Mirror your lifestyle

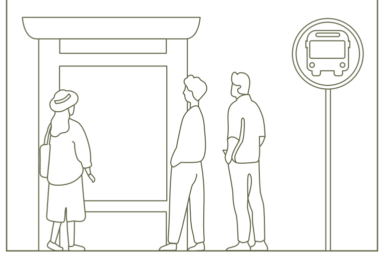
Annual Report 2019

CLEAR MEDIA LIMITED
白馬戶外媒體有限公司

Stock Code : 100

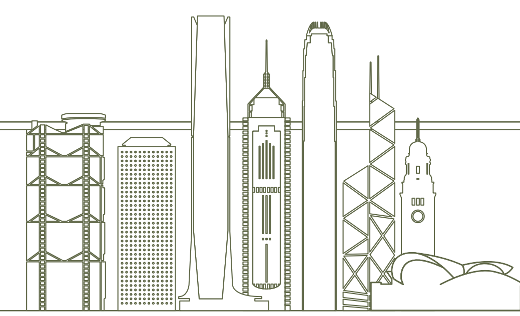

From people to advertisements
Day and night

CLEAR MEDIA



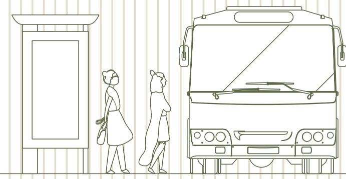
is the largest operator of bus shelter advertising panels in China, with leading market shares more than 70% in top-tier cities, and broad presence in the fastest growing cities across the country. We provide one-stop solutions for nationwide advertising campaigns to our customers.

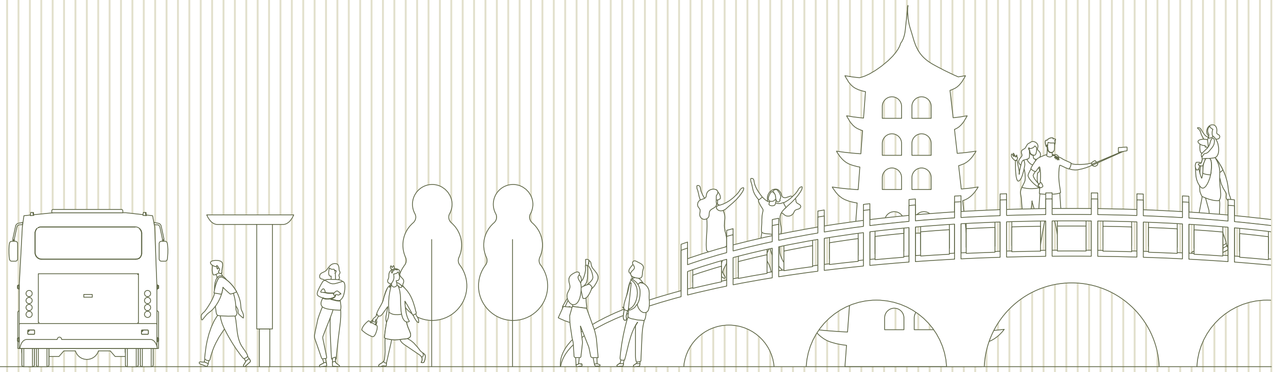
Clear Media's shares have been listed on the Main Board of The Stock Exchange of Hong Kong since 2001 under the stock code 100. Its largest shareholder is Clear Channel Outdoor (NYSE: CCO), one of the world's largest outdoor media companies.



STOCK CODE : 100

Contents



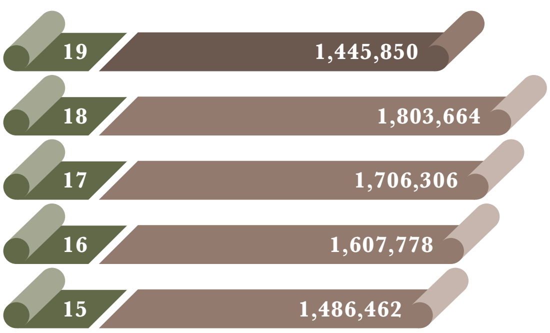


Financial Highlights

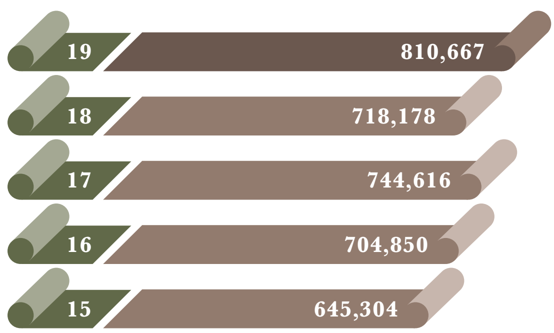
	2019	2018
FULL YEAR RESULTS (RMB'000)		
Turnover	**1,445,850**	1,803,664
EBITDA	**810,667**	718,178
Operating profit	**68,666**	353,378
(Net loss)/net profit*	**(86,854)**	220,813
Basic (loss per share)/EPS (RMB)	**(0.1606)**	0.4084
BALANCE SHEET DATA (RMB'000)		
Cash and cash equivalents	**266,988**	473,508
Total assets	**5,116,476**	3,441,774
Total liabilities	**2,787,440**	927,321
Equity to equity holders of the parent	**2,203,287**	2,367,149
CASH FLOW DATA (RMB'000)		
Cash generated from operations	**745,661**	668,384
Net (decrease)/increase in cash and cash equivalents	**(206,762)**	135,337
FINANCIAL RATIOS		
Current ratio	**1.32 times**	1.72 times
EBITDA margin	**56.1%**	39.8%
(Net loss margin)/net profit margin	**(6.0%)**	12.2%
Debt-to-equity ratio	**0.0%**	0.0%

* Net profit attributable to owners of the parent.

TURNOVER (RMB'000)

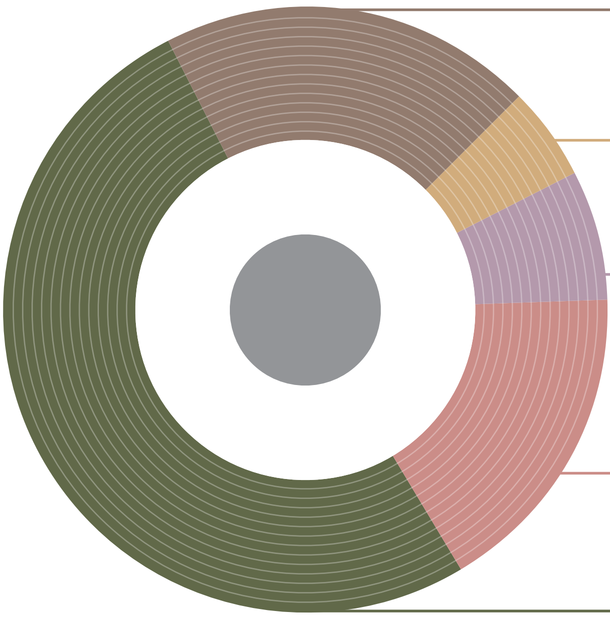


EBITDA (RMB'000)



Fact Sheet at a Glance

Shareholder Information as at 31 December 2019



Nominal Value:	HK$0.10 per share
Listing:	Main Board of The Stock Exchange of Hong Kong Limited
Listing Date:	19 December 2001
Ordinary Shares	
• Shares outstanding as at 31 December 2019	541,700,500 shares
Market Capitalization	
• as at HK$6.45 per share (based on closing price on 31 December 2019)	HK$3,494 million (approximately US$448 million)
Stock Code	
• Hong Kong Stock Exchange	100
• Reuters	0100.HK
• Bloomberg	100 HK
Financial Year End	31 December

Chairman's Statement

DEAR SHAREHOLDERS,

2019 was a challenging year, there was considerable deterioration in the operating environment mainly due to external geopolitical factors and the slower economic growth in Mainland China resulting in the cautious advertising spending from customers in the e-commerce and IT industries. The revenue from clients in the e-commerce and IT digital product sectors declined by about 44% to RMB595.7 million. The increase in revenue from customers in the traditional industries was not sufficient to offset the revenue decline from clients in e-commerce and IT digital product sectors.

The Group's total turnover decreased by 19.8% to RMB1,445.9 million during the year ended 31 December 2019 as compared with 2018. The group recorded a net loss of RMB86.9 million as compared to a net profit of RMB220.8 million in 2018 due mainly to the decline in revenue. The decline in revenue was mainly driven by the decrease in occupancy rate of bus shelter panels during the year.

In 2019, the Group's strategy was to broaden its customer base and lessen its dependence on large customers from the e-commerce and IT industries. We focused on finding new customers in growth categories, target medium sized as well as local customers and re-engage selected traditional clients in the food and beverage industries. The Group realigned its sales organisation to improve planning and effectiveness in line with this strategy. A number of cost savings initiatives were implemented in view of the challenging trading conditions.

The outbreak of the novel coronavirus in 2020 could further slow China's economic growth, negatively impact customers' advertising spend and reduce demand for advertising space. Such adverse impact has not been reflected in the Group's revenue in 2019. We expect the overall outdoor advertising market may be more challenging in the coming year. We expect a very difficult first quarter in 2020 as we experienced high order cancellations in February and we anticipate this will continue in March. We are actively implementing the strategies previously announced on February 27, 2020. The Company remains cautious about the operating environment in 2020 as factors affecting China's economic growth remains highly uncertain.

Our employees are our most important asset and their well-being is our top priority. Since the outbreak of the coronavirus we have been strictly following government directives and actively implementing measures to protect the safety and health of our employees. Our thoughts remain with the people in China, the medical personnel on the front lines in their brave efforts to fight and contain the virus. I am grateful to our highly experienced executives CEO Mr. Han Zi Jing and COO Harrison Zhang in leading and motivating our employees during these uncertain times. While we are managing the current difficulties the management team is at the same time preparing marketing and sales plans for the eventual recovery of the outdoor market. I am confident that we can further extend our leadership in the bus shelter outdoor market through our highly customer focused sales team to quickly capture such opportunities.

I wish to express my deep appreciation to my colleagues for their dedication, creativity and their professionalism in providing a high standard of service to our customers. We are committed to a high standard of compliance, to a high standard of service to our customers, to enhance our networks for advertisers to promote their products and services through new technology and to optimize our return to shareholders.

Yours sincerely,

Joseph Tcheng
Chairman

Inspire new thoughts. Change with you.

CEO'S REPORT

As of 31 December 2019, Clear Media operated the most extensive standardized bus shelter advertising network in Mainland China, with a total of more than 57,000 panels (end-2018: 54,000 panels) covering 25 cities.

During the year, there was considerable deterioration in the operating environment. Our bus shelter advertising revenue, net of value added tax, decreased by 19.8% to RMB1,445.9 million. The decline in revenue was mainly driven by the decrease in occupancy rate of bus shelter panels during the year. The average number of bus shelter panels increased by 4.5% while yield per shelter before value added tax ("yield") decreased to RMB30,053 (2018: RMB39,200).

The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 12.9% to RMB810.7 million (2018: RMB718.2 million). Excluding the effect of adoption of HKFRS 16, EBITDA would have decreased to RMB311.4 million on a like-for-like basis. The decline in like-for-like EBITDA was mainly caused by the followings: decrease in turnover of RMB357.8 million, increase in cleaning and maintenance expenses of RMB27.3 million, the loss on disposal of Kunming bus shelters of RMB17.6 million and increase in direct electricity costs of RMB4.7 million during the year. The Group's earnings before interest and tax ("EBIT") decreased by 80.6% to RMB68.7 million for the year from RMB353.4 million in 2018 following the lower turnover during the year.

Net loss attributable to owners of the parent was RMB86.9 million for the year ended 31 December 2019 (2018 net profit attributable to owners of the parent: RMB220.8 million) while the net margin decreased to -6.0% (2018: 12.2%). Most of the decrease was mainly due to the decline in bus shelter revenue of RMB357.8 million in 2019. Net profit attributable to non-controlling interests decreased by 91.9% to RMB2.7 million (2018: RMB33.5 million).

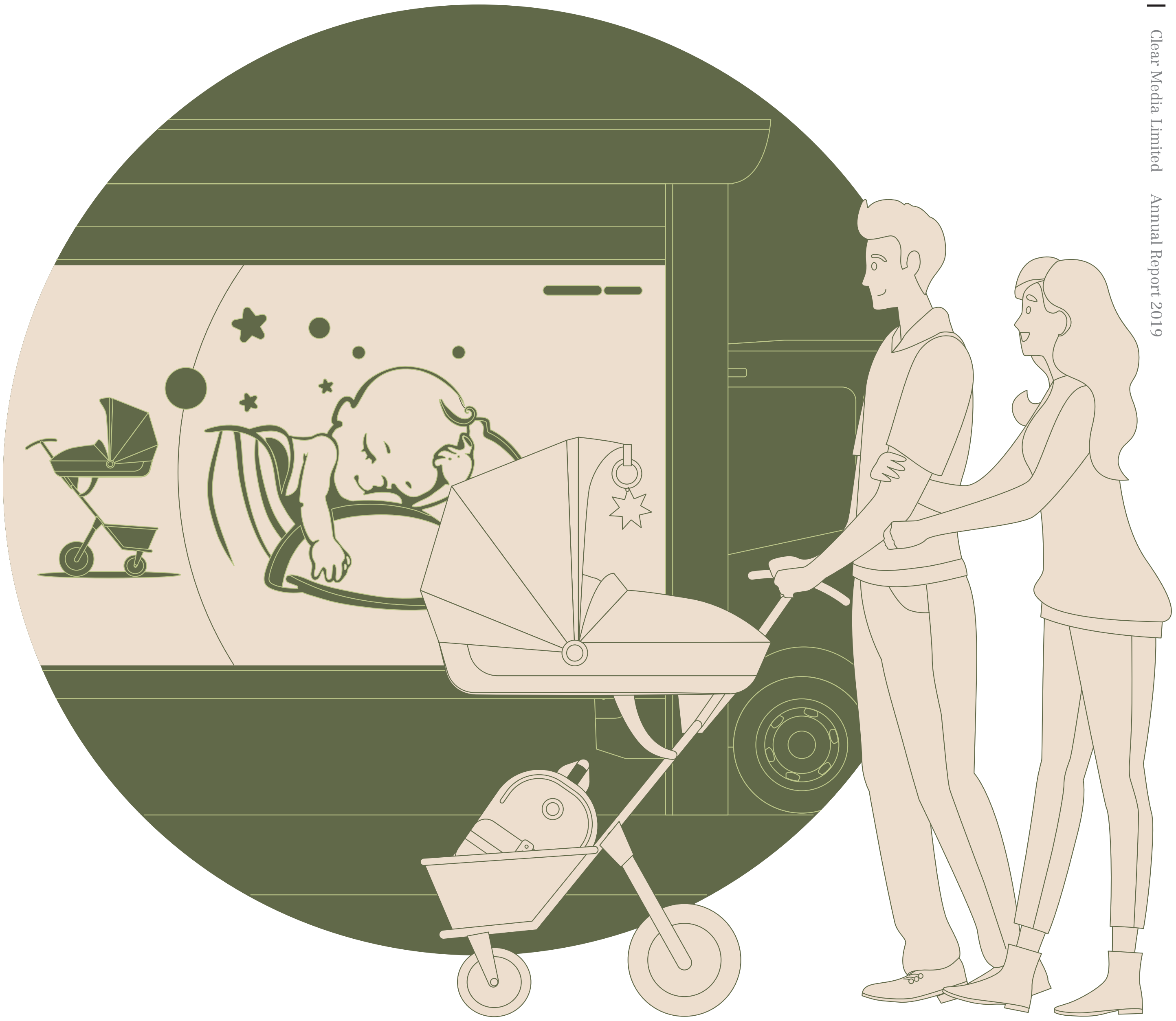
For the year ended 31 December 2019, the revenue from the top three cities Beijing, Guangzhou and Shanghai decreased by 21.9% to RMB880.8 million (2018: RMB1,127.2 million) due to a lower yield per shelter of RMB40,075 (2018: RMB54,781) as a result of lower occupancy rate.

