMB308.8 million). Excluding the effect of adoption of HKFRS 16, the Group's total direct expenses would have slightly decreased by 0.7% to RMB756.7 million (2019: RMB761.9 million).

The rental costs for our core bus shelter advertising business increased during the year mainly because of reclassification of other lease expenses due to lease modifications. This increment was mostly offset by the 87.3% decrease in sales and cultural taxes due to reduction in turnover in 2020.

Electricity costs increased by 7.5% during the year mainly due to the increase in the electrified bus shelter panels.

Cleaning and maintenance costs decreased by 5.7% 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 decreased by 27.3% to RMB234.8 million (2019: RMB323.0 million). 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 37.7% to RMB505.3 million (2019: RMB810.7 million) mainly caused by the decrease in turnover of RMB410.2 million. Accordingly EBITDA margin decreased to 48.8% (2019: 56.1%). Excluding the effect of adoption of HKFRS 16, EBITDA would have decreased by 93.9% to RMB18.9 million (2019: RMB311.4 million).

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

	2020	2019
	RMB'000	*RMB'000*
Loss before tax	**(333,526)**	(93,328)
Add:		
— Foreign exchange losses	**–**	1,916
— Finance costs	**145,809**	165,022
— Depreciation of property, plant and equipment	**13,642**	14,942
— Amortisation of concession rights	**307,135**	335,669
— Amortisation of right-of-use assets	**376,579**	391,390
Subtotal	**843,165**	908,939
Less:		
— Foreign exchange gains	**–**	–
— Interest income	**(4,372)**	(4,944)
Subtotal	**(4,372)**	(4,944)
EBITDA	**505,267**	810,667

EBIT

The Group's earnings before interest and tax ("EBIT") decreased by 379.7% to a loss of RMB192.1 million for the year from earnings of RMB68.7 million in 2019 following the lower turnover during the year.

Other Expenses

During the year ended 31 December 2020, the Group carried no debt. The exchange loss was nil for the year ended 31 December 2020 (year ended 31 December 2019: exchange loss of RMB1.9 million was mainly due to exchange rate movement between the declaration and settlement of an inter-company dividend).

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 for 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.

The Group had income tax credit of RMB56.6 million for the year ended 31 December 2020 (2019: tax credit of RMB9.2 million). This was mainly due to the operating loss of the core bus shelter advertising business during the year.

Net Loss

Net loss attributable to owners of the parent was RMB246.7 million for the year ended 31 December 2020 (Net loss attributable to owners of the parent for year ended 31 December 2019: RMB86.9 million). Excluding the effect of adoption of HKFRS 16, net loss attributable to owners of the parent was RMB216.3 million for the year ended 31 December 2020 (Net loss attributable to owners of the parent for the year ended 31 December 2019: RMB44.0 million).

Cash Flow

Net cash flows from operating activities increased by 5.3% to RMB657.8 million for the year ended 31 December 2020 from RMB624.8 million in the previous year. The increase in reported cash flow in the cash flow statement was mainly due to decreases in trade and lease receivables as well as income taxes paid.

Net cash flows used in investing activities decreased to RMB123.4 million for the year ended 31 December 2020 from RMB334.3 million in the previous year, as acquisition of shelter concession rights had been substantially decreased during the year.

Net cash flows used in financing activities decreased to RMB356.9 million for the year ended 31 December 2020 from RMB497.3 million in the previous year. This was mainly because no dividend was paid to the shareholders of the Group during the year.

Trade and Lease Receivables

The Group's trade and lease receivables balance decreased by 16.4% to RMB675.8 million as at 31 December 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 receivable relate to a large number of different customers.

The average trade and lease receivable outstanding days, on a time weighted basis, increased to 140 days for the current year from 138 days in the previous year. As at 31 December 2020, the allowance for expected credit losses of trade and lease receivables decreased to RMB77.7 million from RMB93.2 million as at 31 December 2019. Based on the customers' past payment history and settlement subsequent to year end, the Company's management is of the view that the provision level is adequate as of 31 December 2020. We will continue to closely monitor the trade and lease receivable balance and ensure the level of provision is appropriate and prudent.

As at 31 December 2020, the amounts due from WHM and WSI (included in the Group's trade and lease receivables) increased to RMB318.1 million from RMB248.3 million as at 31 December 2019 mainly due to slower repayments from customers represented by WHM and WSI during the year. We will continue to work closely with WHM and WSI to expedite collection.

