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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 2021

The Group's total revenue amounted to RMB641.5 million, representing a 73.8% increase over the level in the same period of last year. The increase was mainly due to the low revenue base in 1Q2020 amid the outbreak of Covid-19 and the subsequent revenue recovery, raising the level of total monthly revenue at the beginning of 2021.

The Group's reported earnings before interest, tax, depreciation and amortisation amounted to RMB320.6 million. The Group's reported loss before interest, tax, depreciation and amortisation was RMB45.7 million in 1H 2020.

Net loss[1] decreased to RMB41.7 million in 1H2021 from RMB352.2 million in 1H2020 mainly due to the increase in total revenue and the improvement in the impairment of trade receivables.

Loss per share decreased to RMB0.0770 in 1H2021 from RMB0.6508 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 2021, 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 2021

		For the six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
Revenue	*4*	**641,472**	369,113
Cost of sales	*6*	**(515,817)**	(523,286)
Gross profit/(loss)		**125,655**	(154,173)
Other income and gains	*4*	**3,552**	2,207
Selling and distribution expenses		**(74,775)**	(63,358)
Administrative expenses		**(63,772)**	(76,329)
Impairment reversals/(losses) on financial assets, net		**15,963**	(107,458)
Other expenses	*5*	**–**	(2,103)
Finance costs	*6*	**(61,302)**	(72,583)
LOSS BEFORE TAX	*6*	**(54,679)**	(473,797)
Income tax credit	*7*	**8,998**	91,403
LOSS FOR THE PERIOD		**(45,681)**	(382,394)
ATTRIBUTABLE TO:			
Owners of the parent		**(41,724)**	(352,177)
Non-controlling interests		**(3,957)**	(30,217)
LOSS FOR THE PERIOD		**(45,681)**	(382,394)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	*8*	**(0.0770)**	(0.6508)
Diluted (RMB)	*8*	**(0.0770)**	(0.6508)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
LOSS FOR THE PERIOD	**(45,681)**	(382,394)
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	**(224)**	666
Other comprehensive (loss)/income for the period, net of tax	**(224)**	666
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(45,905)**	(381,728)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:		
Owners of the parent	**(41,948)**	(351,511)
Non-controlling interests	**(3,957)**	(30,217)
	(45,905)	(381,728)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Notes	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**81,249**	60,697
Concession rights	*11*	**1,341,473**	1,325,788
Right-of-use assets	*12*	**1,428,839**	1,599,854
Long-term prepayments, deposits and other receivables	*13*	**77,834**	75,634
Deferred tax assets		**165,615**	156,526
Total non-current assets		**3,095,010**	3,218,499
CURRENT ASSETS			
Trade receivables	*14*	**732,239**	675,803
Prepayments, deposits and other receivables	*15*	**217,214**	211,303
Pledged deposits and restricted cash	*16*	**6,000**	6,000
Cash and cash equivalents	*16*	**424,012**	443,529
Total current assets		**1,379,465**	1,336,635
CURRENT LIABILITIES			
Other payables and accruals		**563,344**	463,128
Deferred income		**2,793**	3,895
Tax payable		**95,929**	94,723
Current lease liabilities	*12*	**408,367**	422,216
Total current liabilities		**1,070,433**	983,962
NET CURRENT ASSETS		**309,032**	352,673
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,404,042**	3,571,172
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**7,098**	7,098
Non-current lease liabilities	*12*	**1,381,807**	1,505,359
Total non-current liabilities		**1,388,905**	1,512,457
Net assets		**2,015,137**	2,058,715
EQUITY			
Equity attributable to owners of the parent			
Share capital	*17*	**56,945**	56,945
Reserves		**1,861,934**	1,903,882
		1,918,879	1,960,827
Non-controlling interests		**96,258**	97,888
Total Equity		**2,015,137**	2,058,715