The revenue from all mid-tier cities decreased by 17.0% to RMB642.7 million (2018: RMB773.9 million) due to a lower yield per shelter of RMB22,382 (2018: RMB27,718) as a result of lower occupancy rate.

As of 31 December 2019, we operated a total of 261 digital panels (end-2018: 264). Total sales generated from the digital operation net of value added tax amounted to RMB8.5 million (2018: RMB10.1 million).

The management plans to focus their efforts on controlling the Group's cash outflows. The capital expenditure in 2020, to be financed by the Group's existing cash balance, is expected to be reduced considerably from 2019 level.

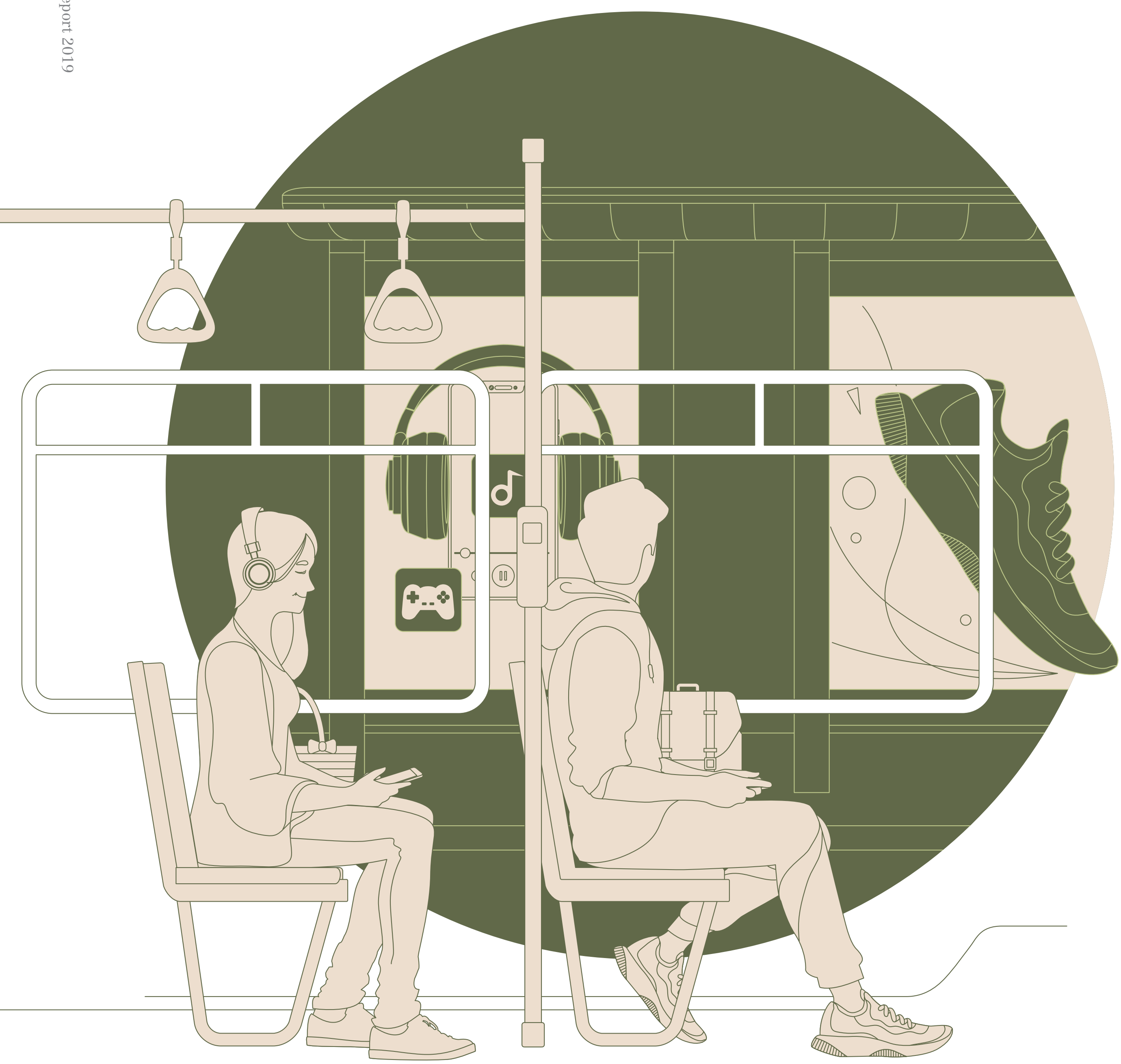
Han Ji Zing
Chief Executive Officer



Enrich every corner.
Associate with you.

Management Discussion and Analysis

Resonate with your way of living.



ASSEMBLY OF IDEAS

Description of the Business and Competitive Position

Clear Media is the largest bus shelter advertising panel operator in China. We have a portfolio of concession rights contracts signed with the local transportation authority of the cities that we operate in. In a typical multiyear concession rights contract, we are obligated to install new bus shelters, pay rental for and maintain the bus shelters under our management; and power up the bus shelter lighting facilities at night in exchange for the right and autonomy to sell the advertising panel on these bus shelters. The actual terms of the concession rights contracts can vary from contract to contract. As of 31 December 2019, the weighted average remaining term of the concession rights held by us was approximately seven years.

We operate more than 57,000 bus shelter advertising panels in 25 cities across China. We have a market share of more than 70% in key cities, including Beijing, Shanghai and Guangzhou. During the year, the total revenue from these key cities accounted for more than half of the total bus shelter revenue. Our bus shelter panel advertising space is mostly sold to both local and international advertisers through their advertising agents with our sales people working with both the agents and the advertisers. A typical market campaign is two-week long but it can be longer than two weeks depending on advertisers' decisions.

INDUSTRY OVERVIEW

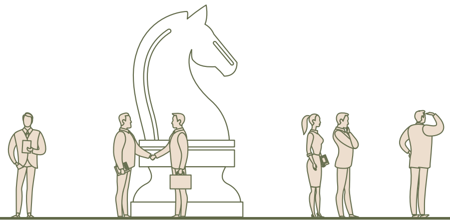
During the year, there was considerable deterioration in the operating environment mainly owing to:

i. the challenging macro-economic environment and China's slower economic growth, and

ii. a majority of customers from the e-commerce and IT industries have remained cautious with their spending

The revenue from clients in the e-commerce and IT digital product sectors declined by about 44% to RMB595.7 million. The revenue contribution from the e-commerce sector decreased to 24% (2018: 30%) and that from the IT digital product sector decreased to 17% (2018: 29%). The increase in revenue from customers in most of the traditional industries was not sufficient to offset the revenue decline from clients in e-commerce and IT digital product sectors.

The outbreak of the severe respiratory infection associated with the novel coronavirus in early 2020 was expected to further reduce China's economic growth, negatively impact customers' advertising spend and reduce demand for advertising space. Such adverse impact has not been reflected in the Group's revenue in 2019.



STRATEGY

Long-term Strategic Expansion

Our key long-term strategy is to continue to expand our bus shelter advertising panel network in China in selected cities that will deliver long-term strategic value to our business. The strategic value includes profitability, growth prospects, competitive position and customer needs.

Customer Focus and Customer Relations Management

Our key focus is on providing professional services to all customers, including those represented by the 4As. More than 400 sales personnel serve both our customers and their advertising agencies directly. We will maintain close ties with the customers to constantly obtain feedback on the quality of advertising campaign and services rendered, provide market research conducted either by independent research companies or jointly by the customers and us to assess the effectiveness of the campaign, and also implement internal control procedures to monitor the quality of sales services provided.

Product Quality and Innovation

We work towards maintaining high quality of bus shelters with format as standardized nationwide as practicable. We implement bus shelter refurbishment plans, when needed, to upgrade the quality of our bus shelters. Our management monitors new technology in the outdoor industry in local and international street furniture markets. Our first digital advertising panel was launched in the second half of 2014 and we now operate a total of 261 digital panels. We are continuing to test new digital technologies.

Financial Discipline and Efficiency

We have strict discipline in managing our financial resources and capital investment. Our Capital Expenditure Committee regularly reviews and recommends our capital expenditure projects typically including our concession rights renewal and acquisitions, major bus shelter refurbishment and digital panel expansion plans. Our Cash Committee from time to time reviews our expected cash needs and evaluates the adequacy and the options for utilization of the Group's cash with a view to enhance shareholders' interests, and make related recommendations to the Board.

We had total cash and cash equivalents at RMB267.0 million as of 31 December 2019. Details of the currencies in which cash and cash equivalents are held are set out in note 20 to the financial statements. We have a policy for prudent management of our cash and cash equivalents the bulk of which were placed as bank deposits with various commercial banks in Hong Kong and China. Our policy is to spread the total bank balances (including pledged deposits) among various creditworthy banks with no recent history of default. Our Audit Committee reviewed the list of our bank deposits and the credit ratings of the underlying banks during the year.

PRINCIPAL RISKS

The principal risks that the Group has been facing are set out in the "Corporate Governance Report" section on page 42.

Share with you all the time.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS HAVING A SIGNIFICANT IMPACT ON THE COMPANY

Our bus shelter operations in 25 cities in China are subject to various laws, regulations, policies and directives from the central and local government departments in China. During the year ended 31 December 2019, we are not aware of any material non- compliance with any laws or regulations in China. Any unfavourable change in the related laws, regulations, policies or directives from the central or local government departments may adversely affect our bus shelter operations and our financial performance.

OPERATION OVERVIEW

Bus Shelter Advertising Business

As of 31 December 2019, Clear Media operated the most extensive standardized bus shelter advertising network in Mainland China, with a total of more than 57,000 panels (end-2018: 54,000 panels) covering 25 cities. Our bus shelter advertising revenue, net of value added tax, decreased by 19.8% to RMB1,445.9 million.

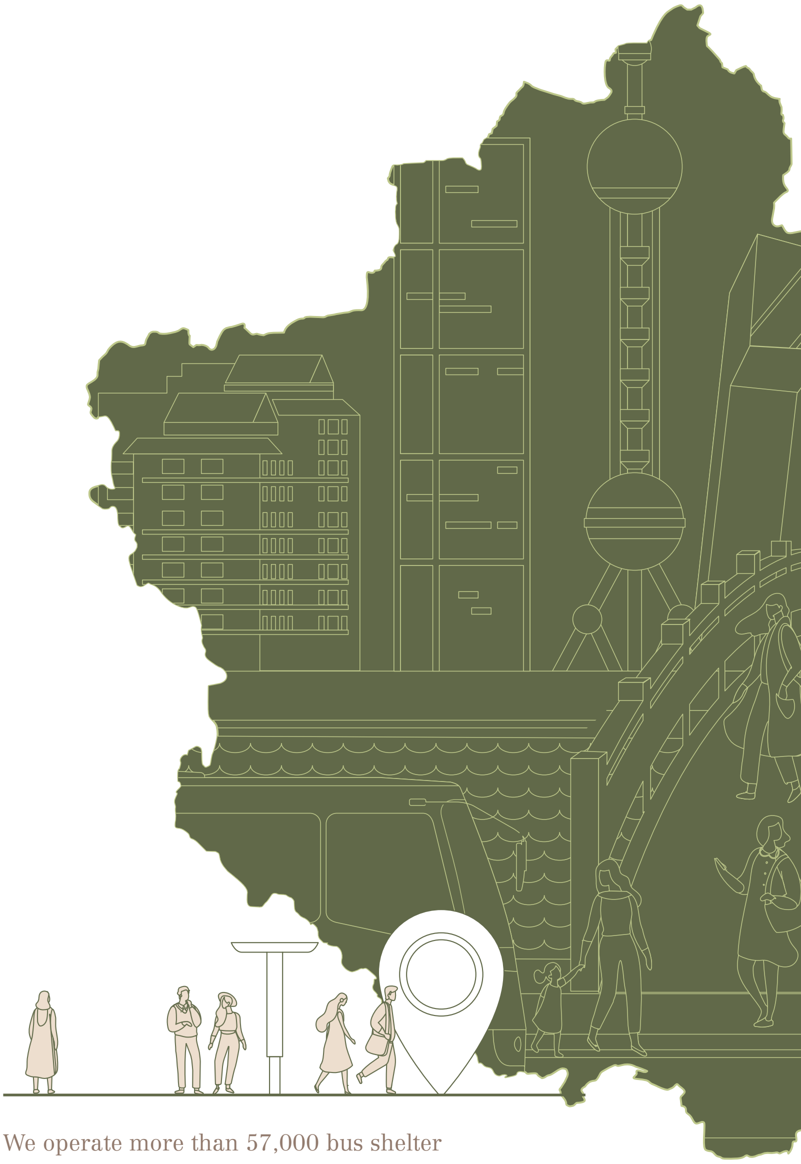
The decline in revenue was mainly driven by the decrease in occupancy rate of bus shelter panels during the year. The average number of bus shelter panels increased by 4.5% while yield per shelter before value added tax ("yield") decreased to RMB30,053 (2018: RMB39,200).

Key Cities

For the year ended 31 December 2019, the revenue from the top three cities Beijing, Guangzhou and Shanghai decreased by 21.9% to RMB880.8 million (2018: RMB1,127.2 million) due to a lower yield per shelter of RMB40,075 (2018: RMB54,781) as a result of lower occupancy rate.

Mid-tier Cities

The revenue from all mid-tier cities decreased by 17.0% to RMB642.7 million (2018: RMB773.9 million) due to a lower yield per shelter of RMB22,382 (2018: RMB27,718) as a result of lower occupancy rate.



