CONNECTING BUSINESSES & PEOPLE WITH SOLUTIONS

INTERIM REPORT 2018

CLEAR MEDIA LIMITED
白馬戶外媒體有限公司

Stock code: 100

CONTENT

FINANCIAL HIGHLIGHTS

- The Group's total turnover increased by 12.4% to RMB857.2 million.
- EBITDA increased by 1.0% to RMB309.8 million. Excluding the effect of the additional professional fees as a result of the misappropriation incident and related investigation, EBITDA would have increased by 8.1%.
- Amortisation of concession rights increased by 10.0% to RMB180.3 million due to investment to protect the long-term growth of the business.
- Additional professional fees as a result of the misappropriation incident and related investigation amounted to RMB21.8 million. Such amount was included as expenses in the determination of EBITDA.
- In relation to the misappropriation incident, RMB24.7 million was recovered and received by the Group during the period from the beginning of 2018 up to the date of this report. Such amount was reflected as prior year adjustment in the financial information set out in this report.
- Net profit[1] increased by 1.6% to RMB76.2 million. Excluding the effect of the additional professional fees as a result of the misappropriation incident and related investigation, net profit would have increased by 21.2%.
- Basic earnings per share increased by 1.7% to RMB0.1409. Excluding the effect of the additional professional fees as a result of the misappropriation incident and related investigation , earnings per share would have increased by 21.4%.

[1] Net profit attributable to owners of the parent

MANAGEMENT DISCUSSION AND ANALYSIS

MISAPPROPRIATION, DISCLAIMER OF 2017 AUDIT OPINION AND SUSPENSION OF TRADING

The Board of Directors, through the announcements dated 2 January 2018, 8 February 2018 and 19 March 2018 informed the shareholders and potential investors that there had been misappropriation of certain funds of the Group. Since the announcement dated 2 January 2018, a special committee has been established to (i) pursue available remedies and options to recover any loss and minimize any damage caused by the misappropriation; (ii) engage external professional parties to conduct a forensic investigation on the misappropriation and (iii) review, and improve where necessary, the internal control systems of the Group to prevent similar incidents from taking place again. As part of this review, the Company has put in place enhanced internal control measures on monitoring cash payments, cash balances at banks, conflicts of interest and the use of company chops. An independent external law firm and an independent accounting firm were engaged to conduct a forensic investigation and to assist the special committee of the Company in investigating matters arising from the misappropriation and other related matters. The misappropriation of funds was also referred to the police for investigation. The impact of the misappropriation to the financial statements of the Group for the years ended 31 December 2016 and 2017 has been set out in the "Loss on misappropriation of funds, prior year adjustments and restatements" section on pages 82 to 88 of the 2017 annual report. No misappropriation of funds was found for the first half of 2018.

During the process of the investigation, it was discovered that there were three unauthorized bank accounts opened in the name of certain members of the Group which were identified as having transactions within the past 10 years and which were not recorded in the consolidated financial statements prior to the year 2018. These three bank accounts were all closed. As of the date of this report, the management of the Company is not aware of any liability attaching to these accounts. The matters were also referred to the police for investigation. During the first half of 2018, there were no unrecorded transactions related to any of these three bank accounts.

In March 2018, the Company formed an Internal Control Committee to conduct a thorough review of the Group's financial systems and controls to develop further enhancements to those controls. This special committee has engaged an external consultant for the review exercise and reports to the Audit Committee.

MANAGEMENT DISCUSSION AND ANALYSIS

MISAPPROPRIATION, DISCLAIMER OF 2017 AUDIT OPINION AND SUSPENSION OF TRADING (continued)

The disclaimer of audit opinion and the related basis for such disclaimer was set out on pages 71 to 72 of the 2017 annual report and pages 27 to 29 of the annual results announcement for the year ended 31 December 2017 dated 29 March 2018. In the disclaimer of the 2017 audit opinion, in relation to customer development expenses, the Company's auditor noted that (i) customer development expenses of RMB19.8 million were paid during the year ended 31 December 2017 to recipients whose identities were different from the entities stated in the documents maintained by the Group in respect of these payments and (ii) the Group appeared to maintain insufficient documents to evidence ultimate payment made to those who conducted customer development services for the Group. During the first half of 2018, there were no payments of customer development expenses, however the relevant expense has been accrued.

On 3 April 2018, being the business day following the release of the annual results announcement for the year ended 31 December 2017 dated 29 March 2018 with the disclaimer of audit opinion and the related basis for such disclaimer, trading in the shares of the Company on the Hong Kong Stock Exchange was suspended. Since then, the Company has been cooperating with the Hong Kong Stock Exchange and working towards the resumption of trading in the shares of the Company.

On 24 May 2018, the Hong Kong Stock Exchange notified the Company the conditions for the resumption of trading in the shares of the Company and such conditions were set out in the announcement of update on misappropriation incident and resumption conditions dated 29 May 2018. Since then, the Company had been working towards the fulfilment of the resumption conditions and the progress of such efforts was disclosed in the announcement on update on progress of fulfilment of resumption conditions dated 29 June 2018 and the announcement on update on delisting framework under the Listing Rules and progress of fulfilment of resumption conditions dated 30 July 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

MISAPPROPRIATION, DISCLAIMER OF 2017 AUDIT OPINION AND SUSPENSION OF TRADING (continued)

The announcement on key interim findings of forensic investigation on the misappropriation incident and the integrity of Executive Directors dated 13 August 2018 sets out the key interim findings of the forensic investigation, the Company's response to the issues raised by the auditor as set out in the disclaimer of audit opinion and the related basis for such disclaimer, the status of the related police investigations, the remedial actions and in respect of the integrity of the Executive Directors.

As of the date of this report, the Company continues to work towards the fulfilment of the resumption conditions which includes the conduct of an internal control review and implementation of the recommended internal control measures to demonstrate that the Company has put in place adequate internal control systems to meet the obligations under the Listing Rules. The internal control review is ongoing and the external consultant engaged for this review exercise is making good progress in preparing and finalizing the internal control review report and such report is expected to be ready by early September 2018. It is expected that implementation of the recommendations on the internal control measures will take place within the third quarter of this year.

During the first half of 2018, the additional professional fees as a result of the misappropriation incident and related investigation amounted to RMB21.8 million. In relation to the misappropriation incident, RMB24.7 million was recovered and received by the Group during the period from the beginning of 2018 up to the date of this report. Such amount was reflected as prior year adjustment in the accompanying financial information.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The macro-economic development in Mainland China continued to be moderate and the operating environment remained challenging. Late confirmation and last-minute cancellation of orders by advertisers persisted. The sales performance was mixed across different cities.

The recent shelter acquistions in Changsha, Urumqi and Ningbo were completed. In the first half of 2018, overall sales benefited from the increase in the average number of bus shelter panels.

During the period, the advertising demand from the clients in the e-commerce and IT digital product sectors continued to grow. The revenue contribution from the e-commerce sector increased to 36% (1H2017: 30%) and that from the IT digital product sector increased to 26% (1H2017: 20%). The increase in sales from clients in the food and beverage industries was mild.

OPERATION OVERVIEW

Bus Shelter Advertising

As of 30 June 2018, Clear Media operated the most extensive, standardized bus shelter advertising network in Mainland China, with a total of more than 54,000 panels (as of 30 June 2017: 48,000 panels) covering 24 cities. The Company's bus shelter advertising revenue, net of value added tax, increased by 12.5% year on year to RMB852.9 million.

Yield per bus shelter before value added tax ("**yield**") edged up slightly by 0.6% year-on-year and the average number of bus shelter panels grew by 11.8% year-on-year. The revenue growth was mainly driven by a year-on-year increase of 11.8% in the average number of bus shelter panels operated by the Company and the higher average occupancy rate of such panels.

OPERATION OVERVIEW (continued)

Key Cities

For the six months ended 30 June 2018, the revenue from the top three cities Shanghai, Guangzhou and Beijing increased by 13.3% to RMB547.0 million (1H2017: RMB483.0 million), driven by a year-on-year increase of 7.9% in the average number of bus shelter panels operated by the Company and the higher average occupancy rate of such panels.

Mid-tier Cities

The revenue from all mid-tier cities increased by 11.4% to RMB357.1 million (1H2017: RMB320.4 million) because the average number of bus shelter panels operated by the Company increased by 14.8% year-on-year and the average occupancy rate of such panels also increased.

Among the Company's bus shelter advertising operations in mid-tier cities, those in Wuhan, Jinan, Changsha, Wuxi, Nanjing, Shenzhen and Haikou performed particularly well during the first half of 2018 with double-digit growth in revenue.

Digital Panel Advertising

As of 30 June 2018, the Company operated a total of 251 digital panels in Nanjing (as of 30 June 2017: 256). Total sales generated from the digital panel advertising operation, net of value added tax, amounted to RMB4.3 million (1H2017: RMB4.5 million).

FINANCIAL REVIEW

Turnover

The Group's total turnover increased by 12.4% to RMB857.2 million during the first half of 2018.