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
30 June 2021

	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*	Foreign currency translation 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 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
At 1 January 2021 (audited)	**56,945**	**747,221***	**16,373***	**65,461***	**248,531***	**(3,474)***	**–***	**829,770***	**1,960,827**	**97,888**	**2,058,715**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(41,724)**	**(41,724)**	**(3,957)**	**(45,681)**
Other comprehensive loss for the period											
— Exchange differences related to foreign operations	**–**	**–**	**–**	**–**	**–**	**(224)**	**–**	**–**	**(224)**	**–**	**(224)**
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**–**	**(224)**	**–**	**(41,724)**	**(41,948)**	**(3,957)**	**(45,905)**
Equity-settled share option arrangements	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Sales of shares held under the share award scheme	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Capital contribution from non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,327**	**2,327**
At 30 June 2021 (unaudited)	**56,945**	**747,221***	**16,373***	**65,461***	**248,531***	**(3,698)***	**–***	**788,046***	**1,918,879**	**96,258**	**2,015,137**

* These reserve accounts comprise the consolidated other reserve of RMB1,861,934,000 (31 December 2020: RMB1,903,882,000) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2021

	Notes	For the six months ended 30 June 2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(54,679)**	(473,797)
Adjustments for:			
Finance costs	*6*	**61,302**	72,583
Interest income	*4*	**(2,296)**	(1,582)
Gain on disposal of items of property, plant and equipment		**(367)**	(42)
(Gain)/Loss on disposal of concession rights		**(61)**	2,145
Depreciation of items of property, plant and equipment	*6*	**4,165**	7,479
Amortisation of concession rights	*6*	**145,208**	158,003
Amortisation of right-of-use assets on bus shelters	*6*	**148,751**	173,254
Amortisation of right-of-use assets on premises	*6*	**18,126**	18,349
Impairment (reversals)/losses of trade receivables	*6*	**(15,963)**	107,458
Gain on lease modifications/remeasurements	*4*	**(387)**	(286)
Equity-settled share option expenses	*6*	**–**	432
		303,799	63,996
(Increase)/decrease in long-term prepayments, deposits and other receivables		**(2,200)**	1,881
Increase in trade receivables		**(40,473)**	(20,473)
(Increase)/decrease in prepayments, deposits and other receivables		**(6,116)**	8,353
Increase in other payables and accruals		**40,646**	108,495
Decrease in deferred income		**(1,102)**	(6,250)
Cash generated from operations		**294,554**	156,002
Interest paid		**–**	(265)
Income taxes received/(paid)		**1,115**	(21,227)
Net cash flows from operating activities		**295,669**	134,510

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment, excluding construction in progress	**(5,163)**	(917)
Proceeds from disposal of items of property, plant and equipment	**1,924**	44
Proceeds from disposal of concession rights	**73**	–
Purchase of concession rights	**(125,353)**	(57,763)
Interest received	**2,501**	2,007
Net cash flows used in investing activities	**(126,018)**	(56,629)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal and interest elements of lease payments	**(191,272)**	(124,730)
Capital contribution from non-controlling shareholders	**2,327**	–
Proceeds from selling of shares held under the share award scheme	**–**	4,803
Net cash flows used in financing activities	**(188,945)**	(119,927)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(19,294)**	(42,046)
Cash and cash equivalents at beginning of year	**443,529**	266,988
Effect of foreign exchange rate changes, net	**(223)**	666
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**424,012**	225,608
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**424,012**	225,608

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2021

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 is Ever Harmonic Global Limited, incorporated in the Cayman Islands and the ultimate holding company is City Lead Developments Limited, incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 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 2020.

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 2020. The following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") has been adopted for the current period's financial information.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

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

(a) 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 risk-free rate ("**RFR**"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities 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 Group had no interest-bearing bank and other borrowings dominated in RMB and foreign currencies based on various Interbank Offered Rates as at 30 June 2021. The amendment had no significant impact on the Group's financial statements.

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

    The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the Covid-19 pandemic.

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 People's Republic of China (the "**PRC**"), no further geographical segment information is provided.

4. REVENUE, OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue		
Revenue from contracts with customers*	**641,472**	369,113
	641,472	369,113
Other income		
Interest income	**2,296**	1,582
Government subsidy	**441**	339
	2,737	1,921
Gains		
Gain on lease modifications/remeasurements	**387**	286
Gain on disposal of concession rights and items of property, plant and equipment, net	**428**	–
	815	286
	3,552	2,207

* *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 30 June 2021, the Company's future minimum rentals under non-cancellable operating leases with tenants were nil (31 December 2020: Nil).