We operate more than 57,000 bus shelter advertising panels in

25 cities

across China

Digital

As of 31 December 2019, we operated a total of 261 digital panels (end-2018: 264). Total sales generated from the digital operation net of value added tax amounted to RMB8.5 million (2018: RMB10.1 million).

Geographical Location in 2019

FINANCIAL REVIEW

Turnover

The Group's total turnover decreased by 19.8% to RMB1,445.9 million during the year ended 31 December 2019.

Other Income and Gains

Other income and gains increased from RMB13.9 million in 2018 to RMB19.2 million in 2019. The increment was mainly coming from increase in government subsidy.

Expenses

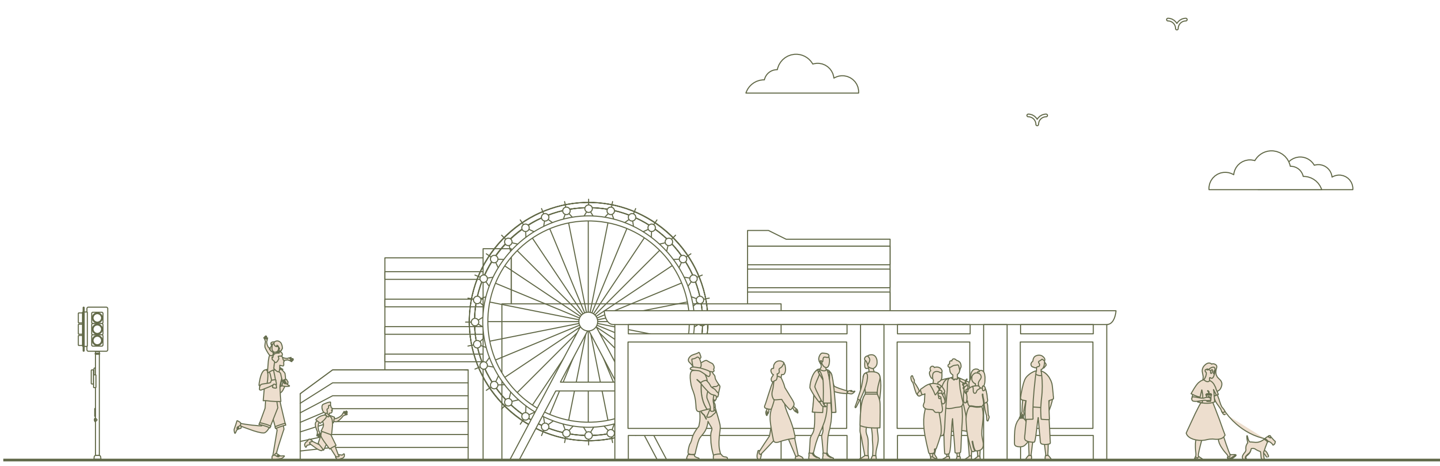
During the year ended 31 December 2019, the Group's total direct operating costs, including rental, electricity and maintenance costs, and sales, cultural and other levies, decreased by 58.8% to RMB308.8 million (2018: RMB749.8 million) due to adoption of Hong Kong Financial Reporting Standard ("HKFRS") 16. Most of the direct rental expenses incurred in 2019 were recognised as the amortisation of right-of-use assets on bus shelters and finance costs as the result of adoption of HKFRS 16.

Excluding the effect of adoption of HKFRS16, the Group's total direct expenses would have increased by 1.6% to RMB761.9 million while direct rental costs for our core bus shelter advertising business would have increased by 1.6% due to the 4.5% increment in average number of bus shelter panels.

Electricity costs increased by 7.2% during the year mainly due to the increase in the electrified bus shelter panels.

Cleaning and maintenance costs increased by 20.0% mainly because no subsidy (2018: RMB60.6 million) was received from Hainan White Horse Advertising Co. Ltd., ("Hainan White Horse") during 2019. The 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.

Total selling, general and administrative expenses, excluding depreciation and amortisation, decreased by 5.1% to RMB323.0 million in 2019 (2018: RMB340.2 million) mainly due to a lower professional fees of RMB6.6 million incurred in 2019 (2018: RMB29.1 million as a result of the misappropriation incident and related investigation incident in 2018).



EBITDA

The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 12.9% to RMB810.7 million (2018: RMB718.2 million). Excluding the effect of adoption of HKFRS 16, EBITDA would have decreased to RMB311.4 million on a like-for-like basis. The decline in like-for-like EBITDA was mainly caused by the followings: decrease in turnover of RMB357.8 million, increase in cleaning and maintenance expenses of RMB27.3 million, the loss on disposal of Kunming bus shelters of RMB17.6 million and increase in direct electricity costs of RMB4.7 million during the year.

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

	2019 ***RMB'000***	2018 *RMB'000*
(Loss)/profit before tax	**(93,328)**	361,039
Add:		
— Foreign exchange losses	**1,916**	–
— Finance costs	**165,022**	–
— Depreciation of property, plant and equipment	**14,942**	15,167
— Amortisation of concession rights	**335,669**	349,633
— Amortisation of right-of-use assets	**391,390**	–
Subtotal	**908,939**	364,800
Less:		
— Foreign exchange gains	**–**	(3,249)
— Interest income	**(4,944)**	(4,412)
Subtotal	**(4,944)**	(7,661)
EBITDA	**810,667**	718,178

EBIT

The Group's earnings before interest and tax ("EBIT") decreased by 80.6% to RMB68.7 million for the year from RMB353.4 million in 2018 following the lower turnover during the year.

Other Expenses

During the year ended 31 December 2019, the Group carried no debt. The exchange loss of RMB1.9 million for the year ended 31 December 2019 (year ended 31 December 2018: exchange gain of RMB3.2 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 from 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% (2018: 25%) on its assessable profits arising in the PRC for the year 2019.

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

The Group had income tax credit of RMB9.2 million for the year ended 31 December 2019 (2018: tax expense RMB106.7 million). This was mainly due to the operating loss of the core bus shelter advertising business during the year.

Net Profit/loss

Net loss attributable to owners of the parent was RMB86.9 million for the year ended 31 December 2019 (Net profit attributable to owners of the parent for year ended 31 December 2018: RMB220.8 million) while the net margin decreased to -6.0% (2018: 12.2%). Most of the decrease was mainly due to the decline in bus shelter revenue of RMB357.8 million in 2019.

Net profit attributable to non-controlling interests decreased by 91.9% to RMB2.7 million (2018: RMB33.5 million).

Cash Flow

Net cash flows from operating activities increased by 8.9% to RMB624.8 million for the year ended 31 December 2019 from RMB573.6 million in the previous year. The increase in reported cash flow in the cash flow statement was mainly due to adjustment for amortisation of right-of-use assets during the year, partially offset by operating loss and the effect of working capital changes.

Net cash flows used in investing activities decreased to RMB334.3 million for the year ended 31 December 2019 from RMB363.0 million in the previous year. Main bulk of the inventory expansion in 2018 relates to acquisition of shelters from third parties which required settlement within the year whilst in 2019, a higher percentage of the inventory addition was in the form of organic expansion and has longer payment terms.

Net cash flows used in financing activities increased to RMB497.3 million for the year ended 31 December 2019 from RMB75.3 million in the previous year. This was mainly coming from the principal and interest elements of lease payments.

Trade and Lease Receivables

The Group's trade and lease receivables balance decreased by 6.3% to RMB808.2 million as at 31 December 2019 from RMB862.6 million as at 31 December 2018.

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

The average trade and lease receivable outstanding days, on a time weighted basis, increased to 138 days for the current year from 116 days in the previous year. As at 31 December 2019, the allowance for expected credit losses of trade and lease receivables increased to RMB93.2 million from RMB72.0 million as at 31 December 2018 due to slower collection from certain customers. Based on the customers' past payment history and settlement subsequent to year end, the Company's management is of the view that the provision level is adequate as of 31 December 2019. We will continue to closely monitor the trade and lease receivable balance and ensure the level of provision is appropriate and prudent.

As at 31 December 2019, the amounts due from WHM and WSI (included in the Group's trade and lease receivables) increased to RMB248.3 million from RMB117.5 million as at 31 December 2018 mainly due to slower repayments from customers represented by WHM and WSI during the year. We will continue to work closely with WHM and WSI to expedite collection.

Prepayments, Deposits and Other Receivables

The Group's total prepayments, deposits and other receivables as at 31 December 2019 decreased to RMB168.2 million from RMB235.9 million as at 31 December 2018.

The balance as at 31 December 2019 included a receivable from Hainan White Horse, the non-controlling shareholder of the WHA Joint Venture, amounting to RMB125.7 million (31 December 2018: RMB171.7 million), which is unsecured, interest-free and has no fixed terms of repayment.

The decrease in prepayments, deposits and other receivables was mainly due to the decrease of the receivable from Hainan White Horse during the year for the cleaning and maintenance expenses subsidised as disclosed in the "Expenses" section.

Long-term Prepayments, Deposits and Other Receivables

The Group's total long-term prepayments, deposits and other receivables as at 31 December 2019 increased to RMB121.8 million from RMB93.8 million as at 31 December 2018. They were mainly long-term deposits placed with independent third parties for the rental of the Group's bus shelters in the PRC.

Other Payables and Accruals

The Group's total payables and accruals as at 31 December 2019 were RMB403.9 million, compared to RMB697.3 million as at 31 December 2018. The decrease was mainly due to lower capital expenditure related payables and indirect costs payables during the year. We consider it inappropriate to give the turnover days against sales figures as the payable is more closely related to capital expenditure incurred for the acquisition of bus shelter concession rights.

Assets and Liabilities

As at 31 December 2019, the Group's total assets amounted to RMB5,116.5 million, a 48.7% increase from RMB3,441.8 million as at 31 December 2018. The Group's total liabilities increased to RMB2,787.4 million as at 31 December 2019, from RMB927.3 million as at 31 December 2018. The increase in total assets and liabilities was due to adoption of HKFRS 16. Net assets as at 31 December 2019 decreased by 7.4% to RMB2,329.0 million from RMB2,514.5 million as at 31 December 2018. Net current assets decreased from RMB661.1 million as at 31 December 2018, to RMB300.2 million as at 31 December 2019.

Share Capital and Shareholders' Equity

Total issued and fully paid share capital remained at RMB56.9 million as at 31 December 2019. Total shareholders' equity for the Group as at 31 December 2019 decreased by 7.4%, to RMB2,329.0 million, from RMB2,514.5 million as at 31 December 2018. The Group's reserves as at 31 December 2019 amounted to RMB2,146.3 million, a 7.1% decrease over the corresponding balance of RMB2,310.2 million as at 31 December 2018. This was mainly due to the net loss for the year ended 31 December 2019.

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 year under review, the Group did not issue any financial instruments for hedging purposes.

Liquidity, Financial Resources, Borrowing and Gearing

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

As of 31 December 2019, the Group's total cash and cash equivalents amounted to RMB267.0 million (RMB473.5 million as at 31 December 2018). The Group had no short-term or long-term debt outstanding as at 31 December 2019 (31 December 2018: Nil).

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

Capital Expenditure

For the year ended 31 December 2019, the Group invested RMB284.2 million in the construction of bus shelters and acquisition of concession rights, and RMB6.1 million in fixed assets, compared to RMB367.0 million and RMB8.2 million, respectively, in 2018.

Material Acquisitions and Disposals

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

Employment, Training and Development

As at 31 December 2019, the Group had a total of 611 employees. Total wages and salaries decreased by 5.1% year-on-year.

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

Charges on Group Assets

As at 31 December 2019, the Group had pledged deposit of RMB6.0 million (31 December 2018: RMB4.5 million) to bank as security for two letters of guarantee of total RMB20.0 million (31 December 2018: RMB15.0 million).

As at 31 December 2019, a bank balance of RMB271 (31 December 2018: RMB1.3 million) was frozen in respect of a legal claim discussed in the "Contingent Liabilities" section below.

Capital Commitments

As at 31 December 2019, the Group had capital commitments contracted but not provided for in relation to the construction of bus shelters amounting to RMB139.7 million (31 December 2018: RMB214.1 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 owed by the Group to the Supplier into the bank account of the Court. On 5 August 2016, the Court issued another compulsory order requiring the Group to remit the remaining outstanding sum of about RMB14.0 million owed by the Group to the Supplier to the bank account of the Court. The directors, taking into consideration the advice of the Group's legal counsel, believe that this development will not result in the Group being liable to additional liability exceeding the outstanding liability already taken up in the accounts under other payables and accruals, between the Supplier and the Group.

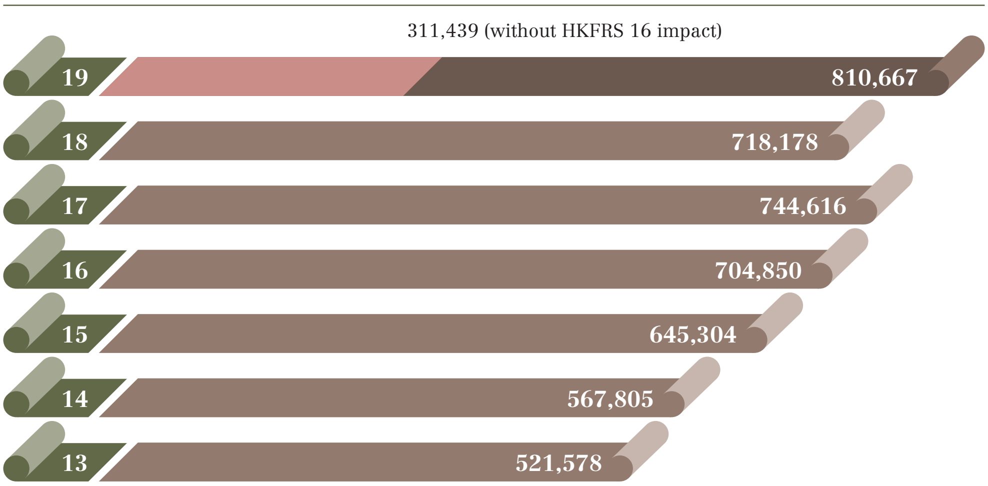
On 15 November 2018 and 24 April 2019, the trials of the case were held on Foshan Intermediate People's Court. On 8 July 2019, the Group received the civil judgement made by the Foshan Intermediate Court. According to the case judgement, the Foshan Intermediate Court held that the underlying transaction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

FINANCIAL KEY PERFORMANCE INDICATOR

EBITDA as the financial key performance indicator

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

EBITA (RMB'000)



Environmental Policies and Compliance

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

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

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

The energy consumed by bus shelter panel accounts for almost 95% of the Group's energy consumption. In order to reduce electrical consumption for bus shelter panel while preserving illumination for public safety, we have gradually reduced the number of fluorescent tubes usage and increased the use of LED lighting structures. The LED lighting structures offer energy savings of more than 50% compared to the use of fluorescent tube. As of 31 December 2019, about 73% (2018: 74%) of our total bus shelter panels are with LED lighting structures and we plan to gradually increase the ratio in the next few years.