Other Income

Other income increased from RMB3.6 million in the prior period to RMB5.5 million. The exchange gain of RMB3.5 million for six months ended 30 June 2018 (six months ended 30 June 2017: exchange loss of RMB5.1 million) was mainly due to exchange rate movement between the declaration and settlement of an inter-company dividend.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (continued)

Expenses

During the six months ended 30 June 2018, the Group's total direct operating costs, including rental, electricity and maintenance costs, and sales, cultural and other levies, increased by 31.7% to RMB372.4 million (1H2017: RMB282.8 million).

Average inventory increased by 11.8% in size, while direct rental costs for our core bus shelter advertising business increased by 35.0%. This was mainly due to the rental increment from new leases in Guangzhou, Ningbo and Urumqi of RMB38.3 million.

Electricity costs increased by RMB16.4 million in 1H2018 due to higher provision releases in 1H2017, as well as increased expenses in connection with increased inventory, in particular in Ningbo and Changsha.

Cleaning and maintenance costs increased by 14.5% mainly due to the increase in number of bus shelter panels and a revision to the standard maintenance fee. This cleaning and maintenance expenses were subsidized by Hainan White Horse Advertising Co. Ltd., ("**Hainan White Horse**"), the non-controlling shareholder of WHA Joint Venture. This cleaning and maintenance subsidy arrangement was made and has been in effect since 2001 as part of the pre-listing re-organization exercise and is based on a certain percentage of the cleaning and maintenance cost. The ratio is negotiated on a yearly basis, with an aim to match the subsidy payable by Hainan White Horse to the cleaning and maintenance entity against the dividend attributable to this non-controlling shareholder. The cleaning and maintenance subsidy increased by 23.5% to RMB31.1 million (1H2017: RMB25.2 million).

Total selling, general and administrative expenses, excluding depreciation and amortization for the six months ended 30 June 2018 was in line with last year with an increase of 2.4% to RMB175.5 million (1H2017: RMB171.4 million). The higher expenses were driven by the additional professional fees of RMB21.8 million incurred in 1H2018 as a result of the misappropriation incident and related investigation incident.

FINANCIAL REVIEW (continued)

EBITDA

The Group's earnings before interest, tax, depreciation and amortisation ("**EBITDA**") increased slightly by 1.0% to RMB309.8 million (1H2017: RMB306.7 million) mainly due to higher turnover of the core bus shelter advertising business in the current period while selling, general and administrative expenses were in line with 1H2017. The impact is offset by the increase in direct rental expenses of RMB61.8 million, and direct electricity costs of RMB16.4 million during the period. EBITDA margin decreased to 36.1% (1H2017: 40.2%).

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

	For the six months ended 30 June	
	2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000 (Restated)
Profit before tax	**126,972**	132,337
Add:		
— Foreign exchange loss	**–**	5,083
— Depreciation of property, plant and equipment	**7,552**	7,486
— Amortization of concession rights	**180,286**	163,947
Subtotal	**187,838**	176,516
Less:		
— Foreign exchange gain	**(3,483)**	–
— Interest income	**(1,493)**	(2,141)
Subtotal	**(4,976)**	(2,141)
EBITDA	**309,834**	306,712

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (continued)

EBIT

The Group's earnings before interest and tax ("**EBIT**") decreased by 9.8% to RMB122.0 million for the current six-month period from RMB135.3 million in the same period last year due to increase in amortization expenses.

Other Expenses

During the period under review, the Group carried no debt. The exchange loss of RMB5.1 million for six months ended 30 June 2017 (six months ended 30 June 2018: exchange gain of RMB3.5 million) was mainly due to exchange rate movement between the declaration and settlement of an inter-company dividend.

Taxation

According to the PRC Enterprise Income Tax Law effective on 1 January 2008, the WHA Joint Venture, an indirect majority-owned subsidiary of the Company established in the Hainan Special Economic Zone of the PRC, was subject to a corporate income tax of 25% (2017: 25%) on its assessable profits arising in the PRC for the year 2018.

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.

FINANCIAL REVIEW (continued)

Taxation *(continued)*

During the period, taxes provided for by the Group decreased to RMB37.5 million for the six months ended 30 June 2018 from RMB42.1 million for the same period last year mainly due to the decrease in assessable profits of the core bus shelter advertising business during the period.

As at 30 June 2018, the Group recognized a deferred tax liability of RMB7.3 million (31 December 2017: RMB5.6 million) and income tax payable of RMB2.7 million (31 December 2017: RMB5.4 million) in respect of the withholding tax on future dividend distribution by WHA Joint Venture. The decrease in the balance is due to declaration of dividend from WHA Joint Venture to the Company during the period.

Net Profit

Net profit attributable to owners of the parent increased slightly to RMB76.2 million (1H2017: RMB75.0 million) for the six months ended 30 June 2018, while the net profit margin decreased to 8.9% (1H2017: 9.8%). Most of the decrease was attributable to the increase in amortization of concession rights to RMB180.3 million (1H2017: RMB163.9 million).

Net profit attributable to non-controlling interests decreased by 12.3% to RMB13.3 million (1H 2017: RMB15.2 million).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (continued)

Cashflow

Net cash flows from operating activities for the current period increased to RMB349.4 million (1H2017: RMB221.4 million). The increase was mainly due to a substantial decrease in trade receivable balances as compared to prior period and the effect of working capital changes.

Net cash flows used in investing activities during the six months ended 30 June 2018 decreased to RMB93.5 million (1H2017: RMB125.4 million) mainly due to a lower level of capital expenditure in the first half of the year.

Net cash flows used in financing activities amounted to nil (1H2017: RMB15.8 million) for the six months ended 30 June 2018. This was because no dividend had been paid to a non-controlling shareholder of a subsidiary in the current period.

Free cash flow, defined as EBITDA (before losses on disposal and write off of concession rights and other assets and equity-settled share option expenses) less cash outflow on capital expenditure, less income tax and net interest expense, increased to RMB185.6 million for the current six-month period, compared to RMB136.5 million in the same period last year. The increase was mainly due to higher EBITDA generated in the current period, and lower level of capital expenditure than the prior period.

FINANCIAL REVIEW (continued)

Trade Receivables

The Group's accounts receivable balance due from third parties decreased by 9.7% to RMB659.0 million as at 30 June 2018 from RMB729.6 million as at 31 December 2017. The decrease was mainly from the outstanding balances in the 90–180 days category which decreased by RMB76.2 million, due to improvement in cash collection process. The outstanding balances in the 181 days to 360 days category decreased by RMB8.1 million, while the over 360 days category increased by RMB14.0 million due to slower payments from certain major customers. None of the accounts receivable was due from connected persons, as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Accounts receivable from WHM and WSI are disclosed separately and discussed below.

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. Accounts receivable relate to a large number of different customers.

The average accounts receivable outstanding days, on a time-weighted basis, decreased to 112 days for the current six-month period from 122 days for the same period last year. As at 30 June 2018, the provision for impairment of accounts receivables increased to RMB66.8 million from RMB57.7 million as at 31 December 2017 due to slower collection from certain major 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 provision level is adequate as of 30 June 2018. We will continue to closely monitor the accounts receivable balance and ensure the level of provision is appropriate and prudent.

FINANCIAL REVIEW (continued)

Due from Related Parties

As at 30 June 2018, the amount due from WHM and WSI net of allowance for expected credit losses increased to RMB89.9 million from RMB85.3 million as at 31 December 2017 mainly due to higher sales from customers represented by WHM and WSI during the current period. The increase was in the current to 90 days category. The average balance due from related parties outstanding days, on a time-weighted basis, improved to 70 days for the current six-month period from 76 days for the same period last year. We will continue to work closely with WHM and WSI to expedite collection in the second half of the year.

Prepayments, Deposits and Other Receivables

The Group's total prepayments, deposits and other receivables as at 30 June 2018 decreased to RMB206.1 million from RMB206.9 million as at 31 December 2017.

The balance as at 30 June 2018 included a receivable from Hainan White Horse, the non-controlling shareholder of the WHA Joint Venture, amounting to RMB154.2 million (31 December 2017: RMB123.3 million), which are unsecured, interest-free and have no fixed terms of repayment.

The slight decrease in prepayments, deposits and other receivables was mainly due to the recovery of government subsidies of RMB22.9 million, offset by the increase in bus shelter rental prepayments as well as the increase in receivable from Hainan White Horse during the period for the cleaning and maintenance expenses subsidized as disclosed in the "Expenses" section during the period.

FINANCIAL REVIEW (continued)

Long-term Prepayments, Deposits and Other Receivables

The Group's total long-term prepayments, deposits and other receivables as at 30 June 2018 increased to RMB93.8 million from RMB93.2 million as at 31 December 2017. 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 2018 were RMB665.4 million, compared to RMB682.1 million as at 31 December 2017. The decrease was mainly due to lower capital expenditure related payables during the period, partially offset by the increase in direct and indirect costs payables. 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 2018, the Group's total assets amounted to RMB3,206.9 million, a 1.2% increase from RMB3,169.6 million as at 31 December 2017. The Group's total liabilities increased to RMB858.4 million as at 30 June 2018 from RMB829.7 million as at 31 December 2017. Net assets as at 30 June 2018 slightly increased by 0.4% to RMB2,348.5 million from RMB2,339.9 million as at 31 December 2017. This was mainly due to the retention of the net profit earned in the six months ended 30 June 2018, partially offset by the 2017 final dividends payable to the shareholders of the Group. Net current assets increased from RMB610.0 million as at 31 December 2017 to RMB757.0 million as at 30 June 2018.