5. OTHER EXPENSES

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Loss on disposal of concession rights and items of property, plant and equipment, net	**–**	2,103
	–	2,103

6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of services provided	**135,009**	126,960
Compensation upon early termination of contracts	**–**	3,938
Services fees on bus shelters	**85,889**	61,131
Amortisation of concession rights	**145,208**	158,003
Amortisation of right-of-use assets	**149,711**	173,254
Cost of sales	**515,817**	523,286
Impairment (reversals)/losses of trade receivables	**(15,963)**	107,458
Auditors' remuneration	**2,165**	2,250
Depreciation of items of property, plant and equipment	**4,165**	7,479
Property management fee on buildings	**3,162**	2,949
Lease payments on premises not included in the measurement of lease liabilities	**2,828**	1,845
Amortisation of right-of-use assets on premises	**17,167**	18,349
Employee benefits expense (including directors' and chief executive's remuneration):		
Wages and salaries	**67,582**	62,712
Equity-settled share option expenses	**–**	432
Pension scheme contributions	**7,529**	4,134
	75,111	67,278
Additional professional fees as a result of the misappropriation incident and related investigation	**–**	1,787
Finance costs:		
— Interest on financing	**–**	265
— Interest on lease liabilities	**61,302**	72,318
	61,302	72,583

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	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current — Hong Kong profits tax	**–**	–
Current — PRC corporate income tax	**90**	–
Deferred tax	**(9,088)**	(91,403)
	(8,998)	(91,403)

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 2020: 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% (2020: 15%) for the head office and 25% (2020: 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 2021, the Group recognised a deferred tax liability of RMB7,098,000 (31 December 2020: RMB7,098,000) and income tax payable of RMB7,645,000 (31 December 2020: RMB7,645,000) 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 RMB41,724,000 (six months ended 30 June 2020: loss of RMB352,177,000) and the weighted average number of ordinary shares in issue less shares held under the Company's share award scheme of 541,700,500 (six months ended 30 June 2020: 541,176,967) 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 RMB41,724,000 (six months ended 30 June 2020: loss of RMB352,177,000). The weighted adjusted average number of ordinary shares used in the calculation is the 541,700,500 (six months ended 30 June 2020: 541,176,967) 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 2020: 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 resolved not to pay any interim dividend to the shareholders in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired property, plant and equipment at a cost of RMB5,137,000 (six months ended 30 June 2020: RMB917,000), and incurred construction in progress at a cost of RMB63,421,000 (six months ended 30 June 2020: RMB859,000).

Property, plant and equipment with a net book value of RMB1,557,000 were disposed of by the Group during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB2,000), resulting in a net gain on disposal of RMB367,000 (six months ended 30 June 2020: RMB42,000).

11. CONCESSION RIGHTS

During the six months ended 30 June 2021, the Group had an addition of concession rights at a cost of RMB160,905,000 (six months ended 30 June 2020: RMB43,308,000), including concession rights transferred from construction in progress of RMB42,284,000 (six months ended 30 June 2020: RMB1,589,000).

Concession rights with a net book value of RMB12,000 were disposed of by the Group during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB2,145,000), resulting in a net gain on disposal of RMB61,000 (six months ended 30 June 2020: net loss on disposal of RMB2,145,000).

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 2021	**1,466,011**	**133,843**	**1,599,854**
Additions	**–**	**859**	**859**
Amortisation charge	**(148,751)**	**(18,126)**	**(166,877)**
Modifications/Remeasurements	**(805)**	**(4,192)**	**(4,997)**
As at 30 June 2021	**1,316,455**	**112,384**	**1,428,839**

	Bus shelters	Premises	Total
	RMB'000	*RMB'000*	*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

(b) Lease liabilities

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

	2021
	Lease liabilities
	RMB'000
Carrying amount at 1 January	**1,927,575**
New leases	**859**
Accretion of interest recognised during the period	**61,302**
Modifications/Remeasurements	**(5,384)**
Payments	**(191,272)**
Rent concessions	**(2,906)**
Carrying amount at 30 June 2021	**1,790,174**
Analysed into:	
Current portion	**408,367**
Non-current portion	**1,381,807**