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

KEY RELATIONSHIPS

Relationships with Vendors

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

Relationships with Employees

We are not aware of any major event affecting our relationships with our employees in 2019.

Relationships with Customers

Our sales team interact closely with advertising clients' marketing personnel and their advertising agents. In addition, our sales team identify new advertising clients every year. During the year, the total number of advertising clients increased to 762 from 671 in 2018.

OUTLOOK

The outbreak of the novel coronavirus in 2020 could further slow China's economic growth, negatively impact customers' advertising spend and reduce demand for advertising space. Therefore, we expect the overall outdoor advertising market may be more challenging in the coming year. We expect a very difficult first quarter in 2020 as we experienced high order cancellations in February and we anticipate this will continue in March. Sales for the first two months of 2020 declined by approximately 30 per cent compared to the same period last year. We are actively implementing the strategies previously announced on 27 February 2020. The Company remains cautious about the operating environment in 2020 as factors affecting China's economic growth remains highly uncertain.

The management plans to focus their efforts on controlling the Group's cash outflows. The capital expenditure in 2020, to be financed by the Group's existing cash balance, is expected to be reduced considerably from 2019 level.

Purchase, Sale or Redemption of Shares

The Group has not redeemed any of its listed shares during the year. Except for the sale of the 352,900 shares in the Company previously held by the Trustee for a former executive director under the Share Award Scheme, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares during the year.

Biographies of Directors

JOSEPH TCHENG

Chairman
Chairman of the Nomination Committee
Chairman of the Capital Expenditure Committee
Chairman of the Directors' Securities Dealing Committee
Chairman of the Risk Committee
Executive Director

Mr. Tcheng, aged 65, was previously the Chairman of Sichuan Swellfun Co. Ltd. (四川水井坊股份有限公司), a premium baijiu company listed on the Shanghai Stock Exchange. Diageo has a controlling stake in this company. Mr. Tcheng was the Managing Director of Diageo Greater China from April 2009 to June 2013 where he was responsible for Diageo's international spirits brands such as Johnnie Walker, Smirnoff, Baileys and Guinness. During this time he established the first Johnnie Walker House, an experience centre for Scotch in Shanghai and Beijing.

Mr. Tcheng was the Managing Director of Diageo S.E. Asia from June 2007 to March 2009. Prior to that, he has worked for 25 years in a variety of roles in general management and marketing with Philip Morris International in New York and Asia.

Mr. Tcheng holds an MA in Economics from Downing College, Cambridge University. He obtained the Financial Times Non-Executive Director Diploma in 2014.

Mr. Tcheng has been an executive director since January 2016.

WILLIAM ECCLESHARE

Deputy Chairman
Non-Executive Director

Mr. Eccleshare, aged 64, is currently Worldwide CEO of Clear Channel Outdoor Holdings. Prior to his appointment by CCOH effective January 2019, Mr. Eccleshare was the Chairman and Chief Executive Officer of Clear Channel International. Prior to his appointment by CCI effective from January 2015, Mr. Eccleshare was Chief Executive Officer of Clear Channel Outdoor (CCO). Before his appointment by CCI effective from September 2009, Mr. Eccleshare was Chairman and CEO of BBDO Europe, one of the world's leading marketing communications agencies, where he was responsible for all BBDO advertising, direct marketing, digital, and public relations agencies. Prior to that position, Mr. Eccleshare was Chairman and CEO of Young & Rubicam EMEA. Throughout his career, he also held senior executive roles at McKinsey & Company, where he was Partner, European Branding Practice; Ammirati Puris Lintas, as Chairman and CEO EMEA; and J Walter Thomson, where he held various senior titles. Mr. Eccleshare is a Board member and trustee of the Donmar Warehouse Theatre in London. He is a Board member of Centaur Media Plc and of Britvic PLC.

Mr. Eccleshare holds an M.A. in history from Trinity College Cambridge.

Mr. Eccleshare has been a non-executive director since October 2009.

PETER COSGROVE

Deputy Chairman
Chairman of the Cash Committee
Non-Executive Director

Mr. Cosgrove, aged 66, has been a Director of the Company since 2001 and has over 25 years' experience in the outdoor, publishing and broadcasting industries. He was previously Chairman of HT&E Limited, a Radio and Outdoor media operator in Australia and New Zealand which is listed on the Australian Stock Exchange (ASX) and Chairman of Buspak Advertising (Hong Kong) Limited.

Mr. Cosgrove has been a Director of HT&E Limited since December 2003 and he was appointed as the Chairman of the Board in February 2013.

Mr. Cosgrove has been a non-executive director since April 2001.

HAN ZI JING

Chief Executive Officer
Executive Director

Mr. Han, aged 64, has been with the Group since 1998. Before that, he was General Manager of Guangdong White Horse Group Corporation, a diversified company with interests ranging from property to medical equipment. Mr. Han was also Director of the Hong Kong Overseas Representative Office of China Science and Technology Association, a liaison body between the PRC Government and the international science and technology communities. Mr. Han has a Bachelor's degree and graduated from a postgraduate course at the South China Normal University. He is a brother of Mr. Han Zi Dian.

Mr. Han has been an executive director since April 2001.

ZHANG HUAI JUN

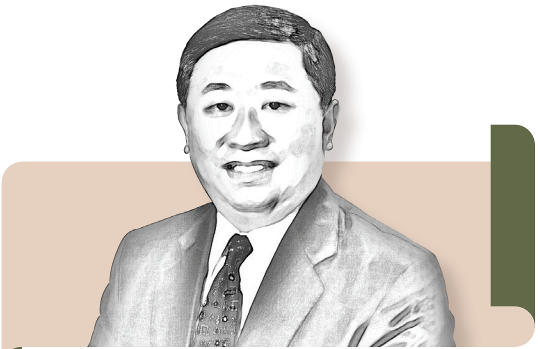
Chief Operating Officer
Executive Director

Mr. Zhang, aged 49, was appointed as Chief Operating Officer of the Company in November 2007. Mr. Zhang joined Hainan White Horse Advertising Media Investment Co., Ltd. in July 2000. He was appointed as National Sales Director from September 2002 to October 2007 and Sales General Manager of Northern Sales Centre from July 2000 to August 2002.

Before joining the Company, Mr. Zhang worked for Procter & Gamble (China) as Brand Manager in its marketing department from 1996 to 2000. Mr. Zhang has extensive experience of marketing, sales and media.

Mr. Zhang graduated from Guanghua School of Management, Peking University in 1996 with a Bachelor degree in Economics.

Mr. Zhang has been an executive director since May 2008.



JONATHAN ZHU

Non-Executive Director

Mr. Zhu, aged 57, is a Managing Director of Bain Capital, based in Hong Kong. Since joining Bain Capital in 2006, Mr. Zhu has led Bain Capital's investments in Asia, with a focus on China. Mr. Zhu is currently an independent non-executive director of Greatview Aseptic Packaging Company Limited and Sunac China Holdings Limited, the shares of which are listed on the Stock Exchange of Hong Kong. Mr. Zhu is also a director of Rise Education listed on Nasdaq. Before joining Bain Capital in 2006, he was the China Chief Executive Officer of Morgan Stanley. Mr. Zhu holds a juris doctor degree from Cornell Law School, an MA degree from Nanjing University, and a BA degree from Zhengzhou University. Mr. Zhu is also a trustee of Cornell University in the U.S. and Nanjing University in China.

Mr. Zhu has been a non-executive director since August 2011.

MICHAEL SAUNTER

Non-Executive Director

Mr. Saunter, aged 50, is currently the Chief Financial Officer and a member of the Executive Leadership Committee of Clear Channel International ("CCI"), the international business division of Clear Channel Outdoor Holdings, Inc. (NYSE: CCO). He leads the finance function across CCI's 22 markets spanning Asia, Europe and Latin America and is central to developing CCI's strategic and operational digital transformation plans, and prioritising investment opportunities. He is also a non-executive director of OSTC, a private global financial trading company. Mr. Saunter served as the Global Chief Financial Officer of Bartle Bogle Hegarty, a creative agency, between 2016 and 2018, the Chief Operating Officer of Crispin, Porter+Bogusky, a US ad-agency, between 2013 and 2015, the Chief Financial Officer of Warner Music International and UK between 2006 and 2012, and held various financial leadership positions at EMI Group between 1998 and 2006. He began his career at KPMG as an auditor between 1991 and 1995.

Mr. Saunter is a qualified chartered accountant and a member of the Institute of Chartered Accountants in England and Wales.

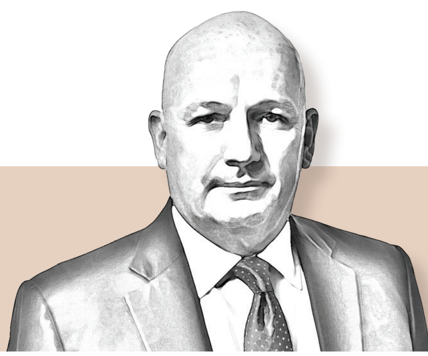
Mr. Saunter has been a Director of the Company since February 2019.

WANG SHOU ZHI

Independent Non-Executive Director

Mr. Wang, aged 73, has over 25 years in researching design theories and history since 1982, and has been a professor of design theories in the Department of Liberal Arts & Sciences in Art Center College of Design in Pasadena, California since 1988. He has been the Dean of Cheung Kong School of Art and Design, Shantou University since December 2011 and the Vice Dean of School of Creativity and Art at ShanghaiTech University since 2019. Mr. Wang has been the Chief Consultant of the Academic Orientation Committee of Academy of Arts & Design, Tsinghua (Qinhua) University since 2003, and an honor professor at the Central Academy of Fine Art, China Academy of Art, Luxun Academy of Fine Arts and some twenty other universities in China. He was also a lecturer at the Southern California Institute of Architecture, California Institute of the Arts, Otis Institute of Art & Design, and the University of Southern California. Mr. Wang has acted as Chief Advisor to China's Industrial Design Association, National Advertising Association, National Interior Design Association, and the National Graphic Design Association. He obtained his postgraduate degree from the Graduate School of Wuhan University.

Mr. Wang has been a Director of the Company since 2001.



CHRISTOPHER THOMAS

Independent Non-Executive Director

Mr. Thomas, aged 57, is the Chairman of I&S BBDO, an advertising and marketing service provider in Japan, and Chairman of Ferro Alloy Resources, a mining company in Kazakhstan whose shares are listed on the London Stock Exchange. Mr. Thomas has spent 35 years in the advertising business — the majority of his career working for BBDO, a worldwide advertising agency network and a part of Omnicom. Mr. Thomas has held management positions in advertising agencies since 1994 and has over a decade living and working in Asia with a focus on China. In 2003, he was appointed Chief Executive Officer of Proximity London, one of the largest direct and digital agencies in the United Kingdom. In 2006, Mr. Thomas became Chairman and Chief Executive Officer of BBDO and Proximity in Asia based in Singapore. In 2011, Mr. Thomas also became responsible for the BBDO agencies in the Middle East and Africa and became the Chairman of Proximity Worldwide. Between May 2015 and December 2018, Mr. Thomas served as Chief Executive Officer of BBDO in the Americas.

Mr. Thomas has been a Director of the Company since September 2019.

THOMAS MANNING

Chairman of the Remuneration Committee
Independent Non-Executive Director

Mr. Manning, aged 64, is a corporate board director, former CEO, educator, and currently a Senior Fellow in the Advanced Leadership Initiative at Harvard University. From February 2018 to August 2018, he served as Chairman and interim Chief Executive Officer of Dun & Bradstreet, and from August 2018 to February 2019, he served as Chief Executive Officer of the company. Prior to 2012, he was the Chief Executive Officer of several companies in Asia. He has been an independent non-executive director of CommScope Holding Company, Inc., a telecommunication technology manufacturer and Nasdaq-listed company, since November 2014, and was an independent non-executive director of Dun & Bradstreet between June 2013 and February 2018. He is also the Chairman of Cresco Labs, a leading company in the cannabis industry in the United States, where he has served on the board since 2016. From 2012 to 2018, he was on the adjunct faculty and served as a Lecturer in Law at the University of Chicago Law School.

In Asia, he was formerly an independent non-executive director of iSoftStone Information Technology (Group) Co. Ltd., Gome Electrical Appliances Holding Limited, Bank of Communications Co., Ltd., and Asia-Info Linkage Holdings, Inc. In his past executive roles, Mr. Manning was the Chief Executive Officer of Cerberus Asia Operations & Advisory Limited, Indachin Limited, Capgemini Asia Pacific, and Ernst & Young Consulting Asia Pacific. He was the Chairman of China Board Directors Limited; a senior partner of Bain & Company, where he was a member of Bain's China Board and head of Bain's information technology strategy practice in Silicon Valley and Asia; and also served as a Global Managing Director of the Strategy & Technology Business of Capgemini.

Earlier in his career, Mr. Manning was with McKinsey & Company, where he developed a corporate strategy practice for medical industry clients. He also founded a telemedicine company, Buddy Systems. Mr. Manning, who speaks Mandarin, received a bachelor's degree in East Asian Studies from Harvard University and an M.B.A. from Graduate School of Business of Stanford University.

Mr. Manning has been a Director of the Company since October 2012.

ROBERT GAZZI

Chairman of the Audit Committee
Independent Non-Executive Director

Mr. Gazzi, aged 66, was a partner with PricewaterhouseCoopers in Hong Kong for over 20 years and was subsequently a Senior Advisor with the firm. Qualified as a chartered accountant in London, he is a Fellow of the Institute of Chartered Accountants in England and Wales and also of the Hong Kong Institute of Certified Public Accountants.

Currently, Mr. Gazzi holds a number of directorships in privately-held companies and key positions in a number of organisations. Mr. Gazzi is an independent non-executive director of Morgan Stanley Bank Asia Limited, FWD Life Insurance Company (Bermuda) Limited and QBE General Insurance (Hong Kong) Limited. He is the chairman of Angkor Hospital for Children, a leading pediatric and teaching hospital in Cambodia as well as a Trustee of Indochina Starfish Foundation, a charity which supports disadvantaged children in Cambodia through education, healthcare and sporting projects.

Mr. Gazzi has been an independent non-executive director since August 2016.

Corporate Governance Report

Clear Media is committed to ensuring high standards of corporate governance at all times and in all areas of its operations. The board of directors of the Company (the “Board” or the “Board of Directors”) believes that good corporate governance is an essential element in enhancing the confidence of current and potential shareholders, investors, employees, business partners and the community as a whole.