Prepayments, Deposits and Other Receivables

The Group's total prepayments, deposits and other receivables as at 31 December 2020 increased to RMB211.3 million from RMB168.2 million as at 31 December 2019.

The balance as at 31 December 2020 included a receivable from Hainan White Horse, the non-controlling shareholder of the WHA Joint Venture, amounting to RMB125.5 million (31 December 2019: RMB125.7 million), which is unsecured, interest-free and has no fixed terms of repayment.

The increase in prepayments, deposits and other receivables was mainly due to transfer of third party long-term bus shelter rental deposits to short-term ones since the rental contracts were close to expiration dates.

Long-term Prepayments, Deposits and Other Receivables

The Group's total long-term prepayments, deposits and other receivables as at 31 December 2020 decreased to RMB75.6 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 31 December 2020 were RMB463.1 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 year. 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 31 December 2020, the Group's total assets amounted to RMB4,555.1 million, a 11.0% decrease from RMB5,116.5 million as at 31 December 2019. The Group's total liabilities decreased to RMB2,496.4 million as at 31 December 2020, from RMB2,787.4 million as at 31 December 2019. Net assets as at 31 December 2020 decreased by 11.6% to RMB2,058.7 million from RMB2,329.0 million as at 31 December 2019. Net current assets increased from RMB300.2 million as at 31 December 2019, to RMB352.7 million as at 31 December 2020.

Share Capital and Shareholders' Equity

Total issued and fully paid share capital remained at RMB56.9 million as at 31 December 2020. Total shareholders' equity for the Group as at 31 December 2020 decreased by 11.6%, to RMB2,058.7 million, from RMB2,329.0 million as at 31 December 2019. The Group's reserves as at 31 December 2020 amounted to RMB1,903.9 million, a 11.3% decrease over the corresponding balance of RMB2,146.3 million as at 31 December 2019. This was mainly due to the increase in net loss for the year ended 31 December 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 year under review, the Group did not issue any financial instruments for hedging purposes.

Liquidity, Financial Resources, Borrowing and Gearing

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

As of 31 December 2020, the Group's total cash and cash equivalents amounted to RMB443.5 million (RMB267.0 million as at 31 December 2019). The Group had no short-term or long-term debt outstanding as at 31 December 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 year ended 31 December 2020, the Group invested RMB78.7 million in the construction of bus shelters and acquisition of concession rights, and RMB2.9 million in fixed assets, compared to RMB284.2 million and RMB6.1 million, respectively, in 2019.

Material Acquisitions and Disposals

There was no material acquisition or disposal of any subsidiary, associate or joint venture of the Group during the year.

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 31 December 2020, the Group had a total of 807 employees. Total wages and salaries decreased by 19.2% year-on-year.

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 organised throughout the year.

Charges on Group Assets

As at 31 December 2020, the Group had pledged deposit of RMB6.0 million (31 December 2019: RMB6.0 million) to bank as security for two letters of guarantee of total RMB20.0 million (31 December 2019: RMB20.0 million).

As at 31 December 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 31 December 2020, the Group had capital commitments contracted but not provided for in relation to the construction of bus shelters amounting to RMB134.8 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 defense 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 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 owed 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 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.

On 15 April 2020, the plaintiff filed a second petition for appeal to the Guangdong Higher People's Court, explaining that the first petition did not elaborate its grounds for appeal in a complete and systematic manner due to lack of time. On 26 November 2020, the Guangdong Higher People's Court held a court session, hearing the case on the second petition. According to the Handling Attorney, as of 18 January 2021, there was no other information or progress with respect to the case. The parties were waiting for a judgment or ruling to be made by the Guangdong Higher People's Court in connection with the second appeal.

The Handling Attorney had orally expressed that the second appeal was without merit. Based on documents provided to our legal advisors and the analysis made in their 2018 Memo, the 2019 Memo and the 2020 Memo, they maintained their understanding that the risk of the Group losing the case and having to compensate the plaintiff was relatively low.

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 periodically and make comparison with that in the same period of the previous year as a measure of the performance. Details of the Group's EBITDA are set out in the "EBITDA" section.

Environmental Policies and Compliance

We are committed to minimizing the impact of our activities on the environment. To this end, various impact assessments have been undertaken and policies created which are in line with international best practices and long term sustainability.