	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

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Interest on lease liabilities	**61,302**	72,318
Amortisation charge of right-of-use assets	**166,877**	191,603
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 30 June 2021 (included in cost of sales and expenses)	**6,382**	1,845
Gain on lease modifications/ remeasurements	**(387)**	(286)
Rent concessions	**(2,906)**	(396)
Total amount recognised in profit or loss	**231,268**	265,084

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Within operating activities	**7,181**	1,636
Within financing activities	**191,272**	124,730
	198,453	126,366

13. LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Long-term prepayments and deposits amounting to RMB26,866,000 (31 December 2020: RMB22,228,000) 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 2021 also included a non-current portion of a prepaid bus shelter service fee payment amounting to RMB29,600,000 (31 December 2020: RMB30,800,000) and a long-term rental deposit of RMB21,368,000 (31 December 2020: RMB22,606,000).

14. TRADE RECEIVABLES

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Trade receivables	**793,993**	753,520
Impairment	**(61,754)**	(77,717)
	732,239	675,803

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 receivables relate to a diverse number of customers and are non-interest-bearing.

Included in the Group's trade 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 RMB331,780,000 (31 December 2020: RMB318,138,000).

An ageing analysis of the trade 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 2021	31 December 2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Within 6 months	**500,489**	516,025
6 to 12 months	**219,855**	126,107
1 to 1.5 years	**8,638**	31,653
1.5 to 2 years	**3,257**	2,018
Over 2 years	**–**	–
Total trade receivables, net	**732,239**	675,803

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

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
At beginning of period	**77,717**	93,197
Impairment (reversals)/losses*	**(15,963)**	107,458
Amount written off as uncollectible	**–**	(497)
At 30 June**	**61,754**	200,158

* The amount included impairment reversals of trade receivables due from the Group's related parties of RMB3,138,000 (six months ended 30 June 2020: impairment losses of RMB29,245,000).

** The amount included loss allowance for impairment of trade receivables due from the Group's related parties of RMB15,868,000 (six months ended 30 June 2020: RMB35,327,000).

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance of prepayments, deposits and other receivables as at 30 June 2021 included a receivable from Hainan White Horse, the non-controlling shareholder of WHA Joint Venture, amounting to RMB125,539,000 (31 December 2020: RMB125,539,000), 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 2021, the Group's cash and bank balances, pledged deposits and restricted cash denominated in Renminbi ("**RMB**") and in Hong Kong dollars ("**HK$**") amounted to RMB418,598,000 (31 December 2020: RMB429,074,000) and RMB11,414,000 (31 December 2020: RMB20,455,000), 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 2021, the Group had pledged deposit of RMB6,000,000 in total (31 December 2020: RMB6,000,000) to bank as security for a letter of guarantee of RMB20,000,000 in total (31 December 2020: RMB20,000,000).

17. SHARE CAPITAL

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
	RMB'000	*RMB'000*
Issued and fully paid:		
541,700,500 ordinary shares (31 December 2020: 541,700,500) of HK$0.10 each (31 December 2020: HK$0.10)	**56,945**	56,945

18. SHARE AWARD SCHEME

On 31 May 2017, the Board adopted the share award scheme (the "**Share Award Scheme**"). Under the Share Award Scheme, the Board 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 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 earnings before interest, tax, depreciation and amortisation ("**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 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 resolved to cancel and sell the remaining Awarded Shares as the vesting conditions were not satisfied. All of the remaining Award Shares were sold off on 26 May 2020.

No Share Award Scheme expense was recognised in profit or loss for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

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

During 2020, the Group's revenue began to decline substantially in February amid the outbreak of Covid-19, which further slowed China's economic growth, negatively impacted customer advertising spending and reduced demand for advertising space. The Group's total monthly revenue bottomed in March 2020 and it had been recovering, starting in the second quarter of 2020 and throughout 2020, until the first quarter of 2021 when total monthly revenue began to vary partly due to the movement in sales orders from customers facing changes in regulatory environment.