As at 30 June 2018, the Group's total cash and cash equivalents amounted to RMB595.4 million (31 December 2017: RMB337.4 million).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (continued)

Share Capital and Shareholders' Equity

Total issued and fully paid share capital remained at RMB56.9 million as at 30 June 2018. Total shareholders' equity for the Group as at 30 June 2018 slightly increased by 0.4% to RMB2,348.5 million, from RMB2,339.9 million as at 31 December 2017. The Group's reserves as at 30 June 2018 amounted to RMB2,164.5 million, with no material decrease over the corresponding balance as at 31 December 2017.

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 report, the Group has not experienced any difficulties in obtaining government approval for its necessary foreign exchange purchases. During the period under review, 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 2018, the Group's total cash and cash equivalents amounted to RMB595.4 million (31 December 2017: RMB337.4 million). The Group had no short-term or long-term debt outstanding as at 30 June 2018 (31 December 2017: 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.

FINANCIAL REVIEW (continued)

Capital Expenditure

For the six months ended 30 June 2018, the Group invested RMB42.2 million in the construction of bus shelters and acquisition of concession rights, and RMB3.2 million on fixed assets, compared to RMB92.7 million and RMB2.3 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 2018.

Employment, Training and Development

As at 30 June 2018, the Group had a total of 564 employees, representing a decrease of 0.4% compared to the same period in 2017 and total wages and salaries decreased by 0.3% accordingly.

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

Charges on Group Assets

As at 30 June 2018, the Group had pledged deposit of RMB4.5 million (31 December 2017: RMB4.5 million) to bank as security for a letter of guarantee of RMB15.0 million (31 December 2017: RMB15.0 million), and pledged deposit of Nil (31 December 2017: 12.0 million) to bank as security for the bills payable of Nil (31 December 2017: RMB30.0 million).

As at 30 June 2018, a bank balance of RMB1.3 million (31 December 2017: RMB1.3 million) was frozen in respect of a legal claim discussed in the "Contingent Liabilities" section below.

FINANCIAL REVIEW (continued)

Capital Commitments

As at 30 June 2018, the Group had capital commitments contracted but not provided for in relation to the construction of bus shelters amounting to RMB33.1 million (31 December 2017: RMB6.6 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 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 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.

FINANCIAL REVIEW (continued)

Contingent Liabilities *(continued)*

According to the subpoena issued by the Foshan Intermediate People's Court on 28 June 2018, the trial of the case will be held on 15 November 2018. The Company's external legal counsel anticipated that there was less than 30% chance for the Group to lose this case.

FINANCIAL KEY PERFORMANCE INDICATOR

EBITDA as the financial key performance indicator

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

KEY RELATIONSHIPS

Relationships with Vendors

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

MANAGEMENT DISCUSSION AND ANALYSIS

KEY RELATIONSHIPS (continued)

Relationships with Employees

The Board of Directors, through the announcements dated 2 January 2018, 8 February 2018 and 19 March 2018 informed the shareholders and potential investors that there had been misappropriation of certain funds of the Group. Since the announcement dated 2 January 2018, a special committee was established to (i) pursue available remedies and options to recover any loss and minimize any damage caused by the misappropriation; (ii) engage external professional parties to conduct a forensic investigation on the misappropriation and (iii) review, and improve where necessary, the internal control systems of the Group to prevent similar incidents from taking place again. An independent external law firm and an independent accounting firm were engaged to conduct a forensic investigation and to assist the special committee of the Company in investigating matters arising from the misappropriation and other related matters. The misappropriation of funds was also referred to the police for investigation. During the investigations in the first half of 2018, also several employees were allowed to depart from the Group. Except for the investigations which affected such departed employees, we are not aware of any major event affecting our relationships with other remaining employees in the first half of 2018.

Relationships with Customers

Our sales team interact closely with advertising clients' marketing personnel and their advertising agents. In addition, our sales team identify new advertising clients every year. During the period, the total number of advertising clients decreased to 405 for the six months ended 30 June 2018 from 424 in the same period last year.

OUTLOOK

Management is cautiously optimistic about the overall operating environment in the second half of 2018 and expects the e-commerce and IT digital product sectors to continue to be active with their marketing campaigns and to remain as the major source of the Company's advertising revenue.

In the long run, Clear Media maintains its optimistic stance towards the prospects of the out-of-home advertising sector in China on the back of the country's growth in consumer spending and continuing urbanization.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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To the Board of Directors
Clear Media Limited
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated financial statements of Clear Media Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 23 to 59, which comprise the condensed consolidated statement of financial position of the Group as at 30 June 2018 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on those interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
29 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June 2018 (Unaudited) RMB'000	For the six months ended 30 June 2017 (Unaudited) RMB'000 (Restated)
Revenue	4	**857,220**	762,547
Cost of sales	6	**(552,686)**	(446,698)
Gross profit		**304,534**	315,849
Other income	4	**5,461**	3,611
Selling and distribution expenses		**(85,942)**	(82,637)
Administrative expenses		**(97,081)**	(96,217)
Other expenses	5	**–**	(5,124)
Loss on misappropriation of funds	6	**–**	(3,145)
PROFIT BEFORE TAX	6	**126,972**	132,337
Income tax expense	7	**(37,459)**	(42,128)
PROFIT FOR THE PERIOD		**89,513**	90,209
ATTRIBUTABLE TO:			
Owners of the parent		**76,195**	75,015
Non-controlling interests		**13,318**	15,194
		89,513	90,209
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	8	**0.1409**	0.1385
Diluted (RMB)	8	**0.1408**	0.1385

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000 (Restated)
PROFIT FOR THE PERIOD	**89,513**	90,209
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(3,899)**	(2,112)
Other comprehensive loss for the period, net of tax	**(3,899)**	(2,112)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**85,614**	88,097
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	**72,296**	72,903
Non-controlling interests	**13,318**	15,194
	85,614	88,097

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**41,452**	41,754
Concession rights	11	**1,515,552**	1,657,662
Long-term prepayments, deposits and other receivables	12	**93,757**	93,209
Total non-current assets		**1,650,761**	1,792,625
CURRENT ASSETS			
Trade receivables	13	**658,988**	729,579
Prepayments, deposits and other receivables	14	**206,094**	206,860
Due from related parties	15	**89,943**	85,344
Pledged deposits and restricted cash	16	**5,791**	17,789
Cash and cash equivalents	16	**595,364**	337,423
Total current assets		**1,556,180**	1,376,995
CURRENT LIABILITIES			
Other payables and accruals		**665,444**	682,086
Deferred income		**12,485**	3,329
Tax payable		**43,541**	81,605
Dividend payable		**77,705**	–
Total current liabilities		**799,175**	767,020
NET CURRENT ASSETS		**757,005**	609,975
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,407,766**	2,402,600

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000 (Restated)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**59,260**	62,700
Total non-current liabilities		**59,260**	62,700
Net assets		**2,348,506**	2,339,900
EQUITY			
Equity attributable to owners of the parent			
Share capital	17	**56,945**	56,945
Other reserves		**2,164,484**	2,168,696
		2,221,429	2,225,641
Non-controlling interests		**127,077**	114,259
Total equity		**2,348,506**	2,339,900