CORPORATE GOVERNANCE

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

The Audit Committee comprises five non-executive Directors, three of whom are independent. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also discussed the year end closing and internal audit process, internal control and financial reporting matters for the year ended 31 December 2019 with management, the internal auditor and the external auditor. The Audit Committee has also reviewed the annual results for the year ended 31 December 2019.

The Company has adopted the terms of the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules.

During the period from 1 January 2019 to 31 December 2019, the Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

In the opinion of the Board, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules during the year ended 31 December 2019. Upon specific enquiry with all Directors, the Board is not aware of any non-compliance with the Model Code throughout the fiscal year ended 31 December 2019.

THE BOARD

Member attendance of Board, Committee, Annual and Special General Meetings during 2019:

	Number of meetings attended and held									
	Board Meetings	Audit Committee	Remuneration Committee	Nomination Committee	Capital Expenditure Committee	Independent Board Committee	Cash Committee	Risk Committee	Annual General Meeting	Special General Meeting
EXECUTIVE DIRECTORS										
Mr. Joseph Tcheng *(Executive Chairman)*	8/8			3/3	6/6		1/1	4/4	1/1	1/1
Mr. Han Zi Jing *(Chief Executive Officer)*	8/8									
Mr. Zhang Huai Jun *(Chief Operating Officer)*	8/8				5/5		1/1	4/4		
NON-EXECUTIVE DIRECTORS										
Mr. William Eccleshare	8/8		4/4	3/3						
Mr. Peter Cosgrove	8/8	4/4	4/4	3/3			1/1		1/1	
Mr. Zhu Jia	6/8									
Mr. Michael Saunter*	6/6				4/4			3/3		
ALTERNATE DIRECTOR										
Mr. Zou Nan Feng	0/8									
Mr. Adam Tow***	4/6									
INDEPENDENT NON-EXECUTIVE DIRECTORS										
Mr. Wang Shou Zhi	7/8	4/4	4/4	3/3		1/1				
Ms. Leonie Ki Man Fung**	6/6	3/3	3/3	2/2		1/1				
Mr. Thomas Manning	7/8		4/4	3/3		1/1				
Mr. Robert Gazzi	8/8	4/4		3/3		1/1			1/1	
Mr. Christopher Thomas**	2/2		1/1	1/1						

* Mr. Michael Saunter was appointed as a non-executive director, and a member of each of the Capital Expenditure, Audit and Risk Committees, with effect from 26 February 2019.

** With effect from 7 September 2019, Ms. Leonie Ki Man Fung resigned as an independent non-executive director, and a member of each of the Audit, Remuneration and Nomination Committees; and Mr. Christopher Thomas was appointed as an independent non-executive director and a member of the Audit, Remuneration and Nomination Committees.

*** Mr. Adam Tow was appointed as an alternate director to Mr. William Eccleshare, with effect from 5 March 2019.

Since the Directors' Securities Dealing Committee was established with the principal function of handling the notification and clearance of our directors' dealing in our Company's securities pursuant to Appendix 10 (Model Code for Securities Transactions by Directors of Listed Issuers) to the Listing Rules, regular committee meetings are not considered necessary for its principal function. There was no Directors' Securities Dealing Committee meeting during the year.

As of the date of this report, the Board comprises 11 members. There are three executive directors, including the Chairman, the Chief Executive Officer (the "CEO") and the Chief Operating Officer; four non-executive directors and four independent non-executive directors. Throughout the year ended 31 December 2019, not less than one-third of the Board was represented by independent non-executive directors. Detailed biographies outlining each director's range of specialist experience and suitability for the successful long- term management of the Group can be found on pages 23 to 28.

CHAIRMAN AND CEO

The Group insists on a clear division of responsibilities among its top management. To this end, the Group adopts a dual leadership structure in which the role of the Chairman is kept separate from that of the CEO and the two roles are exercised by different individuals. The Board is responsible for the overall direction and strategy of the Company while the CEO and the senior management are responsible for the day-to-day management of the Group's businesses.

The Group believes that the Board of Directors comprises a good mix of local and overseas advertising and promotional experts, financial and business consultants, and other diversified industry experts, and that they actively bring their valuable experience to the Board for promoting the best interests of the Company and its shareholders. The Board also believes that such a group is ideally qualified to advise the management team on future strategy development, finance, and other statutory requirements, and to act as guardians of shareholders' interests.

Each director is requested to disclose to the Company the number and nature of offices held in public companies or organisations and any other significant commitments annually. The Board evaluates the independence of all independent non-executive directors on an annual basis and has received written confirmation from each independent non-executive director regarding his/her independence. As at the date of this report, the Board considers all independent non-executive directors to be in full compliance with the independence guidelines as laid down in the Listing Rules.

During the year ended 31 December 2019, the Board maintained the directors' and officers' liability insurance for all directors and officers of the Company against any legal liability arising from the performance of their duties.

BOARD PROCEEDINGS

The Board meets at least four times each year at approximately quarterly intervals to discuss the Group's overall strategy, operations and financial performance. The Chairman also at least annually holds meetings with the non-executive directors (including the independent non-executive directors) without other executive directors present. The Board also ensures that its members are supplied with monthly update on the necessary information in a form and of a quality appropriate to enable the Board to discharge its duties. All Board meetings adhere to a formal agenda in which a schedule of matters is specifically addressed to the Board for its decision. Specific topics discussed at these quarterly Board meetings include overall strategy, major acquisitions and disposals, annual budgets, interim and annual results, recommendations on directors' appointment(s) or reappointment(s), approval of major capital projects, dividend policies, and other significant operational and financial matters. All quarterly Board meetings are scheduled about one year in advance in order to ensure maximum attendance by the directors. All Board members have access to the advice and services of the Group's company secretary. If necessary, directors also have recourse to external professional advice at the Group's expense. During the intervals between Board meetings, individual directors are kept appraised of all major changes that may affect the Group's businesses.

The minutes of Board meetings are prepared by the Group's company secretary with details of the matters considered by the Board and the decisions reached, including any concerns raised by directors or dissenting views expressed. The draft minutes are circulated to all directors for their comments within a reasonable time after the meeting, and the final minutes are adopted in the next meeting. Some Board decisions are made via written resolutions authorised by all directors. However, the Board acknowledges that if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter shall be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting. Minutes of the Board meetings are maintained by the company secretary and available for inspection by all directors at the Company's registered and head offices.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Shareholders of the Company in general meeting, or the Board upon recommendation of the Nomination Committee of the Company, can appoint any person as a director of the Company at any time. Directors who are appointed by the Board must retire at the first annual general meeting after their appointments, but they are eligible for re-election at that general meeting, and such election is separate from the normal retirement of directors by rotation. In accordance with the Group's Bye-laws and related Board resolutions, one-third of the Board members who have served the longest on the Board, including the Chairman and the CEO, are required to retire by rotation at each Annual General Meeting. Directors are eligible for re-election at the same Annual General Meeting. All non- executive directors are appointed for a fixed term of three years and are subject to retirement by rotation and re-election at least once every three years. The Company has maintained on its website and on the Hong Kong Stock Exchange website an updated list of its directors identifying their role and function and whether they are independent non-executive directors.

All newly appointed directors are briefed by the Company's lawyers about their duties and obligations as a director of a listed company. Newly appointed directors are also encouraged to discuss with the Chairman on any additional information or training they feel they require to discharge their duties more effectively.

ROLES OF THE BOARD

The Board decides on corporate strategies, approves overall business plans, and supervises the Group's financial performance, management and organisation on behalf of the shareholders. Specific tasks that the Board delegates to the Group's management include preparing annual and interim accounts for the Board's approval, implementing strategies approved by the Board, monitoring the operating budgets, implementing internal control procedures, and ensuring compliance with relevant statutory requirements and other rules and regulations.

DIRECTORS' TRAINING

The Company provides monthly updates to the directors relating to the Group's business.

During the year, the company secretary provided directors with updates on latest development and changes in the Listing Rules and the regulatory environment. All directors have confirmed that such updates were reviewed by them.

During 2017, the Company arranged and funded a formal training session on inside information and disclosure of false or misleading information, Directors' duties in corporate transaction valuations, mandatory electronic filing — disclosure of interests online system and environmental, social and governance report. Mr. Joseph Tcheng, Mr. Peter Cosgrove, Mr. Han Zi Jing, Mr. Teo Hong Kiong, Mr. Zhang Huai Jun, Mr. Zhu Jia, Mr. Cormac O'Shea, Ms. Leonie Ki Man Fung, Mr. Wang Shou Zhi, Mr. Thomas Manning and Mr. Robert Gazzi attended the training session.

All directors have provided written records of the training they received during 2019 to the Company.

BOARD COMMITTEES

The Board has established seven Committees to oversee particular aspects of the Group's affairs. The main roles and responsibilities of the Audit, Remuneration and Nomination Committees, including the authority delegated to them by the Board, are published on the Group's website at www.clear-media.net. The independent views of the different Committees and their recommendations not only ensure proper control of the Group but also the continual achievement of the high corporate governance standards expected of a listed company. Except for the Directors' Securities Dealing Committee of which regular meetings are not considered necessary for its principal function, the chairman of each Committee reports the outcome of the Committee's meetings to the Board for further discussion and approval.

BOARD OF DIRECTORS						
Audit Committee	Remuneration Committee	Nomination Committee	Capital Expenditure Committee	Cash Committee	Directors' Securities Dealing Committee	Risk Committee

AUDIT COMMITTEE

The responsibilities and authorities of the Audit Committee include the review of the Group's financial controls and internal control systems; and the details of its responsibilities and authorities are set out in the terms of reference a copy of which is published on the Hong Kong Stock Exchange's and the Group's websites. The Committee consists of five non-executive directors, with the majority of them being independent non-executive directors. The Audit Committee is chaired by an independent non-executive director, Mr. Robert Gazzi, a former audit partner from PricewaterhouseCoopers in Hong Kong, who possesses extensive experience in, and knowledge of, finance and accounting. All members of this Committee have the relevant industry and financial experience necessary to advise on Board strategies and other related matters. None of the Committee members is a partner or former partner of Ernst & Young, the Company's external auditors. The Chief Financial Officer, the Group's company secretary, the internal auditor, and representatives of the external auditors of the Company are expected to attend meetings of the Committee.

MEMBERS OF THE AUDIT COMMITTEE

Robert Gazzi, *Independent Non-Executive Director (Chairman)*
Peter Cosgrove, *Non-Executive Director*
Michael Saunter, *Non-Executive Director**
Wang Shou Zhi, *Independent Non-Executive Director*
Christopher Thomas, *Independent Non-Executive Director***

* Mr. Michael Saunter was appointed as a non-executive director of the Company and as a member of each of the Capital Expenditure Committee, the Audit Committee and the Risk Committee with effect from 26 February 2019.

** Mr. Christopher Thomas was appointed as an independent non-executive director of the Company and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee, and Ms. Leonie Ki Man Fung retired as an independent non-executive director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee, with effect from 7 September 2019.

MEMBERS OF THE AUDIT COMMITTEE (continued)

The Audit Committee met 4 times in 2019 to review the internal audit review work on bus shelter inspection, finance functions, connected party transactions, financial reporting, bank balances, controls on capital expenditure, compliance with the Code of Business Conduct and Ethics and the Anti-Corruption Compliance Policy and Procedures, controls on payments to vendors and overall internal control structure. The interim review plan, the interim review report, the audit findings and the annual results were discussed with the external auditors of the Company. The engagements of the external auditors for non-audit services were reviewed by the Audit Committee. The key findings and the related recommendations arising from these works were reported to the Board. The meetings of the Audit Committee are attended by members of the Committee, the company secretary and, when necessary, the external auditors and internal auditors. At the discretion of the Committee, other people may also be invited to the meetings.

Apart from considering the issues arising from the audit process, the Audit Committee also discusses matters raised by the external auditors. The Audit Committee also regularly reviews the effectiveness of the Company's financial controls and internal control systems. The Audit Committee subsequently reports any findings and recommendations to the Board for review and approval. All issues reported by the internal auditors are monitored closely by the Group's senior management until such time as appropriate measures can be taken to address and resolve the issues in question. The Chairman of the Audit Committee summarises the activities of the Audit Committee and highlights issues arising therefrom to the Board after each Audit Committee meeting.

The Audit Committee is also entrusted with monitoring and assessing the independence and objectivity of the external auditors and the effectiveness of the audit process. All external audit partners are subject to periodic rotation and the ratio of annual fees for non- audit services to those for audit services is subject to close scrutiny by the Audit Committee.

The Audit Committee has conducted a review of the effectiveness of the Group's internal control systems for the financial year ended 31 December 2019.

During the year under review, the fees paid or payable to the Group's external auditors Ernst & Young were as follows:

	2019 **RMB'000**	2018 RMB'000
Audit fees	**5,239**	4,525
Non-audit fees	**610**	478
	5,849	5,003

The Audit Committee has reviewed the findings of the audit and non-audit service fees, process and effectiveness, and independence and objectivity of Ernst & Young. During 2019, non-audit services include various tax services and the preparation of environmental, social and governance report.

REMUNERATION COMMITTEE

The responsibilities and authorities of the Remuneration Committee are set out in the terms of reference a copy of which is published on the Hong Kong Stock Exchange's and the Group's websites. The Committee has adopted the model where it performs an advisory role to the Board, with the Board retaining the final authority to approve executive directors' and senior management's remuneration. The Remuneration Committee currently has five non-executive directors, with a majority of them being independent non-executive directors.

The Remuneration Committee met four times in 2019 to review the remuneration level and the bonus for the executive directors and made the related recommendations to the Board.

MEMBERS OF THE REMUNERATION COMMITTEE

Thomas Manning, *Independent Non-Executive Director (Chairman)*
William Eccleshare, *Non-Executive Director*
Peter Cosgrove, *Non-Executive Director*
Wang Shou Zhi, *Independent Non-Executive Director*
Christopher Thomas, *Independent Non-Executive Director**

* Mr. Christopher Thomas was appointed as an independent non-executive director of the Company and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee, and Ms. Leonie Ki Man Fung retired as an independent non-executive director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee, with effect from 7 September 2019.

REMUNERATION POLICY

The primary objective of the Group's remuneration policy is to retain and motivate executive directors by linking their compensation to the Group's performance and evaluating their compensation against corporate goals, so that the interests of the executive directors and the senior management team are aligned with those of our shareholders. No director can, however, approve his or her own remuneration.

EXECUTIVE DIRECTORS' REMUNERATION: BASIC SALARY

The Remuneration Committee annually reviews the basic salary of all executive directors of the Group. When considered necessary, the Remuneration Committee also reviews the bonus amounts and bonus schemes for the executive directors. Details of each executive director's salary and bonus are in the "Notes to Financial Statements" on pages 104 to 106.