The core values of our environmental policy are to meet all the environmental legislations that relate to our operations.

In addition to full compliance with all laws relevant to sustaining and improving the environment, we are committed to deploying ecologically friendly construction techniques, materials and operational procedures.

The energy consumed by bus shelter panel accounts for almost 95% of the Group's energy consumption. In order to reduce electrical consumption for bus shelter panel while preserving illumination for public safety, we have gradually reduced the number of fluorescent tubes usage and increased the use of LED lighting structures. The LED lighting structures offer energy savings of more than 50% compared to the use of fluorescent tube. As of 31 December 2020, about 74% (2019: 73%) of our total bus shelter panels are with LED lighting structures and we plan to gradually increase the ratio in the next few years.

In addition, we have installed light controllers and auto timers into many of the lightbox structures which help to reduce electrical consumption.

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. During the year, as part of the cost control measures responding to the decline in revenue, there were downward revisions of certain rates for bus shelter cleaning and maintenance work performed by vendors. The Group set up several majority owned entities and it was contemplated that these entities would take up the bus shelter cleaning and maintenance work, previously performed by external vendors, in important cities where we operate. Except for the events set out above and the 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.

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 employees and management, were introduced. The salary of the employees was subsequently restored. The Group set up several majority owned entities and it was contemplated that such entities would take up the bus shelter cleaning and maintenance work, previously performed by vendors, in important cities. These majority owned entities began to recruit their personnel to perform bus shelter cleaning and maintenance work. The Group reorganized its sales team by allowing certain former sales team members to depart and recruiting new sales personnel from the market. During the year, apart from the events set out above, we are not aware of any major event affecting our relationships with our employees in 2020.

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 year, the total number of advertising clients decreased to 713 from 762 in 2019.

OUTLOOK

During 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. The recovery in total monthly revenue continued in 3Q2020 and 4Q2020. Total revenue in 4Q2020 slightly exceeded the level in 4Q2019. In the absence of any significant recurrence of Covid-19 pandemic or adverse macro-economic development, the 2021 total revenue is expected to be materially more than that in 2020.

During 2020, the capital expenditure was reduced to maintain capital liquidity amid the Covid-19 pandemic. As the pandemic was under better control, the 2021 total capital expenditure is expected to be considerably more than the 2020 level. The 2021 capital expenditure will likely be funded from the cash and cash equivalents on the balance sheet and the operating cash flows in 2021.

Purchase, Sale or Redemption of Shares

The Group has not redeemed any of its listed shares during the year. Except for the sale of the 705,800 shares in the Company previously held by the Trustee for two executive directors under the share award scheme of the Company, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares during the year.

Corporate Governance

The Group is committed to achieving high standards of corporate governance which we believe are crucial to the development of the Group and to the safeguarding of the interests of our shareholders.

During the period from 1 January 2020 to 31 December 2020, the Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

In the opinion of the Board, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules during the year ended 31 December 2020.

SUFFICIENCY OF PUBLIC FLOAT

Trading in the shares of the Company has been suspended since 14 July 2020. Please refer to the Company's announcements dated 14 July 2020, 13 August 2020, 29 October 2020, 12 November 2020, 26 November 2020 and 14 January 2021 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.

By Order of the Board
Clear Media Limited
Joseph Tcheng
Chairman

Hong Kong, 17 March 2021

As at the date of this announcement, the executive Directors are Mr. Joseph Tcheng, Mr. Han Zi Jing, Mr. Zhang Huai Jun and Mr. Zou Nan Feng (alternate to Mr. Zhang Huai Jun); the non-executive Directors are Mr. Peter Cosgrove, Mr. Liang Chen, Mr. Hon Chiu Stephen Wong, Ms. Fei Fei Shum and Mr. Jérôme Lucien Joseph Marie d'Héré (alternate to Mr. Hon Chiu Stephen Wong); and the independent non-executive Directors are Mr. Robert Gazzi, Mr. Wang Shou Zhi, Mr. Christopher Thomas and Ms. Li Ping.

This announcement can also be accessed through our internet site at www.clear-media.net, www.irasia.com/listco/hk/clearmedia and the designated issuer website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk. The 2020 annual report of the Company containing financial statements and notes to the financial statements will be dispatched to the shareholders of the Company and will be published on the above websites in due course.