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the parent										
	Share capital RMB'000	Share premium account RMB'000	Share option reserve RMB'000	Contributed surplus RMB'000	Foreign currency translation 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 31 December 2016	56,945	749,213	6,289	140,735	4,266	–	–	1,222,599	2,180,047	102,852	2,282,899
Prior year adjustments (note 2.1)	–	–	–	–	–	–	–	13,122	13,122	1,458	14,580
As at 31 December 2016 and 1 January 2017 (restated)	56,945	749,213	6,289	140,735	4,266	–	–	1,235,721	2,193,169	104,310	2,297,479
Profit for the period	–	–	–	–	–	–	–	75,015	75,015	15,194	90,209
Other comprehensive loss	–	–	–	–	(2,112)	–	–	–	(2,112)	–	(2,112)
Total comprehensive income/(loss) for the period	–	–	–	–	(2,112)	–	–	75,015	72,903	15,194	88,097
Equity-settled share option arrangements	–	–	1,918	–	–	–	–	–	1,918	–	1,918
Recognition of share award scheme	–	–	–	–	–	262	–	–	262	–	262
Dividends payable to a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	(23,777)	(23,777)
Final 2016 dividend payable	–	–	–	–	–	–	–	(79,979)	(79,979)	–	(79,979)
At 30 June 2017 (unaudited) (restated)	56,945	749,213	8,207	140,735	2,154	262	–	1,230,757	2,188,273	95,727	2,284,000
As at 31 December 2017	**56,945**	**749,213**	**10,749**	**140,735**	**(2,309)**	**1,791**	**(8,165)**	**1,259,961**	**2,208,920**	**112,401**	**2,321,321**
Prior year adjustments (note 2.1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**16,721**	**16,721**	**1,858**	**18,579**
As at 31 December 2017 (restated)	**56,945**	**749,213**	**10,749**	**140,735**	**(2,309)**	**1,791**	**(8,165)**	**1,276,682**	**2,225,641**	**114,259**	**2,339,900**
Effect of adoption of HKFRS 9, net of tax (note 2.2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,505)**	**(4,505)**	**(500)**	**(5,005)**
As at 1 January 2018 (restated)	**56,945**	**749,213**	**10,749**	**140,735**	**(2,309)**	**1,791**	**(8,165)**	**1,272,177**	**2,221,136**	**113,759**	**2,334,895**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**76,195**	**76,195**	**13,318**	**89,513**
Other comprehensive loss	**-**	**-**	**-**	**-**	**(3,899)**	**-**	**-**	**-**	**(3,899)**	**-**	**(3,899)**
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**(3,899)**	**-**	**-**	**76,195**	**72,296**	**13,318**	**85,614**
Equity-settled share option arrangements	**-**	**-**	**2,881**	**-**	**-**	**-**	**-**	**-**	**2,881**	**-**	**2,881**
Recognition of share award scheme	**-**	**-**	**-**	**-**	**-**	**390**	**-**	**-**	**390**	**-**	**390**
Final 2017 dividend payable	**-**	**-**	**-**	**(75,274)**	**-**	**-**	**-**	**-**	**(75,274)**	**-**	**(75,274)**
At 30 June 2018 (unaudited)	**56,945**	**749,213**	**13,630**	**65,461**	**(6,208)**	**2,181**	**(8,165)**	**1,348,372**	**2,221,429**	**127,077**	**2,348,506**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June 2018 (Unaudited) RMB'000	 2017 (Unaudited) RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**126,972**	132,337
Adjustments for:			
(Gain)/loss on disposal of concession rights	6	**(460)**	52
Impairment losses of trade receivables and due from related parties recognised	6	**3,844**	25,814
Gain on disposal of items of property, plant and equipment	6	**(25)**	(11)
Depreciation of items of property, plant and equipment	6	**7,552**	7,486
Recognition of prepaid lease payments		**1,474**	1,009
Amortisation of concession rights	6	**180,286**	163,947
Foreign exchange (gain)/losses, net	6	**(3,483)**	5,083
Share award scheme expenses	6	**390**	262
Equity-settled share option expense	6	**2,881**	1,918
Interest income	4	**(1,493)**	(2,141)
		317,938	335,756

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000 (Restated)
Increase in long-term prepayments, deposits and other receivables	**(2,023)**	(12,380)
Decrease/(increase) in trade receivables	**61,195**	(41,084)
Decrease in prepayments, deposits and other receivables	**1,705**	9,065
Increase in amounts due from related parties	**(5,721)**	(24,816)
Increase in other payables and accruals	**32,443**	49,868
Increase/(decrease) in deferred income	**9,156**	(463)
Decrease in pledged deposits	**11,998**	–
Cash generated from operations	**426,691**	315,946
Income taxes paid	**(77,294)**	(94,559)
Net cash flows from operating activities	**349,397**	221,387
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment, excluding construction in progress	**(3,203)**	(2,332)
Proceeds from disposal of items of property, plant and equipment	**25**	11
Proceeds from disposal of concession rights	**460**	16
Purchase of concession rights	**(91,307)**	(124,982)
Interest received	**554**	1,899
Net cash flows used in investing activities	**(93,471)**	(125,388)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000 (Restated)
Net cash flows used in investing activities	**(93,471)**	(125,388)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to a non-controlling shareholders of a subsidiary	**–**	(15,765)
Net cash flows used in financing activities	**–**	(15,765)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**255,926**	80,234
Cash and cash equivalents at beginning of period	**337,423**	441,540
Effect of foreign exchange rate changes, net	**2,015**	(7,190)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**595,364**	514,584
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**595,364**	514,584

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

1. CORPORATE INFORMATION

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

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

In the opinion of the directors, the parent and the ultimate holding company of the Company is iHeartMedia, Inc. which is incorporated in the United States of America.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"), including compliance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

2.1 BASIS OF PREPARATION (continued)

Prior Year Adjustment

In preparing the unaudited interim financial information for the six months ended 30 June 2018, management has made corrections to the presentation and disclosure of certain transactions and balances in the previously issued consolidated financial statements. The corrections made are related to the recognition of government subsidies, as well as the recovery of misappropriated funds in prior years of which the Group did not have knowledge of until the recent forensic investigations of the misappropriation incident carried out by an independent external consultant.

The Group has recovered RMB22.9 million of government subsidies and RMB1.8 million of misappropriated funds during the six months ended 30 June 2018. Management has conducted a comprehensive review of this matter and determined that it is more appropriate to recognize the recovered amounts to prior years. The effects of the recovered amount net of the income tax expense have increased the retained earnings and non-controlling interest as at 31 December 2016 of RMB13.1 million and RMB1.5 million, respectively, increased the retained earnings and non-controlling interest as at 31 December 2017 of RMB16.7 million and RMB1.9 million, respectively, and increased profit before tax, profit for the period, profit attributable to the owners of the parent and non-controlling interest for the six months ended 30 June 2017 of RMB1.5 million, RMB1.1 million, RMB1.0 million and RMB0.1 million, respectively.

Comparative Amounts

As further explained above, as a result of the misappropriation incident, certain prior year adjustments have been made. In addition, certain comparative amounts have been reclassified to conform to the current period's presentation and disclosures.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the presentation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except for the adoption of the new or revised standards, interpretation and amendments as of 1 January 2018, noted below:

The Group has adopted the following revised HKFRSs for the first time in these interim condensed consolidated financial information.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK (IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

The Group applies, for the first time, HKFRS 15 *Revenue from Contracts with Customers* and HKFRS 9 *Financial Instruments*. As required by HKAS 34, the nature and effect of these changes are disclosed below.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted HKFRS 15 using the modified retrospective method of adoption. As allowed by HKFRS 15, the Group applied the new requirement only to contracts that are not completed before 1 January 2018. The effect of adopting HKFRS 15 is as follows:

- The comparative information for each of the primary financial statements would be presented based on the requirements of HKAS 11, HKAS 18 and related Interpretations and;

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 15 Revenue from Contracts with Customers *(continued)*

- As required for the interim condensed consolidated financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to note 4 for the disclosure on disaggregated revenue. Disclosures for the comparative period in the notes to the financial statements would also follow the requirements of HKAS 11, HKAS 18 and related Interpretations. As a result, the disclosure of disaggregated revenue in note 4 would not include comparative information under HKFRS 15.

- The Group has concluded that advertising revenue from digital panels should be recognised on a time proportion basis over the terms of the agreement. Therefore, the adoption of HKFRS 15 did not have an impact on the timing and amount of revenue recognition.

HKFRS 9 Financial Instruments

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has not restated comparative information for financial instruments in the scope of HKFRS 9. Therefore, the comparative information is reported under HKAS 39 and is not comparable to the information presented for the six months ended 30 June 2018. Differences arising from the adoption of HKFRS 9 have been recognized directly in reserves as of 1 January 2018.

In the current period, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities; and (2) expected credit losses ("**ECL**") for financial assets.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 9 Financial Instruments *(continued)*

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 9 Financial Instruments *(continued)*

(1) Classification and measurement of financial assets and financial liabilities

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("**FVPL**"), amortised cost, or fair value through other comprehensive income ("**FVOCI**"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the "**SPPI criterion**").

The new classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's Trade receivables, due from related parties, and other receivables included under the account of Prepayments, deposits and other receivables and Long-term prepayments, deposits and other receivables.

- The accounting for financial liabilities remains largely the same as it was under HKAS 39.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 9 Financial Instruments *(continued)*

(2) Impairment under Expected Credit Losses model

HKFRS 9 requires an ECL model, as opposed to an incurred credit loss model under HKAS 39. The ECL model requires an entity to account for ECL and changes in those ECL at each reporting date to reflect changes in credit risk since initial recognition. The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and due from related parties. To measure the ECL, trade receivables and due from related parties have been grouped based on shared credit risk characteristics.