SHARE OPTIONS AND LONG-TERM INCENTIVES

The Remuneration Committee may from time to time recommend grants of share options under the Group's approved share option scheme for executive directors. Details of the share options granted to executive directors and the management team to date are published on pages 63 to 66 of the "Report of the Directors."

The Remuneration Committee may from time to time recommend the award of shares under the share award scheme approved by the Board on 31 May 2017. Details of the shares awarded and held by the trustee under the share award scheme for the executive directors are set out on pages 60 to 61 of the "Report of the Directors".

Apart from share options and share awards, the Remuneration Committee may from time to time review and recommend other forms of long-term incentive for the executive directors.

NON-EXECUTIVE DIRECTORS' REMUNERATION

All fees paid to non-executive directors for their services to the Group are subject to annual review by the Remuneration Committee. The Group also offers its non-executive directors reimbursement of invoices for out-of-pocket expenses incurred by them while discharging their duties as directors, such as attending meetings on behalf of the Group. Full details of all such fees paid to non-executive directors during 2019 can be found on pages 104 to 106 of the "Notes to Financial Statements". The non-executive directors, together with the other directors of the Company, are subject to retirement by rotation and re-election in accordance with the Company's Bye-laws at each annual general meeting.

NOMINATION COMMITTEE

The responsibilities and authorities of the Nomination Committee are set out in the terms of reference a copy of which is published on the Hong Kong Stock Exchange's and the Group's websites. The Nomination Committee reports to the Board and makes recommendations regarding the appointment of directors, its evaluation of the Board's composition (in which board diversity would be considered from a number of aspects, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of services), and the management of Board succession with references endorsed by the Board itself. The Nomination Committee currently has one executive director and six non-executive directors, with the majority of them being independent non-executive directors.

NOMINATION PROCESS

(a) Appointment of New Director

(i) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(ii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

NOMINATION PROCESS (continued)

(b) Re-election of Director at General Meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.

(iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

MEMBERS OF THE NOMINATION COMMITTEE

Joseph Tcheng, *Executive Director (Chairman)*
William Eccleshare, *Non-Executive Director*
Peter Cosgrove, *Non-Executive Director*
Robert Gazzi, *Independent Non-Executive Director*
Christopher Thomas, *Independent Non-Executive Director**
Wang Shou Zhi, *Independent Non-Executive Director*
Thomas Manning, *Independent Non-Executive Director*

* Mr. Christopher Thomas was appointed as an independent non-executive director of the Company and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee, and Ms. Leonie Ki Man Fung retired as an independent non-executive director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee, with effect from 7 September 2019.

The Board also approved the adoption of the board diversity policy. Such policy aims to achieve diversity in the Board in the broadest sense in order to have a balance of skills, experience and diversity of perspectives appropriate to the business nature of the Company. Under such policy, selection of candidates to the Board is based on a range of diversity perspectives, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service.

Hence, the Nomination Committee adopts certain criteria and procedures in the nomination of new directors with due regard to the benefits of diversity in the Board that would complement the existing Board. The criteria include a candidate's professional background, especially advertising, financial and commercial experience, and track record with other listed companies. The Nomination Committee also considers information on candidates available from various sources, including the database of the Institute of Directors in Hong Kong, as well as recommendations from the management team and other knowledgeable individuals. Candidates who satisfy all of the relevant criteria are then short-listed by the Chairman and the Secretary of the Nomination Committee before their nominations are proposed to the Nomination Committee. The Nomination Committee subsequently meets to select the final candidate and submit its recommendation to the Board for approval.

The Nomination Committee met three times in 2019 to review the structure, size and composition of the Board, directors' service contracts and the election/re-election of directors; and made the related recommendation to the Board.

CAPITAL EXPENDITURE COMMITTEE

The Capital Expenditure Committee is in charge of reviewing and recommending new projects involving capital expenditures greater than RMB10,000,000 to the Board for its approval in order to ensure more efficient usage of the Group's capital resources. The members of this Committee include the Group's Chairman, the Chief Financial Officer, the Chief Operating Officer and one non- executive director with relevant international operational experience.

MEMBERS OF THE CAPITAL EXPENDITURE COMMITTEE

Joseph Tcheng, *Chairman of the Board , Executive Director (Chairman)*
Zhang Huai Jun, *Chief Operating Officer, Executive Director*
Michael Saunter, *Non-Executive Director*
Lam Bin Kim, *Chief Financial Officer*

The Capital Expenditure Committee met six times in 2019 to review the Group's strategic development, capital expenditure budget, refurbishment needs, renewal of certain bus shelter concession rights, acquisitions and construction of bus shelters; and made the related recommendations to the Board.

CASH COMMITTEE

The Cash Committee was established, with the main roles and responsibilities clearly defined in its terms of reference, for reviewing the adequacy of and the options for utilization of the Group's cash on hand with a view to enhance shareholders' interests, and making related recommendations to the Board. The options to be considered by the Cash Committee, from time to time, include, but are not limited to, the following:

(i) significant capital investment for the organic expansion of the Group's businesses;

(ii) significant mergers and acquisitions;

(iii) recommendation for various forms of dividends;

(iv) share repurchase by the Company; and

(v) repayment of any significant borrowing, if any.

The members of this Committee include a non-executive director, the Group's Chairman and the Chief Operating Officer.

PRINCIPLES TERMS OF THE DIVIDEND POLICY ADOPTED BY THE COMPANY ARE AS FOLLOWS:

(i) The board of directors (the "Board") of the Company adopt the policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.

(ii) The Company intends to distribute 20%–40% of its annual net profits as dividends to its shareholders, subject to the conditions and factors as set out below.

(iii) The Board has the discretion to propose, declare and distribute dividends to the shareholders of the Company, subject to the Bye-Laws of the Company and all applicable laws and regulations and the factors set out below.

(iv) The Board shall also take into account the following factors of the Company and its subsidiaries (collectively, the "Group") when considering the declaration and payment of dividends:

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of shareholders;
- any restrictions on payment of dividends;
- recommendation from the Cash Committee; and
- any other factors that the Board may consider relevant.

(v) Depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:

- interim dividend;
- final dividend;
- special dividend; and
- any distribution of net profits that the Board may deem appropriate.

PRINCIPLES TERMS OF THE DIVIDEND POLICY ADOPTED BY THE COMPANY ARE AS FOLLOWS: (continued)

(vi) The Cash Committee of the Company makes recommendations to the Board regarding the adequacy of cash on hand and the options for utilization of the Company's cash on hand on top of the Company's distribution of cash dividend.

(vii) The Company in general meeting may from time to time declare dividends in any currency to be paid to the Members but no dividends shall be declared in excess of the amount recommended by the Board subject to the Bye-Laws of the Company and all applicable laws and regulations.

(viii) The Company may declare and pay dividends by way of cash or warrant or by other means that the Board considers appropriate.

(ix) Any dividend unclaimed shall be forfeited and shall revert to the Company in accordance with the Company's Bye-Laws.

MEMBERS OF THE CASH COMMITTEE

Peter Cosgrove, *Non-Executive Director (Chairman)*
Joseph Tcheng, *Chairman of the Board , Executive Director*
Zhang Huai Jun, *Chief Operating Officer, Executive Director*

The Cash Committee had a meeting in 2019 to review the adequacy of and various options for utilization of the Group's cash on hand and made the related recommendations to the Board.

DIRECTORS' SECURITIES DEALING COMMITTEE

The Directors' Securities Dealing Committee was established with the main roles and responsibilities clearly defined in its terms of reference and the principal function of handling the notification and clearance of directors' dealing in the Company's securities pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out under Appendix 10 to the Listing Rules. The members of this Committee include the Chairman of our Board and a non-executive director.

MEMBERS OF THE DIRECTORS' SECURITIES DEALING COMMITTEE

Joseph Tcheng, *Chairman of the Board , Executive Director (Chairman)*
Zhu Jia, *Non-Executive Director*

Given the nature of the Committee's principal function, regular meetings are not considered necessary and there was no Committee meeting during the year.

During the year, the Committee did not receive any notification letters; and no corresponding clearance letter was issued pursuant to Appendix 10 to the Listing Rules.

RISK COMMITTEE

The Risk Committee was established on 27 May 2016. The Risk Committee currently comprises two executive directors, the Chief Financial Officer and one non-executive director. The Risk Committee is chaired by the Chairman of the Board, Mr. Joseph Tcheng. The principal functions of the Risk Committee include:

- to assist the Board in evaluating and determining the extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management system;
- to assist the Board in overseeing management in the design, implementation and monitoring of the risk management system;
- to review the Company's risk management system;
- to discuss the risk management system with management to ensure that management has performed its duty to have effective system;
- to consider major investigation findings on risk management matters as delegated by the board or on its own initiative and management's response to these findings;
- to advise the Board on the Group's risk appetite statement(s), risk principles and other risk-related issues including corporate actions and proposed strategic transactions such as mergers, acquisitions and disposals;
- to approve the Group's risk policies and risk tolerances;
- to consider emerging risks relating to the Group's business and strategies to ensure that appropriate arrangements are in place to control and mitigate the risks effectively;
- to review risk reports and breaches of risk tolerances and policies; and
- to review and assess regularly the adequacy and effectiveness of the Group's risk management framework and risk management policies and procedures in identifying, measuring, monitoring and controlling risk, and oversee their effective operation, implementation and maintenance.

MEMBERS OF THE RISK COMMITTEE

Joseph Tcheng, *Chairman of the Board, Executive Director (Chairman)*
Zhang Huai Jun, *Executive Director*
Michael Saunter, *Non-Executive Director*
Lam Bin Kim, *Chief Financial Officer*

The Risk Committee held four meetings in 2019 to review, based on the Group's risk management system, the risks relevant to the Group. In the review, the Risk Committee considered:

(a) the changes in the nature and extent of the significant risks and the associated procedures designed to address the risks;

(b) the scope and quality of management of the various departments' ongoing monitoring of risks system; and

(c) the extent and frequency of communication of risk monitoring results to the Board.

The following highlights the top 4 risks to the Group based on the annual risk assessment conducted in 2019.

Group's Top 4 Risks	Treatment Plan(s)
1 The outbreak of the coronavirus in 2020 could further slow China's economic growth, negatively impact customers' advertising spend and reduce demand for advertising space	— implement a flexible pricing policy to attract customers — intensify cost saving initiatives — implement strict discipline on capital expenditure to maintain capital liquidity while ensuring the ability to capture strategic opportunity
2 High concentration of customers in similar industry may lead to sizeable revenue decline if there is any substantial reduction in the appetite for advertising by a small number of key customers	— broaden customer base, increase number of medium and small customers — lessen dependence on large customers from E-commerce and IT industries — focus sales efforts on customers in other industries — procure orders from customers with different sizes — formulate more diversified products and more detailed pricing strategy — consider strategic alliance with other media platforms

MEMBERS OF THE RISK COMMITTEE (continued)

Group's Top 4 Risks		Treatment Plan(s)
3	Loss of existing major concession rights in the top tier cities will adversely impact business performance and sustainability	— closely monitor the expiry of material concession rights — early exploration of the opportunities for the renewal or extension of the concession rights well before expiry — more in-depth understanding of the requirements from the local authorities — analysis of the concession rights contracts that are potentially at risk and formulate plans to protect such concession rights contracts — readjust business development department with employees possessing new mentality, if needed
4	Inability to attract and retain talents	— utilize internal and external channels to identify and recruit employees with potential — enhance personnel training programs — engage external consultancy to perform survey on salary and welfare offered by peers — regular revision of sales commission scheme to improve its competitiveness — implement new sales department procedures to retain sales personnel

RISK MANAGEMENT, INTERNAL CONTROLS AND INTERNAL AUDIT

The Board is entrusted with the overall responsibility for establishing and maintaining the Group's risk management and internal control systems and reviewing their effectiveness. The role of the Group's management is to implement all Board policies on risk and internal control.

Risk Management and Internal Control Systems

Risk Management System

The Group has in place an internal risk identification, assessment and management system. Regular surveys are conducted with the management of all operating departments to identify the key (i) operation risks, (ii) financial risks, (iii) compliance risks and (iv) strategic risks of the Group. Key risks identified are assessed and ranked according to the likelihood of occurrence and extent of impact to the Group.

Identified risks are then mapped to relevant control procedures and are allocated to the relevant departments according to their functions for risk management on an ongoing basis. For instance, the business development department is responsible for addressing the operation risk of loss of existing major concession rights whereas the human resources department focuses on maximizing talent retention within the Group. The departments entrusted with risk management responsibilities give regular update and report on the risk control status to the Risk Committee, who then reports to the Board.

RISK MANAGEMENT, INTERNAL CONTROLS AND INTERNAL AUDIT (continued)

Risk Management and Internal Control Systems *(continued)*

Internal Control System

The Group has internal control systems which are designed to provide reasonable protection of the Group's assets, and to safeguard these assets against unauthorised use or disposition by ensuring that all such transactions are executed in accordance with management's authorisation. The systems are designed to ensure that accounting records are sufficiently accurate for the preparation of financial information used for operational and reporting purposes.

The Group has adopted comprehensive procedures with duly assigned levels of authority in areas of financial, operational and compliance controls, and risk management to ensure that its assets and resources remain secure at all times. Key internal control procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information used within the business or for publication. The procedures are designed to provide reasonable but not absolute assurance against material errors, losses or fraud. Procedures have also been designed to ensure compliance with applicable laws, rules and regulations.

The Group also has in place procedures and internal controls for handling and dissemination of inside information whereby the Chairman of the Board, the Chief Financial Officer and the Company Secretary work closely, seeking advice from our legal advisor from time to time, if needed, with proper reporting to and approval from the Board, for proper handling and dissemination of inside information in accordance with relevant laws and regulations.

While the Board is committed to mitigating risks and maximizing internal controls, the Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Internal Audit

The Group has an internal audit function. In 2010, the Board approved a 3-year rotational internal audit plan covering several different departments. The objective of this plan is to reduce potential risks and improve operational efficiency. This policy has been refreshed every 3 years and the 3-year internal audit plan is renewed and reviewed on an annual basis. The Group has outsourced the internal audit function to a leading international audit firm. The Group's internal auditor report their findings and make their recommendations directly to the Audit Committee on a regular basis and have the right to consult the Audit Committee without first referring to the management. The Audit Committee reports the progress of the work plan and related findings to the Board at each meeting during the year.

Material internal control defects identified are reported to the Audit Committee who shall supervise the management's design and implementation of rectification measures. The Audit Committee also keeps the Board informed of the rectification process.

RISK MANAGEMENT, INTERNAL CONTROLS AND INTERNAL AUDIT (continued)

Review of the Risk Management and Internal Control Systems

The Group's risk management and internal control systems are reviewed on an annual basis at the end of each year and covers the systems in place during that full financial year.