In 2021, the Group's total revenue for the six months ended 30 June 2021 was RMB641.5 million, which represented an increase of 73.8%, compared with that of the corresponding period in 2020 (six months ended 30 June 2020: RMB369.1 million). The increase was mainly due to the low revenue base during the first quarter of 2020 amid the outbreak of Covid-19 and the subsequent recovery of total monthly revenue during the remainder of 2020, raising the total monthly revenue level at the beginning of 2021.

With the exception of the customers from the food sector, during the six months ended 30 June 2021, there was material increase in revenue from the customers in all key industries, compared with the corresponding level in the same period last year.

OPERATION OVERVIEW

Bus Shelter Advertising

As of 30 June 2021, Clear Media operated the most extensive, standardised bus shelter advertising network in Mainland China, with a total of more than 61,000 panels (as of 30 June 2020: 58,000 panels) covering 24 cities. The Company's bus shelter advertising revenue, net of value added tax, increased by 73.8% over the same period of last year to RMB641.5 million.

The average number of bus shelter panels grew by 4.3% during the first half of 2021. Yield per bus shelter before value added tax ("**yield**") increased by 63.0% over the same period of last year. The revenue growth was mainly driven by an increase of 4.3% in the average number of bus shelter panels operated by the Company and the higher average occupancy rate of such panels.

Key Cities

For the six months ended 30 June 2021, the revenue from the top three cities Shanghai, Guangzhou and Beijing increased by 64.6% to RMB356.3 million (1H2020: RMB216.5 million), driven by a higher average occupancy rate of bus shelter panels 46.0% (1H2020: 36.6%).

Mid-tier Cities

The revenue from all mid-tier cities increased by 78.9% to RMB309.3 million (1H2020: RMB172.9 million) because the average occupancy rate of bus shelter panels operated by the Company increased.

Digital Panel Advertising

As of 30 June 2021, the Company operated a total of 251 digital panels in Nanjing (as of 30 June 2020: 246). Total sales generated from the digital panel advertising operation, net of value added tax, amounted to RMB2.5 million (1H2020: RMB1.7 million).

FINANCIAL REVIEW

Turnover

The Group's total turnover increased by 73.8% to RMB641.5 million during the first half of 2021.

Other Income and Gains

Other income and gains increased from RMB2.2 million in the prior period to RMB3.6 million mainly due to the increase of interest income.

Expenses

During the six months ended 30 June 2021, the Group's total direct operating costs, including rental, electricity and maintenance costs, and sales, cultural and other levies, increased by 15.0% to RMB220.9 million (1H2020: RMB192.0 million). Excluding the effect of adoption of HKFRS 16, the Group's total direct expenses would have slightly increased by 0.4% to RMB414.8 million (1H2020: RMB413.0 million).

Direct rental costs increased by RMB24.8 million resulting from lease modification of certain bus shelter panels which were scoped out of HKFRS16 this period.

Total selling, general and administrative expenses, excluding depreciation and amortisation for the six months ended 30 June 2021 decreased by 54.2% to RMB101.3 million (1H2020: RMB221.3 million). The lower expenses were mainly due to the substantial improvement in impairment losses on financial assets for the period of RMB123.4 million.

EBITDA

The Group's EBITDA increased by 801.3% to earnings of RMB320.6 million (1H2020: RMB45.7 million loss). Excluding the effect of adoption of HKFRS 16, EBITDA would have increased to a earning of RMB105.8 million (1H2020: RMB288.9 million loss). The increase in EBITDA was mainly caused by the increase in turnover of RMB272.4 million and the decrease in impairment losses on financial assets of RMB123.4 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	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Loss before tax	**(54,679)**	(473,797)
Add:		
— Finance costs	**61,302**	72,583
— Depreciation of property, plant and equipment	**4,165**	7,479
— Amortisation of concession rights	**145,208**	158,003
— Amortisation of right-of-use assets	**166,877**	191,603
— Subtotal	**377,552**	429,668
Less:		
— Interest income	**(2,296)**	(1,582)
Subtotal	**(2,296)**	(1,582)
EBITDA	**320,577**	(45,711)

Finance Costs

The Group's finance costs of RMB61.3 million were interest expenses on lease liabilities (1H2020: RMB72.6 million).