Upon adoption of HKFRS 9, the Group recognised additional impairment on the Group's trade receivables and due from related parties of RMB5,113,000 and RMB1,561,000, respectively, and deferred taxes was adjusted by RMB1,669,000, which resulted in a decrease in retained earnings and non-controlling interests of RMB4,505,000 and RMB500,000, respectively as at 1 January 2018.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

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

4. REVENUE AND OTHER INCOME

	For the six months ended 30 June	
	2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000 (Restated)
Revenue		
Revenue from contracts with customers:		
Sales revenue from digital panels*	**4,289**	4,491
	4,289	4,491
Rental income:		
Rental from outdoor advertising spaces	**852,931**	758,056
	852,931	758,056
	857,220	762,547
Other income		
Interest income	**1,493**	2,141
Gain on disposal of concession rights and items of property, plant and equipment	**485**	–
Foreign exchange gain	**3,483**	–
Government subsidy (note 2.1)	**–**	1,470
	5,461	3,611

* Sales revenue from digital panels represented the advertising income generated from the digital panels in Nanjing which was recognised over time.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018

5. OTHER EXPENSES

	For the six months ended 30 June	
	2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000 (Restated)
Foreign exchange loss	–	5,083
Loss on disposal of concession rights and items of property, plant and equipment	–	41
	–	5,124

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2018 (Unaudited) RMB'000	**2017 (Unaudited) RMB'000 (Restated)**
Cost of services provided	**130,429**	102,796
Operating lease rentals on bus shelters	**238,198**	178,345
Cost of services in a bus shelter joint-operation arrangement*	**3,773**	1,610
Amortisation of concession rights	**180,286**	163,947
Cost of sales	**552,686**	446,698
Impairment losses of trade receivables and due from related parties recognised	**3,844**	25,814
Bad debt recovered	**(1,125)**	(2,643)
Auditors' remuneration	**1,869**	1,296
Depreciation of items of property, plant and equipment	**7,552**	7,486
(Gain)/loss on disposal of concession rights	**(460)**	52
Gain on disposal of items of property, plant and equipment	**(25)**	(11)
Operating lease rentals on buildings	**18,716**	19,864
Employee benefits expense (including directors' and chief executive's remuneration):		
Wages and salaries	**79,133**	79,384
Equity-settled share option expenses	**2,881**	1,918
Share award scheme expenses	**390**	262
Pension scheme contributions	**9,001**	8,565
	91,405	90,129
Loss on misappropriation of funds	**–**	3,145
Additional professional fees as a result of the misappropriation incident and related investigation	**21,760**	–
Foreign exchange (gain)/loss	**(3,483)**	5,083
Interest income	**(1,493)**	(2,141)

6. PROFIT BEFORE TAX (continued)

* The Group operated certain bus shelters jointly with an independent third party under a profit sharing arrangement. The Group has the primary responsibility for providing services to the customers and acts as a principal in the arrangement. The Group recognised revenue on a gross basis. The cost of services represented the costs paid by the Group under this arrangement.

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 expense in the interim condensed consolidated statement of profit or loss are:

	For the six months ended 30 June	
	2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000 (Restated)
Current – Hong Kong profits tax	–	–
Current – PRC corporate income tax	**39,231**	45,148
Deferred tax	**(1,772)**	(3,020)
Total tax charge for the period	**37,459**	42,128

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 2017: 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.

7. INCOME TAX (continued)

According to the Enterprise Income Tax Law of the PRC effective on 1 January 2008, the WHA Joint Venture, a subsidiary of the Company established in the Hainan Special Economic Zone of the PRC, was subject to a corporate income tax of 25% (2017: 25%) for the head office and its branches on its assessable profits arising in the PRC for the six months ended 30 June 2018.

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, a subsidiary of the Company established in the Hainan Special Economic Zone of the PRC, in respect of earnings generated from 1 January 2008. As at 30 June 2018, the Group recognized a deferred tax liability of RMB7,266,000 (31 December 2017: RMB5,553,000) in respect of the withholding tax on future dividend distribution by WHA Joint Venture.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the period is based on the profit attributable to ordinary equity holders of the parent of RMB76,195,000 (six months ended 30 June 2017: RMB75,015,000 (restated)) and the weighted average number of ordinary shares in issue less shares held under the Company's share award scheme of 540,641,800 (six months ended 30 June 2017: 541,700,500) during the period.

The calculation of the diluted earnings per share for the period is based on the profit attributable to ordinary equity holders of the parent of RMB76,195,000 (six months ended 30 June 2017: RMB75,015,000 (restated)). The weighted adjusted average number of ordinary shares used in the calculation is the 540,641,800 (six months ended 30 June 2017: 541,700,500) ordinary shares in issue during the period, as used in the basic earnings 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 705,800 (six months ended 30 June 2017: nil). As the deemed conversion or exercise of the share options under the share option schemes would have an antidilutive effect on earnings per share, the calculation of diluted earnings per share does not assume the conversion or exercise of the share options.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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9. DIVIDEND

The Board of Directors resolved not to pay any interim dividend to the shareholders in respect of the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment at a cost of RMB3,203,000 (six months ended 30 June 2017: RMB2,332,000), and incurred construction in progress at a cost of RMB7,399,000 (six months ended 30 June 2017: RMB2,529,000).

Property, plant and equipment with a net book value of nil were disposed of by the Group during the six months ended 30 June 2018 (six months ended 30 June 2017: Nil), resulting in a net gain on disposal of RMB25,000 (six months ended 30 June 2017: RMB11,000).

11. CONCESSION RIGHTS

During the six months ended 30 June 2018, the Group had an addition of concession rights at a cost of RMB38,175,000 (six months ended 30 June 2017: RMB90,652,000), including concession rights transferred from construction in progress of RMB3,352,000 (six months ended 30 June 2017: RMB450,000).

Concession rights with a net book value of nil were disposed of by the Group during the six months ended 30 June 2018 (six months ended 30 June 2017: RMB68,000), resulting in a net gain on disposal of RMB460,000 (six months ended 30 June 2017: net loss on disposal of RMB52,000).

12. LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Long-term prepayments amounting to RMB70,291,000 (31 December 2017: RMB69,951,000) 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 2018 also included a non-current portion of a prepaid bus shelter lease payment amounting to RMB2,443,000 (31 December 2017: RMB2,520,000) and a long-term rental deposit of RMB21,023,000 (31 December 2017: RMB20,738,000).

13. TRADE RECEIVABLES

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.

13. TRADE RECEIVABLES (continued)

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

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Current to 90 days	**355,442**	346,606
91 days to 180 days	**222,204**	298,437
181 days to 360 days	**88,569**	96,643
Over 360 days	**59,608**	45,605
	725,823	787,291
Allowance for expected credited losses	**(66,835)**	(57,712)
Total trade receivables, net	**658,988**	729,579

The movements in allowance for expected credited losses of trade receivables are as follows:

	For the six months ended 30 June	
	2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000
At 1 January (restated) (Note 2.2)	**62,825**	37,184
Allowance for expected credited losses	**4,283**	25,814
Amount written off as uncollectible	**(273)**	(1,138)
At 30 June	**66,835**	61,860

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance of prepayments, deposits and other receivables as at 30 June 2018 included a receivable from Hainan White Horse Advertising Co., Ltd. ("**Hainan White Horse**"), the non-controlling shareholder of WHA Joint Venture, amounting to RMB154,221,000 (31 December 2017: RMB123,267,000), which is unsecured, interest-free and has no fixed terms of repayment.

15. DUE FROM RELATED PARTIES

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Hainan White Horse Media Advertising Company Limited ("**WHM**")	**74,082**	44,429
White Horse (Shanghai) Investment Company Limited ("**WSI**")	**16,983**	40,915
	91,065	85,344
Allowance for expected credit losses	**(1,122)**	–
Total due from related parties, net	**89,943**	85,344

The balances with the related parties are unsecured, interest-free and repayable on demand.

15. DUE FROM RELATED PARTIES (continued)

An ageing analysis of the amounts due from WHM and WSI as at the end of the reporting period, based on the revenue recognition date, is as follows:

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Current to 90 days	**70,222**	57,738
91 days to 180 days	**20,843**	21,099
181 days to 360 days	**–**	6,507
	91,065	85,344
Allowance for expected credited losses	**(1,122)**	–
Total due from related parties, net	**89,943**	85,344

15. DUE FROM RELATED PARTIES (continued)

The movements in allowance for expected credited losses of due from related parties are as follows:

	For the six months ended 30 June	
	2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000
At 1 January (restated) (Notes 2.2)	**1,561**	–
Reversal of allowance for expected credited losses	**(439)**	–
At 30 June	**1,122**	–

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

As at 30 June 2018, the Group's cash and bank balances, pledged deposits and restricted cash denominated in Renminbi ("**RMB**") and in Hong Kong dollars ("**HK$**") amounted to RMB485,053,000 (31 December 2017: RMB281,487,000) and RMB116,102,000 (31 December 2017: RMB73,725,000), 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 authorised to conduct foreign exchange business.

16. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND RESTRICTED CASH (continued)

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. As at 30 June 2018, the Group maintained less than 20% of the Group's total bank balances in any one bank.

As at 30 June 2018, the Group had pledged deposit of RMB4,500,000 (31 December 2017: RMB4,500,000) to bank as security for a letter of guarantee of RMB15,000,000 (31 December 2017: RMB15,000,000) and pledged deposit of Nil (31 December 2017: RMB12,000,000) to bank as security for the bills payable of Nil (31 December 2017: RMB30,000,000).

As at 30 June 2018, a bank balance of RMB1,291,000 (31 December 2017: RMB1,289,000) was frozen by one of the financial institutions which has commenced legal proceedings against the Company's subsidiary as disclosed in the "Contingent Liabilities" section of the interim report. The directors of the Company are of the view that the dispute will not have any material impact on the condensed consolidated financial statements of the Group.