At the annual review of the risk management system, risk levels of the key risks identified during the year are re-assessed to evaluate the sufficiency and effectiveness of the existing procedures implemented to address the risks.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Groups' internal control system and effectiveness of internal audit function for the financial year ended 31 December 2019. The Board, through the Risk Committee, has conducted a review of the effectiveness of the Group's risk management system for the financial year ended 31 December 2019. Such reviews cover all material financial, operational and compliance controls and the risk management function. The Board considers the risk management and internal control systems of the Group is effective and adequate.

The Company effectively became a subsidiary of Clear Channel Outdoor Holdings, Inc. ("CCO") in 2005, resulting in the consolidation of the Group in CCO's financial results. CCO is listed on the New York Stock Exchange and is subject to certain rules in accounting, disclosure and internal control procedures, including the rules set out in the Sarbanes-Oxley Act ("SOX").

The directors acknowledged their responsibility for preparation of financial statements which give a true and fair view of the Group's state of affairs of the results and cash flow for the year. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Independent Auditor's Report on pages 70 to 73 of this annual report has set out the responsibilities of Ernst & Young, the external auditors of the Company.

CORPORATE GOVERNANCE FUNCTIONS

During the year ended 31 December 2019, the Board reviewed the policy for the corporate governance of the Company, and performed the duties under Code Provision D.3.1. In particular, the Board conducted a general review of the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements, as well as the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

For work done in respect of training and continuous professional development of directors and senior management and the review and monitoring of code of conduct and compliance manual applicable to employees and directors, please refer to the sections headed "Directors' Training" and "Code of Conduct and Business Ethics" in the Corporate Governance Report.

CODE OF CONDUCT AND BUSINESS ETHICS

The directors of the Group have a duty and responsibility to act honestly and with due diligence and care when carrying out their duties on behalf of the Group. During 2012, all directors were provided with the latest version of the "Guidance on the Disclosure of Price Sensitive Information" published by Hong Kong Exchanges and Clearing Limited, the "Guidelines for Directors" published by the Hong Kong Institute of Directors and the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission. During 2013, the Company arranged and funded a formal training session on the new inside information disclosure regime and the related changes to the Listing Rules. During 2014, the Company updated the directors on the effect of the amendments to the Listing Rules and arranged and funded a formal training session on connected transactions, fair and equal treatment to shareholders and directors' fiduciary duties. During 2015, the Company updated the directors on the effect of the amendments to the Listing Rules. During 2016, the Company Secretary updated the directors on the effect of the amendments to the Listing Rules and the Company funded a formal training session on connected transactions, key changes to the ESG reporting and disclosures of interests under Part XV of the Securities and Futures Ordinance. During 2017, the Company arranged and funded a formal training session on inside information and disclosure of false or misleading information, Directors' duties in corporate transaction valuations, mandatory electronic filing — disclosure of interests online system and environmental, social and governance report.

The Group is committed to ethical business conduct and compliance with Bribery and Corruption Laws. The Group has adopted a Code of Business Conduct and Ethics and the Anti-Corruption Compliance Policy and Procedures which apply to all of the Group's employees. With the help from a law firm, the Group typically arranges professional training for its employees on the Code of Business Conduct and Ethics and the Anti-Corruption Compliance Policy and Procedures at least annually. The written material of such professional training can readily be accessed by any employee at the Company's corporate website. During the year ended 31 December 2019, the Board reviewed the Group's compliance with the Code of Business Conducts and Ethics and the Anti- Corruption Compliance Policy and Procedures on a quarterly basis and did not find any material non-compliance.

SOCIAL RESPONSIBILITY AND SUSTAINABILITY

The Group is committed to being a good corporate citizen and contributes to the well-being of the communities in which it operates its bus shelter network. To this end, subject to availability, the Group donates approximately 10% of its advertising panels to local municipal governments to help promote community events. The Group is also a donor of sponsored advertising spaces for various charitable causes.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted strict procedures that require all directors to confirm that their securities transactions are fully compliant with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. In 2019, all directors confirmed their compliance with the Model Code. Specified employees who are likely to be in possession of inside information related to the Group and its activities must also comply with guidelines as exacting as those set out in the Model Code. No non-compliance report was received from any such employee during 2019.

DIRECTORS' INTERESTS

Full details of individual director's interests in the shares and share options of the Company are set out on pages 60 to 67 of the "Report of the Directors."

OPEN COMMUNICATION

The Group is committed to acting in good faith and in the best interests of its shareholders at all times and in all areas of its operations. The Group actively promotes open communication and full disclosure of all information needed to protect and maximise returns for its shareholders.

COMMUNICATION WITH SHAREHOLDERS

Effective communication with shareholders has always been one of the Group's priorities. The various channels by which the Group communicates with its shareholders include interim and annual reports, the Company's websites, and general investor meetings held either face-to-face or via telephone conference calls. The Group reports to its shareholders twice a year and maintains a regular dialogue with investors. Interim and annual results are announced as early as possible to keep shareholders informed of the Group's performance and operations in a timely manner. The publication of the Group's financial results on a semi-annual basis enhances transparency regarding its performance and ensures that details of new developments affecting the Group are made available in a timely manner. The Group typically announces its interim and annual results no later than two months and three months, respectively after the end of the relevant periods. An Annual General Meeting is generally held no later than 6 months after the financial year-end, and all shareholders are encouraged to attend the Annual General Meeting to discuss the progress of the Group's businesses.

The shareholders' communication policy is published on the Group's website at www.clear-media.net.

SHAREHOLDERS' RIGHTS

Right to convene a special general meeting

The procedures for shareholders to convene a special general meeting in accordance with the Company's Bye-laws, the Bermuda Companies Act 1981 and applicable legislation and regulation are set out as follows:

1 Members of the Company ("Members") holding at the date of deposit of the requisition not less than 10% of the paid-up capital of the Company carrying the right to vote at general meetings of the Company shall at all times have the right, by written requisition sent to the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton, HM11 Bermuda and its principal office in Hong Kong at Suite 1202, 12th Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, for the attention of the company secretary of the Company ("Company Secretary"), to require a special general meeting ("SGM") to be called by the board of directors of the Company ("Board") for the transaction of any business specified in such requisition.

2 The written requisition must state the purposes of the general meeting, signed by the Member(s) concerned and may consist of several documents in like form, each signed by one or more of those Members.

3 If the requisition is in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the registered Members. On the contrary, if the requisition is invalid, the Members concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.

SHAREHOLDERS' RIGHTS (continued)

Right to convene a special general meeting *(continued)*

4 The notice period to be given to all the registered Members for consideration of the proposal raised by the Member(s) concerned at a SGM varies according to the nature of the proposal, as follows:

— at least twenty-one (21) clear days' notice in writing if the proposal constitutes a special resolution of the Company, which cannot be amended other than to a mere clerical amendment to correct a patent error; and

— at least fourteen (14) clear days' notice in writing if the proposal constitutes an ordinary resolution of the Company.

Members who have enquiries about the above procedures or have enquiries to put to the Board may write to the Company Secretary at Suite 1202, 12th Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

Right to propose resolutions at general meetings

The procedures for shareholders to make proposals at general meeting other than a proposal of a person for election as a director according to the Company's Bye-laws, the Bermuda Companies Act 1981 and applicable legislation and regulation are set out as follows:

1 The Company holds an annual general meeting ("AGM") every year, and may hold a general meeting known as a SGM whenever necessary.

2 Member(s) holding (i) not less than 5% of the total voting rights of all Members having the right to vote at the general meeting of the Company; or (ii) not less than 100 Members, can submit a written request stating the resolution intended to be moved at the AGM; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

3 The written request/statements must be signed by the Member(s) concerned and deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton, HM11 Bermuda and its principal office in Hong Kong at Suite 1202, 12th Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, for the attention of the Company Secretary, not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

4 If the written request is in order, the Company Secretary will ask the board of directors of the Company ("Board") (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the Member(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the Member(s) concerned in accordance with the statutory requirements to all the registered Members. On the contrary, if the requisition is invalid or the Member(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Member(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.

Members who have enquiries about the above procedures or have enquiries to put to the Board may write to the Company Secretary at Suite 1202, 12th Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

SHAREHOLDERS' RIGHTS (continued)

Right to nominate directors for election at general meetings

The procedures for shareholders to propose a person for election as a director of the Company are published on the Group's website at www.clear-media.net.

VOTING RIGHTS

All shares in the Company are ordinary shares. The total number of outstanding shares issued at the date of this annual report was 541,700,500. All shareholders whose shares are registered in the Company's register of shareholders on the record date published in the Company's shareholders' meeting notice are entitled to vote at the meetings. In accordance with the Listing Rules, any votes of shareholders at the Company's general meetings are taken by poll. Results of shareholders' meetings are reported to the public via announcements published on the Hong Kong Stock Exchange's and the Group's websites.

Shareholders who wish to exercise their rights to vote by proxy may do so upon presentation of a written and dated instrument appointing their proxy. The letter convening each shareholders' meeting includes a proxy form which appoints the Chairman of the Board as proxy for each specific proposal. All shareholders are welcome to ask questions or present proposals for discussion at these meetings.

CONSTITUTIONAL DOCUMENTS

There is no change in the Company's Bye-laws during the year ended 31 December 2019.

INVESTOR RELATIONS

The Group regards open communication with both existing and potential investors as being vital to its continued success. To this end, the Group insists on full, honest, equal and timely disclosure of all essential information regarding its business to the investment community. The Group is committed to transparent communication and is determined to maintain close ties with the investment community. Our senior management team regularly attends investor conferences organised by securities houses in Hong Kong, China and overseas.

The Group's corporate website also provides an effective communication platform where the public and investor community have fast and easy access to up-to-date information regarding the Group.

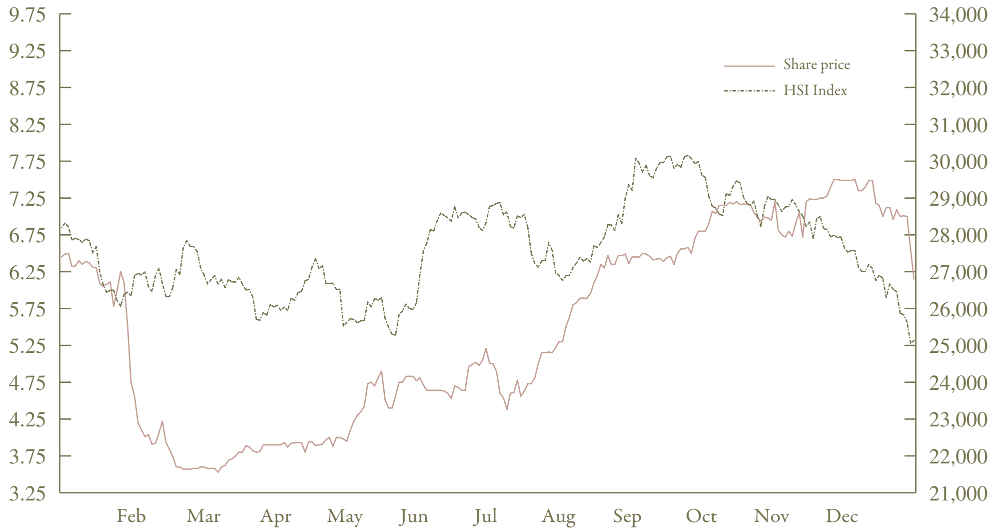
Investors with queries are encouraged to direct their enquiries to the following:

Jeffrey Yip
Director of Investor Relations and Company Secretary
Suite 1202 Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong
Telephone: (852) 2235 3977
Fax: (852) 2235 3911
Email: jeffrey.yip@clear-media.net

FINANCIAL CALENDAR 2020

Results Announcement 2019	18 March
Interim Results Announcement	Mid-to-late August
Financial Year End	31 December

SHARE PRICE PERFORMANCE



Sources: (Bloomberg)

79.1 million shares were traded on the Main Board of the Hong Kong Stock Exchange in 2019. The highest trading price for the share was HK$7.50 on 25 and 28 January, 1, 4 and 21 February 2019, and the lowest was HK$3.50 on 16 October 2019.

Report of the Directors

The directors of the Company are pleased to present their report together with the consolidated financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

The business review for the year ended 31 December 2019 is set out in the management discussion and analysis section from pages 11 to 22.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2019 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 74 to 79.

At the Board meeting held on 18 March 2020, the directors resolved not to pay any dividend to the shareholders in respect of the year ended 31 December 2019 (2018: HK17 cents per share).

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years is set out on page 139. This summary does not form part of the audited financial statements.

The following is a summary of the published consolidated results and of the assets, liabilities and minority interests of the Group prepared on the basis set out in the note below:

FIVE YEAR FINANCIAL SUMMARY

	Year ended 31 December				
	2019	2018	2017	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
(Loss)/profit attributable to:					
— Owners of the parent	**(86,854)**	220,813	246,913	245,017	228,972
— Non-controlling interests	**2,716**	33,545	33,726	29,760	34,888
Assets and liabilities					
Total assets	**5,116,476**	3,441,774	3,169,620	3,059,670	2,988,901
Total liabilities	**2,787,440**	927,321	829,720	762,191	700,793
Total equity	**2,329,036**	2,514,453	2,339,900	2,297,479	2,288,108

PROPERTY, PLANT AND EQUIPMENT AND CONCESSION RIGHTS

Details of movements in the property, plant and equipment and concession rights of the Group for the year ended 31 December 2019 are set out in notes 14 and 15 to the financial statements, respectively.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year together with the reasons therefor, and details of the Company's share option schemes are set out in notes 22 and 23 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 34 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the Company's retained earnings and other components of equity available for cash distribution and/or distribution in specie amounted to RMB1,041,291,000 (2018: RMB943,472,000). In accordance with the Bermuda Companies Act 1981, the Company's contributed surplus may be distributed in certain circumstances.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Group has not redeemed any of its listed shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares during the year.

CHARITABLE CONTRIBUTIONS

During the year, the Group did not make any charitable contributions (2018: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for 36% of the Group's turnover for the year while sales to the Group's single largest customer accounted for approximately 10% of the Group's turnover for the year. Payment to the Group's five largest suppliers who provide goods and services which are specific to the Group's businesses and which are required on a regular basis to enable the Group to continue to supply or service its customers accounted for 39% of the Group's total payment to suppliers for the year while payment to the Group's single largest supplier accounted for approximately 10% of the Group's total payment to suppliers for the year.