Taxation

According to No. 31 Caishui 2020 "Notice on Preferential Policies for Enterprise Income Tax in 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% (2020: 15%) for the head office and 25% (2020:25%) 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 RMB9.0 million for the six months ended 30 June 2021 while taxes credited for of RMB91.4 million for the same period last year mainly due to the increase in assessable profits of the core bus shelter advertising business during the period.

As at 30 June 2021, the Group recognised a deferred tax liability of RMB7.1 million (31 December 2020: RMB7.1 million) and income tax payable of RMB7.6 million (31 December 2020: RMB7.6 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 RMB41.7 million (1H2020: net loss of RMB352.2 million) for the six months ended 30 June 2021. Excluding the effect of adoption of HKFRS 16, net loss attributable to owners of the parent was RMB31.0 million for the period ended 30 June 2021 (Net loss attributable to owners of the parent for the period ended 30 June 2020: RMB335.6 million).

Cashflow

Net cash flows from operating activities for the current period increased to RMB295.7 million (1H2020: RMB134.5 million). The increase was mainly due to the revenue growth.

Net cash flows used in investing activities during the six months ended 30 June 2021 increased to RMB126.0 million (1H2020: RMB56.6 million) mainly due to a higher level of capital expenditure in the first half of the year.

Net cash flows used in financing activities amounted to RMB188.9 million (1H2020: RMB119.9 million) for the six months ended 30 June 2021 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 2021 was RMB19.3 million (1H2020: net decrease of RMB42.0 million).

Trade Receivables

The Group's trade receivables balance increased by 8.4% to RMB732.2 million as at 30 June 2021 from RMB675.8 million as at 31 December 2020.

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 receivables relate to a large number of different customers.

The average trade receivables outstanding days, on a time-weighted basis, decreased to 154 days for the current six-month period from 218 days for the same period last year. As at 30 June 2021, the allowance for expected credit losses of the trade receivables decreased to RMB61.8 million from RMB77.7 million as at 31 December 2020 due to faster 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 2021. We will continue to closely monitor the trade 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 2021 increased to RMB217.2 million from RMB211.3 million as at 31 December 2020.

The balance as at 30 June 2021 included a receivable from Hainan White Horse, the non-controlling shareholder of the WHA Joint Venture, amounting to RMB125.5 million (31 December 2020: RMB125.5 million), which was unsecured, interest-free and had no fixed terms of repayment.

Long-term Prepayments, Deposits and Other Receivables

The Group's total long-term prepayments, deposits and other receivables as at 30 June 2021 increased to RMB77.8 million from RMB75.6 million as at 31 December 2020. 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 2021 were RMB563.3 million, compared to RMB463.1 million as at 31 December 2020. 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 2021, the Group's total assets amounted to RMB4,474.5 million, a 1.8% decrease from RMB4,555.1 million as at 31 December 2020. The Group's total liabilities decreased to RMB2,459.3 million as at 30 June 2021 from RMB2,496.4 million as at 31 December 2020. Net assets as at 30 June 2021 decreased by 2.1% to RMB2,015.1 million from RMB2,058.7 million as at 31 December 2020. This was mainly due to the decrease in right-of-use assets in the six months ended 30 June 2021. Net current assets decreased from RMB352.7 million as at 31 December 2020 to RMB309.0 million as at 30 June 2021.

As at 30 June 2021, the Group's total cash and cash equivalents amounted to RMB424.0 million (31 December 2020: RMB443.5 million).

Share Capital and Shareholders' Equity

Total issued and fully paid share capital remained at RMB56.9 million as at 30 June 2021. Total shareholders' equity for the Group as at 30 June 2021 decreased by 2.1% to RMB2,015.1 million, from RMB2,058.7 million as at 31 December 2020. The Group's reserves as at 30 June 2021 amounted to RMB1,861.9 million, a 2.2% decrease over the corresponding balance of 31 December 2020 (31 December 2020: RMB1,903.9 million).

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 2021, 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 2021, the Group's total cash and cash equivalents amounted to RMB424.0 million (31 December 2020: RMB443.5 million). The Group had no short-term or long-term debt outstanding as at 30 June 2021 (31 December 2020: 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 2021, the Group invested RMB182.0 million in the construction of bus shelters and acquisition of concession rights, and RMB5.1 million on fixed assets, compared to RMB42.6 million and RMB0.9 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 2021.