17. SHARE CAPITAL

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Shares		
Issued and fully paid:		
541,700,500 ordinary shares of HK$0.10 each (31 December 2017: 541,700,500)	**56,945**	56,945

18. SHARE AWARD SCHEME

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

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

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

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

18. SHARE AWARD SCHEME (continued)

On 20 March 2018, one of the Selected Employees passed away. On 29 May 2018, the Board of Directors resolved to cancel the Award granted to him under the Share Award Scheme. As at 30 June 2018, the Trustee was holding the Award Shares for this employee.

The Group has recognised a Share Award Scheme expense of RMB1,462,000 (six months ended 30 June 2017: RMB262,000) and reversed a Share Award Scheme expense of RMB1,072,000 (six months ended 30 June 2017: Nil) due to the shares forfeiture mentioned above, with a net effect of RMB390,000 (six months ended 30 June 2017: RMB262,000) of expense recognised under the Share Award Scheme in profit or loss.

19. RESERVES

The amount of the Group's reserves and the movements therein for the current period and prior period are presented in the condensed consolidated statement of changes in equity on page 27 of this report.

20. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these interim condensed consolidated financial statements, the Group had the following transactions with related parties during the period, which fall under the definition of "Continuing connected transactions" under Chapter 14A of the Listing Rules.

	Notes	For the six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Sales to WHM and WSI	(i)	**138,607**	154,020
Agency commission paid to WHM and WSI	(ii)	**11,650**	12,149
Bus shelter maintenance and display fees to White Horse Holding	(iii)	**19,735**	15,814
Creative services fees payable to WHM	(iv)	**2,000**	1,500

Notes:

(i) On 22 December 2015, WHA Joint Venture entered into a three-year framework agreement with GWH, WHM and WSI for the years 2016, 2017 and 2018 on substantially the same terms as the framework agreements previously entered into between WHA Joint Venture and GWH on 11 March 2013 ("Framework Agreement"), save for the addition of WHM and WSI as signing parties to the Framework Agreement. The approved annual caps for the gross value of sales from GWH, WHM and WSI for the financial years ended on 31 December 2016, 2017 and 2018 were HK$414,000,000, HK$424,500,000 and HK$435,000,000, respectively. For the period ended 30 June 2018, the sales exclusive value added tax and net off agency commission from WHM and WSI was RMB138,607,000, the total gross value of sales from WHM and WSI was RMB158,574,000 (approximately HK$195,427,000). The sales to WHM and WSI were made according to published prices and conditions similar to those offered to other major customers and advertising agencies of the Group.

20. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes: (continued)

(i) (continued)
GWH is a related party of the Company because Mr. Han Zi Dian is the brother of Mr. Han Zi Jing, an executive director of the Company, and Mr. Han Zi Dian is able to exercise influence over the management and day-to-day operations as director and general manager of GWH and controls the composition of a majority of the board of directors of GWH with his indirect interest of 14.2% in GWH.

Similar to GWH, WHM and WSI are also related parties of the Company because Mr. Han Zi Dian is the brother of Mr. Han Zi Jing, an executive director of the Company, and Mr. Han Zi Dian is able to exercise influence over the management and day-to-day operations of each of WHM and WSI.

(ii) The agency commission paid to WHM and WSI was based on the standard percentage of gross sales rental revenue for outdoor advertising spaces payable to other major third party agencies used by the Group. The approved annual caps for the advertising commission payable to GWH, WHM and WSI in aggregate for each of these financial years shall not exceed HK$33,000,000, HK$34,000,000 and HK$35,000,000, respectively. The total advertising commission payable to WHM and WSI for the period ended 30 June 2018 was RMB11,650,000 (approximately HK$14,358,000).

20. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes: (continued)

(iii) On 24 October 2016, WHA Joint Venture entered into a framework maintenance services agreement (the "Framework Maintenance Services Agreement") with White Horse Holding in place of the maintenance services arrangements between WHA Joint Venture and White Horse Holding. The Framework Maintenance Services Agreement was entered into for a fixed term and will expire on 31 December 2019.

White Horse Holding is a related party of the Company because Mr. Han Zi Dian possessed more than 50% of the voting power of White Horse Holding following a capital injection into White Horse Holding and Mr. Han Zi Dian is the brother of Mr. Han Zi Jing, an executive director of the Company.

Under the Framework Maintenance Services Agreement, WHA Joint Venture would pay service fees to White Horse Holding for the services provided by its branches. The service fees comprised fixed cleaning and maintenance costs, variable subsidies and discretionary bonus. The same basis for calculating the payment of the service fee is applicable to all service providers of the Group including third party service providers.

Under the Framework Maintenance Services Agreement, the service fees payable by WHA Joint Venture to White Horse Holding for the financial years ended 31 December 2017 and ending 31 December 2018 and 2019 shall not exceed HK$52,000,000, HK$60,000,000 and HK$66,000,000, respectively. Service fees shall be settled by WHA Joint Venture on a monthly basis on or before the tenth day of every month. For the period ended 30 June 2018, the maintenance fees paid or payable by WHA Joint Venture for the services provided by White Horse Holding were approximately HK$24,239,000 (30 June 2017: HK$17,853,000).

(iv) On 24 October 2016, WHA Joint Venture entered into a creative services agreement with WHM effective from 1 January 2017 to 31 December 2019, whereby WHM agreed to provide creative design services for poster, sales and marketing materials and company profiles to the Group. In the opinion of the directors, these transactions were entered into on terms no less favourable than those available from independent third parties. The annual cap for the consideration for each of the financial years ended 31 December 2017 and ending 31 December 2018 and 2019 will be no more than RMB4,000,000.

20. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties

The Group had outstanding receivables from WHM and WSI of RMB74,082,000 (31 December 2017: RMB44,429,000) and RMB16,983,000 (31 December 2017: RMB40,915,000), respectively, as at the end of the reporting period. The balances are unsecured, interest-free and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2018 (Unaudited) RMB'000	**2017 (Unaudited) RMB'000**
Short-term employee benefits	**9,249**	10,376
Equity-settled share option expenses	**1,620**	884
Share award scheme expenses	**390**	262
Pension scheme contributions	**68**	71
Total compensation paid to key management personnel	**11,327**	11,593

21. COMMITMENTS

(a) Capital commitments

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Contracted, but not provided for:		
Construction of shelters for which concession rights are held	**33,089**	6,561

(b) Commitments under operating leases

The Group leases certain of its office buildings and concession rights under operating lease arrangements. Leases for office buildings are negotiated for terms ranging from 1 to 10 years, and those for concession rights are negotiated for terms ranging from 5 to 20 years.

At 30 June 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
Within one year	**470,995**	460,243
In the second to fifth year, inclusive	**1,458,758**	1,529,828
After five years	**602,600**	700,827
	2,532,353	2,690,898

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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22. 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 for additional liability exceeding the outstanding liability already taken up in the accounts under other payables and accruals, between the Supplier and the Group.

22. CONTINGENT LIABILITIES (continued)

According to the subpoena issued by the Foshan Intermediates People's Court on 28 June 2018, the trial of the case will be held on 15 November 2018. The Company's external legal counsel anticipated that there was less than 30% chance for the Group to lose this case.

23. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 29 August 2018.

SUPPLEMENTARY INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2018, the interests and short positions of the directors, the chief executive or their associates in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (the "Model Code"), were as follows:

A. Long Positions in Ordinary Shares of the Company as at 30 June 2018:

	Number of shares held, capacity and nature of interest					
Name of director	Directly beneficially owned	Through spouse or minor children	Through controlled corporation (Note)	Beneficiary of a trust (Note)	Total	% of the Company's issued share capital
Peter Cosgrove	–	–	–	250,000	250,000	0.05%
Han Zi Jing	–	–	6,600,000	–	6,600,000	1.22%

Notes: The 250,000 shares are held by Media General Superannuation Fund of which Mr. Cosgrove is the sole beneficiary.

The 6,600,000 shares are held by Outdoor Media China, Inc. ("OMC"), a company incorporated in Western Samoa of Offshore Chambers. As at 30 June 2018, Mr. Han Zi Jing held approximately 94.5% of the issued share capital of Golden Profits Consultants Limited, which is the beneficial holder of 100% of the shares in OMC. The effective interest of Mr. Han in OMC is therefore 94.5%.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

A. Long Positions in Ordinary Shares of the Company as at 30 June 2018: *(continued)*

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

On 31 May 2017, the Board of Directors resolved to grant three Awards comprising an aggregate Reference Awarded Sums of HK$9,600,000 (equivalent to RMB8,165,000) for the purchase of Shares and an aggregate amount of HK$4,800,000 in cash to be awarded to the following three Executive Directors under the Share Award Scheme.

Name of Directors	Aggregate sum for the purchase of shares under the share award scheme	Cash award
Han Zi Jing	HK$3,200,000	HK$1,600,000
Teo Hong Kiong*	HK$3,200,000	HK$1,600,000
Zhang Huai Jun	HK$3,200,000	HK$1,600,000

Under the Share Award Scheme, the Company paid the sum of HK$9,600,000 (being the Reference Awarded Sum) to the Trustee from the Company's resources. The Trustee then applied the Reference Awarded Sum towards the purchase of the maximum number of board lots of Shares from the market and had been holding such Shares for the benefit of the relevant Selected Employees in accordance with the Share Award Scheme and the underlying trust deed.

* Mr. Teo Hong Kiong passed away on 20 March 2018.

SUPPLEMENTARY INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

A. Long Positions in Ordinary Shares of the Company as at 30 June 2018: *(continued)*

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

On 20 March 2018, the Company's executive director Mr. Teo Hong Kiong passed away. On 29 May 2018, the board of directors of the Company resolved to cancel the Award granted to him under the Share Award Scheme.

As at 30 June 2018, the Trustee was holding the Shares for the following three Executive Directors in accordance with the Share Award Scheme and the underlying trust deed:

Name of Executive Directors	No. of Shares
Han Zi Jing	352,900
Teo Hong Kiong**	352,900
Zhang Huai Jun	352,900

** Mr. Teo Hong Kiong passed away on 20 March 2018. On 29 May 2018, the board of directors resolved to cancel the Award granted to him under the Share Award Scheme.

The interests of the directors in the share options of the Company are separately disclosed on pages 65 to 70.

B. Long Positions in the Class A Common Shares of Clear Channel Outdoor Holdings, Inc. as at 30 June 2018: (Note 1)

	Number of shares held, capacity and nature of interest					
Name of director	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	% of issued share capital
William Eccleshare	99,779	–	–	–	99,779	0.20
Cormac O'Shea	104,442	–	–	–	104,442	0.21

1. Clear Channel Outdoor Holdings, Inc. is an indirect holding company of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

C. Right to Acquire Class A Common Shares in Clear Channel Outdoor Holdings, Inc. as at 30 June 2018: (Note 2)

Name of director	Date of grant	Number of outstanding options as at 30 June 2018	Option period	Subscription price per share of Clear Channel Outdoor Holdings, Inc.
William Eccleshare	10/09/2009	28,062	10/09/2010–10/09/2019	US$1.17
	10/09/2009	56,830	10/09/2011–10/09/2019	US$1.17
	10/09/2009	40,006	10/09/2012–10/09/2019	US$1.17
	10/09/2009	40,009	10/09/2013–10/09/2019	US$1.17
	24/02/2010	6,976	24/02/2013–24/02/2020	US$1.16
	24/02/2010	15,524	24/02/2014–24/02/2020	US$1.16
	10/09/2010	15,895	10/09/2011–10/09/2020	US$1.43
	10/09/2010	15,896	10/09/2012–10/09/2020	US$1.43
	10/09/2010	15,895	10/09/2013–10/09/2020	US$1.43
	10/09/2010	15,897	10/09/2014–10/09/2020	US$1.43
	13/12/2010	5,120	10/09/2011–13/12/2020	US$4.78
	13/12/2010	5,120	10/09/2012–13/12/2020	US$4.78
	13/12/2010	5,120	10/09/2013–13/12/2020	US$4.78
	21/02/2011	22,500	21/02/2012–21/02/2021	US$6.09
	21/02/2011	22,500	21/02/2013–21/02/2021	US$6.09
	21/02/2011	22,500	21/02/2014–21/02/2021	US$6.09
	21/02/2011	22,500	21/02/2015–21/02/2021	US$6.09
	26/03/2012	22,500	26/03/2013–26/03/2022	US$5.02
	26/03/2012	22,500	26/03/2014–26/03/2022	US$5.02
	26/03/2012	22,500	26/03/2015–26/03/2022	US$5.02
	26/03/2012	22,500	26/03/2016–26/03/2022	US$5.02

SUPPLEMENTARY INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

C. Right to Acquire Class A Common Shares in Clear Channel Outdoor Holdings, Inc. as at 30 June 2018: (Note 2) *(continued)*

Name of director	Date of grant	Number of outstanding options as at 30 June 2018	Option period	Subscription price per share of Clear Channel Outdoor Holdings, Inc.
Cormac O'Shea	04/04/2014	926	04/04/2015–04/04/2024	US$5.85
	04/04/2014	926	04/04/2016–04/04/2024	US$5.85
	04/04/2014	926	04/04/2017–04/04/2024	US$5.85
	04/04/2014	926	04/04/2018–04/04/2024	US$5.85
	15/06/2015	2,360	15/06/2016–15/06/2025	US$7.71
	15/06/2015	2,360	15/06/2017–15/06/2025	US$7.71
	15/06/2015	2,360	15/06/2018–15/06/2025	US$7.71
	15/06/2015	2,361	15/06/2019–15/06/2025	US$7.71
	03/06/2016	1,924	03/06/2017–03/06/2026	US$5.69
	03/06/2016	1,924	03/06/2018–03/06/2026	US$5.69
	03/06/2016	1,924	03/06/2019–03/06/2026	US$5.69
	03/06/2016	1,924	03/06/2020–03/06/2026	US$5.69

2. Clear Channel Outdoor Holdings, Inc. is an indirect holding company of the Company. The table sets out the share options granted pursuant to the share option scheme of Clear Channel Outdoor Holdings, Inc.

Save as disclosed above, none of the directors or the chief executive had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the headings "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" above and "Share Option Schemes" and "Share Award Scheme" below, at no time during the six months ended 30 June 2018 were rights to acquire benefits by means of the acquisition of shares in the Company granted to any director, or his or her respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEMES

Prior to 28 November 2008, the Company operated, among others, a share option scheme (the "Old Scheme") for the purpose of providing incentives and rewards to eligible participants who contributed to the Group's operations. The Old Scheme became effective on 28 November 2001 and expired on 28 November 2008, after then no further options had been granted under the Old Scheme. Options which were granted during the life of the Old Scheme shall continue to be exercisable in accordance with their terms of issue and the last remaining batch of such options expired on 29 June 2014. Accordingly, there are no outstanding options under the Old Scheme.

At the annual general meeting of the Company on 13 May 2009, an ordinary resolution was passed to approve and adopt a new share option scheme (the "New Scheme"). The New Scheme was subsequently amended in the annual general meeting on 1 June 2012. The purpose of the New Scheme is to enable the Company to grant options to eligible participants of the Company or any subsidiaries of the Company, as determined by the board of directors in recognition of their contributions to the Group. Under the New Scheme, the directors may, at their discretion, offer to grant options to any employees, directors or consultants of any company in the Group. The New Scheme became effective on 19 May 2009 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

SUPPLEMENTARY INFORMATION

SHARE OPTION SCHEMES (continued)

The total number of ordinary shares which may be issued upon exercise of all options to be granted under the New Scheme shall be subject to a maximum limit of 10% of the shares in issue as at 13 May 2009 (excluding shares which may be issued upon exercise of options granted under the Old Scheme, whether such options are exercised, outstanding, cancelled or lapsed), unless the Company obtains an approval from shareholders in a general meeting to refresh such 10% limit in accordance with the Listing Rules. Options lapsed in accordance with the terms of the New Scheme will not be counted for the purpose of calculating such 10% limit. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company and/or any of its subsidiaries must not exceed 30% of the shares of the Company in issue from time to time, and no options may be granted under the New Scheme or any other share option schemes of the Company and/or any of its subsidiaries if that will result in such 30% limit being exceeded.

No option may be granted to any person such that the total number of shares issued and to be issued upon the exercise of options granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the issued share capital of the Company from time to time.

An option may be exercised in accordance with the respective terms of the New Scheme or Old Scheme at any time during the option period. The option period was determined by the board of directors and communicated to each grantee. The board of directors may provide restrictions on the period during which the options may be exercised. There are no performance targets which must be achieved before any of the options can be exercised except for the share options granted on 29 June 2007. Share options granted on 29 June 2007 (the "2007 Options") would not become vested unless the Company has achieved an average annual earnings per share growth of 5% each year in the first three full financial years after the grant date. As the vesting condition has not been met, the share option expenses of the 2007 Options recognised in previous years amounting to HK$20 million were reversed in 2010.

SHARE OPTION SCHEMES (continued)

The subscription price for the Company's shares under the New Scheme and the Old Scheme would be a price determined by the board of directors and notified to each grantee. The subscription price would be the highest of: (i) the nominal value of a share; (ii) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; and (iii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant. An option shall be deemed to have been granted and accepted by an eligible participant (as defined in the respective schemes) and to have taken effect when the acceptance form as described in the respective schemes is completed, signed and returned by the grantee with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant.

On 10 June 2015, the Company granted an aggregate of 5,000,000 share options to certain eligible participants under the New Scheme. Among these 5,000,000 share options, 2,300,000 options were granted to three Executive Directors and an Alternate Director. The details of such grant are set out from pages 68 to 70.

On 31 May 2017, the Company granted an aggregate of 1,929,000 share options to certain eligible participants under the New Scheme. Among these 1,929,000 share options, 905,000 options were granted to three Executive Directors and an Alternate Director. The details of such grant are set out from pages 68 to 70.