Employment, Training and Development

As at 30 June 2021, the Group had a total of 830 employees, representing an increase of 47.4% compared to the same period in 2020 and total wages and salaries increased by 7.8% accordingly. The increase was mainly due to the transition of cleaning and maintenance activities in-house. 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. Training courses and conferences aimed at improving team members' knowledge and skills were organised during the period.

Charges on Group Assets

As at 30 June 2021, the Group had pledged a deposit of RMB6.0 million (31 December 2020: RMB6.0 million) to the bank as security for a letter of guarantee of RMB20.0 million (31 December 2020: RMB20.0 million).

Capital Commitments

As at 30 June 2021, the Group had capital commitments contracted but not provided for in relation to the construction of bus shelters amounting to RMB186.7 million (31 December 2020: RMB134.8 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.

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. Details of the Group's EBITDA are set out in the "EBITDA" section.

KEY RELATIONSHIPS

Relationships with Vendors

During the period, we are not aware of any major event affecting our relationships with our vendors.

Relationships with Employees

During the period, we are not aware of any major event affecting our relationships with our employees.

Relationships with Customers

Our sales team interacts closely with advertising clients' marketing personnel and their advertising agents. In addition, our sales team identifies new advertising clients every year. During the period, the total number of advertising clients increased to 433 for the six months ended 30 June 2021 from 424 in the same period last year.

OUTLOOK

The management is aware of the ongoing changes in the regulatory environment which may impact the appetite of a number of our large customers to advertise. The overall operating environment is expected to remain challenging during the remainder of this year. Any resurgence of Covid-19 may negatively impact customers advertising span and reduce demand for advertising space.

The Group is intensifying its efforts to broaden the customer base and attract new customers with a flexible pricing policy and remains vigilant in containing costs. In the absence of any significant resurgence of Covid-19, adverse macro-economic development or radical regulatory change, given the increase in total revenue during the first half of this year over the same period of last year, the 2021 total revenue is expected to be materially more than that in 2020.

The capital expenditure in 2020 was reduced to maintain liquidity on the balance sheet amid the outbreak of Covid-19. In the absence of any resurgence of Covid-19 or adverse macro-economic development, the 2021 total capital expenditure is expected to be considerably more than the level in 2020. It will likely be funded from the cash and cash equivalents on the balance sheet and the operating cash flows in the remainder of 2021.

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 2021 to 30 June 2021 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 are 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 2021 to 30 June 2021, 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 (the "**Directors**") 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 2021. 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

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 announcements dated 14 July 2020, 13 August 2020, 29 October 2020, 12 November 2020, 26 November 2020, 14 January 2021, 14 April 2021, 12 May 2021, 5 July 2021, 14 July 2021, 20 July 2021, 2 August 2021 and the composite document dated 2 August 2021 for details.

The Company will make further announcements 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.

SUBSEQUENT EVENTS

On July 5, 2021, the Company jointly announced with Ever Harmonic Global Limited ("**Ever Harmonic**") that a voluntary conditional offer (the "**Offer**") by CLSA Limited and China International Capital Corporation Hong Kong Securities Limited for and on behalf of Ever Harmonic is being made to acquire all the issued shares of the Company (other than those owned or agreed to be acquired by Ever Harmonic or parties acting in concert with it (as defined under the Hong Kong Code on Takeovers and Mergers)). The Offer closed on August 24, 2021. For further details, please refer to the Company's announcements dated July 5, 2021, July 8, 2021, July 28, 2021, August 2, 2021, August 10, 2021 and August 24, 2021, and the composite document dated August 3, 2021 jointly issued by the Company and Ever Harmonic.

By order of the Board
Clear Media Limited
Joseph Tcheng
Chairman

Hong Kong, 27 August 2021

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

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. Stephen Hon Chiu Wong, Mr. Jérôme Lucien Joseph Marie d'Héré (alternate to Mr. Stephen Hon Chiu Wong) and Ms. Fei Fei Shum and the independent non-executive Directors are Mr. Robert Gazzi, Mr. Wang Shou Zhi, Mr. Christopher Thomas and Ms. Li Ping.