As at 30 June 2018, the aggregate number of shares issuable under share options granted under the New Scheme was 6,049,666, which represented approximately 1.11% of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 6,049,666 additional ordinary shares of HK$0.10 each in the Company and proceeds, before relevant share issue expenses, of approximately HK$56,788,164.

The maximum number of shares issuable under share options which may be granted to each eligible participant under the New Scheme within any 12-month period up to the date of the latest grant is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

SUPPLEMENTARY INFORMATION

SHARE OPTION SCHEMES (continued)

The share options granted and outstanding under the New Scheme for a consideration of HK$1.00 per grant are set out below:

		Number of share options									Price of the Company's shares***		
Name or category of participant	Type of share option scheme	At the beginning of the period	Granted during the period	Exercised during the period	Expired during the period	Forfeited during the period	At the end of the period	Date of grant of share options*	Exercise period	Exercise price per share** HK$	At grant date of options HK$	Immediately before the exercise date HK$	At exercise date of options HK$
Director													
Han Zi Jing	The New Scheme	333,333	–	–	–	–	333,333	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	333,333	–	–	–	–	333,333	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	333,334	–	–	–	–	333,334	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	333,000	–	–	–	–	333,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	–	–
		1,333,000	–	–	–	–	1,333,000						
Teo Hong Kiong#	The New Scheme	166,666	–	–	–	–	166,666	10/06/2015	20/03/2018 to 19/03/2019	9.54	9.52	–	–
	The New Scheme	166,666	–	–	–	–	166,666	10/06/2015	20/03/2018 to 19/03/2019	9.54	9.52	–	–
	The New Scheme	166,668	–	–	–	–	166,668	10/06/2015	20/03/2018 to 19/03/2019	9.54	9.52	–	–
	The New Scheme	200,000	–	–	–	–	200,000	31/05/2017	20/03/2018 to 19/03/2019	8.99	8.99	–	–
		700,000	–	–	–	–	700,000						
Zhang Huai Jun	The New Scheme	166,666	–	–	–	–	166,666	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	166,666	–	–	–	–	166,666	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	166,668	–	–	–	–	166,668	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	266,000	–	–	–	–	266,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	–	–
		766,000	–	–	–	–	766,000						
Zou Nan Feng	The New Scheme	100,000	–	–	–	–	100,000	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	100,000	–	–	–	–	100,000	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	100,000	–	–	–	–	100,000	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	106,000	–	–	–	–	106,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	–	–
		406,000	–	–	–	–	406,000						

SHARE OPTION SCHEMES (continued)

Name or category of participant	Type of share option scheme	Number of share options: At the beginning of the period	Granted during the period	Exercised during the period	Expired during the period	Forfeited during the period	At the end of the period	Date of grant of share options*	Exercise period	Exercise price per share** HK$	Price of the Company's shares***: At grant date of options HK$	Immediately before the exercise date HK$	At exercise date of options HK$
Other													
Member of senior management and other employees of the Group	The New Scheme	899,994	–	–	–	(166,666)	733,328	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	899,994	–	–	–	(233,332)	666,662	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	900,012	–	–	–	(233,336)	666,676	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	1,024,000	–	–	–	(246,000)	778,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	–	–
		3,724,000	–	–	–	(879,334)	2,844,666						
In aggregate	The New Scheme	1,666,659	–	–	–	(166,666)	1,499,993	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	1,666,659	–	–	–	(233,332)	1,433,327	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	1,666,682	–	–	–	(233,336)	1,433,346	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	1,929,000	–	–	–	(246,000)	1,683,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	–	–
		6,929,000	–	–	–	(879,334)	6,049,666						

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

*** The price of the Company's shares disclosed as at the date of the grant of the share options is the Hong Kong Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options. The price of the Company's shares disclosed as at the date of the exercise of the share options is the weighted average of the Hong Kong Stock Exchange closing prices over all of the exercises of options within the disclosure line.

\# Mr. Teo Hong Kiong, executive director of the Company, passed away on 20 March 2018. Pursuant to the rules of the New Scheme, all his unvested share options vested automatically and became immediately exercisable in full by his legal personal representative(s) within a period of one (1) year from the date of his death.

SUPPLEMENTARY INFORMATION

SHARE AWARD SCHEME

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

The purposes of the Share Award Scheme are (i) to retain and motivate the Selected Employees; (ii) to align the interest of the Selected Employees with the long-term success of the Company; (iii) to provide fair and competitive compensation to the Selected Employees; and (iv) to drive the achievement of strategic objectives of the Company.

Under the Share Award Scheme, the Board shall not make any further Award which will result in the number of the Shares awarded by the Board under the Share Award Scheme exceeding 3% of the number of Shares in issue as at the date of adoption of the Share Award Scheme (i.e. 31 May 2017). The maximum number of Shares which may be awarded to a Selected Employee shall not exceed 1% of the number of Shares in issue as at the adoption date.

Details of awards granted under the Share Award Scheme are set out on pages 61 to 62.

Apart from the foregoing, at no time during the six months ended 30 June 2018 was the Company, or any of its subsidiaries, a party to any arrangement to enable the directors or any of their respective spouse or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2018, the following interests and short positions of 5% or more in the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long Positions:

Name	Note	Number of shares held	Percentage of the Company's issued share capital
Clear Channel KNR Neth Antilles NV	1	273,140,500	50.42%
International Value Advisers, LLC	2	102,298,770	18.88%
Mittleman Investment Management, LLC	3	27,108,780	5.00%

Notes:

1. As at 30 June 2018, Clear Channel KNR Neth Antilles NV was an indirect wholly owned subsidiary of Clear Channel Outdoor Holdings, Inc. iHeartMedia, Inc. owns approximately 90% of the outstanding equity of Clear Channel Outdoor Holdings, Inc. Approximately 67% of the outstanding voting equity of iHeartMedia, Inc. was indirectly held jointly by Bain Capital Investors, LLC and Thomas H Lee Advisors LLC.

2. International Value Advisers, LLC notified the Stock Exchange that as at 29 January 2016, 102,298,770 shares of the Company were held by it.

3. Mittleman Investment Management, LCC notified the Stock Exchange that as at 28 June 2016, 27,108,780 shares of the Company were held by it. According to the notification, Mittleman Investment Management, LLC is 100% controlled by Master Control, LLC, which is 100% controlled by Mittleman Brothers, LLC, which in turn is jointly controlled by Christopher Philip Mittleman (33.3%), David Joseph Mittleman (33.3%) and Philip Charles Mittleman (33.3%).

SUPPLEMENTARY INFORMATION

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 2018 to 30 June 2018 are in line with the code provisions set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

None of the directors of the Company is aware of any information that would reasonably indicate that Clear Media is not, or was not for any part of the period from 1 January 2018 to 30 June 2018, in compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules.

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

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

AUDIT COMMITTEE

The Audit Committee is comprised of a majority of independent non-executive Directors with substantial expertise in finance as well as relevant market experience. The Audit Committee has reviewed the accounting policies and practices adopted by the Group as well as the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2018. 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.

FACTSHEET AT A GLANCE

Listing:	Main Board of The Stock Exchange of Hong Kong Limited
Listing Date:	19 December 2001
Ordinary Shares:	
• Shares in issue as at 30 June 2018	541,700,500 shares
Nominal Value:	HK$0.10 per share
Market Capitalization:	
• as at HK$5.83 per share (based on closing price on 29 March 2018) (trading suspended since 3 April 2018)	HK$3,158 million (approximately US$405 million)
Stock Code:	
• Hong Kong Stock Exchange	100
• Reuters	0100.HK
• Bloomberg	100 HK
Financial Year End:	31 December
Business Area:	Outdoor Media

CORPORATE INFORMATION

DIRECTORS:

Executive Directors:
Joseph Tcheng *(Chairman)*
Han Zi Jing *(Chief Executive Officer)*
Zhang Huai Jun *(Chief Operating Officer)*

Non-Executive Directors:
William Eccleshare
Peter Cosgrove
Zhu Jia
Cormac O'Shea

Independent Non-Executive Directors:
Leonie Ki Man Fung
Wang Shou Zhi
Thomas Manning
Robert Gazzi

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

Company Secretary:	Jeffrey Yip
Head Office:	Room 1202 12th Floor The Lee Gardens 33 Hysan Avenue Causeway Bay Hong Kong
Registered Office:	Clarendon House 2 Church Street Hamilton HM 11 Bermuda

CORPORATE INFORMATION

Legal Advisors:

Hong Kong and United States Law
Sullivan & Cromwell (Hong Kong) LLP

PRC Law
King & Wood PRC Lawyers

Bermuda Law
Conyers Dill & Pearman

Auditors:

Ernst & Young

Principal Bankers:

HSBC
ICBC

PRINCIPAL SHARE REGISTRAR:

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG SHARE REGISTRAR:

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

AUTHORISED REPRESENTATIVES:

Joseph Tcheng
Jeffrey Yip

INVESTOR RELATIONS CONTACT:

Jeffrey Yip

PR CONSULTANT:

iPR Ogilvy & Mather

CORPORATE WEBSITES:

www.clear-media.net
www.irasia.com/listco/hk/clearmedia