None of the directors, or any of their close associates, or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and/or suppliers.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note 29 to the financial statements also constituted connected transactions under the Listing Rules, and are required to be disclosed in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected persons (as defined in the Listing Rules) and the Group have been entered into and/or are ongoing for which relevant announcements, if necessary, had been made by the Company in accordance with the requirements of the Listing Rules. The Group entered into the following continuing connected transactions during the year ended 31 December 2019:

1. CONTINUING CONNECTED TRANSACTIONS

(a) On 11 March 2013, WHA Joint Venture entered into a new three-year framework agreement (the "Framework Agreement") with Guangdong White Horse Advertising Company Limited ("GWH") in respect of the advertising commission arrangement (as described below) for the years 2013, 2014 and 2015 on substantially the same terms as the previous framework agreement signed on 8 February 2010 by WHA Joint Venture and GWH. The Framework Agreement provides that GWH may, with the consent of WHA Joint Venture, assign part or all of the said agreement to an affiliated company or to such other company over which Mr. Han Zi Dian may exercise influence over the management and day-to-day operations. The assignee will assume the obligations and rights of GWH under the Framework Agreement and the applicable annual caps for the transactions under the Framework Agreement will remain unchanged. The underlying transactions pursuant to the Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules. At the Special General Meeting held on 12 April 2013, the independent shareholders approved the Framework Agreement and the annual cap amounts of the transactions under the Framework Agreement for the years 2013, 2014 and 2015.

WHA Joint Venture is an indirect 80% owned subsidiary of the Company. Mr. Han Zi Dian, a non-executive director from April 2001 to October 2012 and the brother of Mr. Han Zi Jing, an executive director of the Company, 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 from his indirect 14.2% interest in GWH. As such, GWH is an associate of Mr. Han Zi Jing (a director) and Mr. Han Zi Dian (an individual who was then a director of the Company within the last 12 months), and hence a connected person of the Company under Chapter 14A of the Listing Rules.

Customers of WHA Joint Venture can be classified into two categories, namely (i) advertisers or end-customers and (ii) advertising agencies. Under the advertising commission arrangement, GWH, as an advertising agency engaged by end-customers for planning and implementing advertising campaigns, assists WHA Joint Venture in procuring advertising sales. In return, WHA Joint Venture pays an advertising commission to GWH for successful sales.

All sales contracts entered into by WHA Joint Venture, including those contracts booked through GWH, are based on its standard terms and conditions and its standard price list, which are also applicable to sales contracts with other third party advertising agencies. The amount of advertising commission payable to GWH for procuring the sales contracts is no more than the applicable standard advertising commission rate payable to the advertising agencies from time to time. The current applicable rate is 8%.

As with the arrangement with other advertising agencies, the value of sales (net of commission) is settled in cash as and when the end-customers settle the gross sales amounts with GWH, who in turn settles with WHA Joint Venture.

1. CONTINUING CONNECTED TRANSACTIONS (continued)

(a) *(continued)*

The initially approved annual caps for the gross value of sales from GWH for the financial years ended on 31 December 2013, 2014 and 2015 were HK$260.0 million, HK$285.0 million and HK$315.0 million, respectively. At the Special General Meeting held on 16 July 2014, the independent shareholders approved a supplemental framework agreement dated 30 May 2014 and the annual caps for the gross value of sales from GWH for the financial years ended on 31 December 2014 and 2015 were revised to HK$374.0 million and HK$404.0 million, respectively. The total gross value of sales from GWH and WHM (as defined below) for 2015 was approximately HK$347.6 million. The initially approved annual caps for the advertising commission payable to GWH for each of these financial years shall not exceed HK$21.0 million, HK$23.0 million and HK$25.0 million, respectively. At the same Special General Meeting held on 16 July 2014, the independent shareholders approved the revised annual caps of HK$30.0 million and HK$32.5 million, respectively, for the advertising commission payable to GWH for each of 2014 and 2015. The total advertising commission payable to GWH and WHM for 2015 was approximately HK$20.4 million.

On 22 December 2015, WHA Joint Venture entered into a new three-year framework agreement (“2015 Framework Agreement“) with GWH, Hainan White Horse Media Advertising Co., Ltd (”WHM”) and White Horse (Shanghai) Investment Company Limited (”WSI”) (GWH, WHM and WSI, together the “Service Providers”) for the years 2016, 2017 and 2018 on substantially the same terms as the Framework Agreement, save for the addition of WHM and WSI as signing parties to the Framework Agreement. Similar to GWH, Mr. Han Zi Dian (brother of Mr. Han Zi Jing, an executive director of the Company), is able to exercise influence over the management and day-to-day operations of each of WHM and WSI. Accordingly, WHM and WSI are associates of Mr. Han Zi Jing (a director) and hence are connected persons of the Company under Chapter 14A of the Listing Rules. The Framework Agreement provides that the Service Providers may, with the consent of the WHA Joint Venture, assign part or all of the said agreement to an affiliated company or to such other company over which Mr. Han Zi Dian may exercise influence over the management and day-to-day operations. The assignee(s) will assume the obligations and rights of the relevant Service Provider(s) under the Framework Agreement and the applicable annual caps for the transactions under the Framework Agreement will remain unchanged. The underlying transactions pursuant to the Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules. At the Special General Meeting held on 28 January 2016, the independent shareholders approved the Framework Agreement and the annual cap amounts of the transactions under the Framework Agreement for the years 2016, 2017 and 2018.

The approved annual caps for the gross value of sales from the Service Providers for the financial years ended on 31 December 2016, 2017 and 2018 are HK$414.0 million, HK$424.5 million and HK$435.0 million, respectively. The total gross value of sales from WHM and WSI for 2018 was approximately HK$408.1 million. The approved annual caps for the advertising commission payable to the Service Providers for each of these financial years are HK$33.0 million, HK$34.0 million and HK$35.0 million, respectively.

1. CONTINUING CONNECTED TRANSACTIONS (continued)

(a) *(continued)*

On 10 January 2019, WHA Joint Venture entered into a new three-year framework agreement ("2019 Framework Agreement") with GWH, WHM and WSI (GWH, WHM and WSI, together the "Service Providers") for the years 2019, 2020 and 2021 on substantially the same terms as the 2015 Framework Agreement. The 2019 Framework Agreement provides that the Service Providers may, with the consent of the WHA Joint Venture, assign part or all of the said agreement to an affiliated company or to such other company over which Mr. Han Zi Dian may exercise influence over the management and day-to-day operations. The assignee(s) will assume the obligations and rights of the relevant Service Provider(s) under the 2019 Framework Agreement and the applicable annual caps for the transactions under the 2019 Framework Agreement will remain unchanged. The underlying transactions pursuant to the Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules. At the Special General Meeting held on 26 April 2019, the independent shareholders approved the 2019 Framework Agreement and the annual cap amounts of the transactions under the 2019 Framework Agreement for the years 2019, 2020 and 2021.

The approved annual caps for the gross value of sales from the Service Providers for the financial years ending on 31 December 2019, 2020 and 2021 are HK$457.0 million, HK$480.0 million and HK$504.0 million, respectively. The approved annual caps for the advertising commission payable to the Service Providers for each of these financial years are HK$36.5 million, HK$38.5 million and HK$40.3 million, respectively. The total gross value of sales from the service providers in 2019 was approximately HK$361.9 million and the total advertising commission payable to the Service Providers for 2019 was approximately HK$21.1 million.

(b) On 3 March 2011, WHA Joint Venture and GWH entered into a creative services agreement pursuant to which GWH agreed to provide to WHA Joint Venture creative design services for posters, sales and marketing materials and company profiles, for a term from 1 January 2011 to 31 December 2013. Under the agreement, WHA Joint Venture shall pay to GWH the fees for such services on or before the 25th day of each calendar month.

On 28 January 2014, the Board resolved that WHA Joint Venture shall enter into a creative services agreement with GWH to renew the terms under the previous creative services agreement entered into on 3 March 2011. The terms of such new creative services agreement are substantially the same as the terms under the previous creative services agreement entered into on 3 March 2011, and it has a fixed term of three years which took effect on 1 January 2014 and will expire on 31 December 2016. These transactions were entered into on terms no less favourable than those available to or from independent third parties. The annual cap for the consideration for each of the financial years ended on 31 December 2014, 2015 and 2016 will be no more than RMB3,000,000.

On 24 October 2016, the Board resolved that WHA Joint Venture shall enter into a new creative services agreement with WHM on substantially the same terms as the creative services agreement entered into on 28 January 2014 with GWH. The new creative services agreement has a fixed term of three years which took effect on 1 January 2017 and it will expire on 31 December 2019. The annual cap for the consideration for each of the financial years ended on 31 December 2017, 2018 and 2019 will be no more than RMB4,000,000. The total consideration for 2019 was approximately RMB3,774,000.

On 18 December 2019, the Board resolved that WHA Joint Venture shall enter into a new creative services agreement with WHM on substantially the same terms as the creative services agreement entered into on 24 October 2016 with GWH. The new creative services agreement has a fixed term of three years which took effect on 1 January 2020 and it will expire on 31 December 2022. The annual cap for the consideration for each of the financial years ending on 31 December 2020, 2021 and 2022 will be no more than RMB4,000,000.

1. CONTINUING CONNECTED TRANSACTIONS (continued)

(c) On 20 April 2007, WHA Joint Venture entered into maintenance services agreements with various branches of Hainan White Horse Holding Company Limited ("White Horse Holding") for a fixed term until 31 December 2008 and such agreements were subsequently renewed until 31 December 2012.

Following a capital injection into White Horse Holding in November 2009, Mr. Han Zi Dian became interested in more than 50% of the voting power of White Horse Holding. Mr. Han Zi Dian was a non-executive director of the Company from April 2001 to October 2012 and is the brother of Mr. Han Zi Jing, an executive director of the Company. As such, White Horse Holding has been an associate of a director since November 2009, and hence a connected person of the Company under Chapter 14A of the Listing Rules. It follows that all the transactions between the Group and White Horse Holding thereafter constitute continuing connected transactions under Chapter 14A of the Listing Rules.

The Board resolved to enter into a framework maintenance services agreement (the "Framework Maintenance Services Agreement") on 24 January 2013 with White Horse Holding in place of the maintenance service arrangements between WHA Joint Venture and White Horse Holding. Pursuant to the Framework Maintenance Services Agreement, White Horse Holding will provide cleaning, maintenance and related services to the bus shelters of WHA Joint Venture through its branches. Under the Framework Maintenance Services Agreement, the maintenance fees payable by WHA Joint Venture to White Horse Holding would be settled by WHA Joint Venture on a monthly basis before the tenth day of every month.

On 28 January 2014, the Board resolved that WHA Joint Venture shall enter into a maintenance services agreement with White Horse Holding to renew the terms under the Framework Maintenance Services Agreement. The terms of such maintenance services agreement are substantially the same as the terms under the Framework Maintenance Services Agreement, and it has a fixed term of three years which took effect on 1 January 2014 and will expire on 31 December 2016. The annual caps for the consideration for each of the financial years ended on 31 December 2014, 2015 and 2016 will not exceed HK$55,000,000, HK$60,000,000 and HK$65,000,000, respectively.

On 24 October 2016, the Board resolved that WHA Joint Venture shall enter into a new maintenance services agreement with White Horse Holding to renew the terms under the maintenance services agreement entered into on 28 January 2014. The terms of the new maintenance services agreement are substantially the same as the terms under the maintenance services agreement entered into on 28 January 2014, and it has a fixed term of three years which took effect on 1 January 2017 and will expire on 31 December 2019. The annual caps for the consideration for each of the financial years ended on 31 December 2017, 2018 and 2019 will not exceed HK$52,000,000, HK$60,000,000 and HK$66,000,000, respectively. For the year ended 31 December 2019, the maintenance fee paid or payable by WHA Joint Venture for the services provided by White Horse Holding was RMB45,822,000 (equivalent to approximately HK$52,119,000).

On 18 December 2019, the Board resolved that WHA Joint Venture shall enter into a new maintenance services agreement with White Horse Holding to renew the terms under the maintenance services agreement entered into on 24 October 2016. The terms of the new maintenance services agreement are substantially the same as the terms under the maintenance services agreement entered into on 24 October 2016, and it has a fixed term of three years which took effect on 1 January 2020 and will expire on 31 December 2022. The annual caps for the consideration for each of the financial years ending on 31 December 2020, 2021 and 2022 will not exceed HK$60,000,000 annually.

2. CONNECTED TRANSACTIONS

During the year 2015, WHA Joint Venture entered into certain arrangements with Beijing YiHong Media Company Limited ("BYH") and a third party company whereby BYH agreed to act as agent and represent WHA Joint Venture to rent certain shelters from the third party company for the display of WHA Joint Venture advertising campaign and provide advertising display and other services to WHA Joint Venture. BYH is a subsidiary of WHM and also 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 influence over the management and day-to-day operations of WHM. In the opinion of the directors, these transactions were entered into on terms similar to those available from independent third parties. The total consideration for 2015 was HK$723,000 and there was no such transaction in 2016 or 2017 or 2018 or 2019.

The independent non-executive directors confirmed that all the continuing connected transactions:

(a) had been entered into, and the agreements governing those transactions were entered into, by the Group in the ordinary and usual course of business;

(b) had been conducted either (i) on normal commercial terms (which expression shall be applied by reference to transactions of a similar nature and to be made by similar entities); or (ii) if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable than terms available to or from independent third parties, as appropriate; and

(c) had been entered into either (i) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Group's shareholders as a whole; or (ii) (where there are no such agreements) on terms no less favourable than those available to or from independent third parties, as appropriate.

Ernst & Young, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. A copy of the auditor's letter on the continuing connected transactions of the Group for the year ended 31 December 2019 has been provided by the Company to the Stock Exchange.

Extracts of the auditor's letter are as below:

Based on the foregoing, in respect of the disclosed continuing connected transactions:

a. nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.

b. for transactions involving the provision of goods or services by the Group, nothing has come to our attention that causes us to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.

c. nothing has come to our attention that causes us to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

d. with respect to the aggregate amount of each of the continuing connected transactions set out in the attached list of continuing connected transactions, nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the previous announcements dated 24 October 2016 and 10 January 2019 made by the Company in respect of each of the disclosed continuing connected transactions.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors:

Joseph Tcheng
Han Zi Jing
Zhang Huai Jun

Non-Executive Directors:

William Eccleshare
Peter Cosgrove
Zhu Jia
Michael Saunter*

Independent Non-Executive Directors:

Christopher Thomas**
Wang Shou Zhi
Thomas Manning
Robert Gazzi

Alternate Directors:

Zou Nan Feng	(alternate director to Zhang Huai Jun)
Adam Tow***	(alternate director to William Eccleshare)

In accordance with clause 87 of the Company's Bye-laws and board resolution, one-third of the directors will retire by rotation and, if eligible, will offer themselves for re-election at the forthcoming annual general meeting. The directors of the Company, including the independent non-executive directors, the Chairman and the Chief Executive Officer are subject to retirement by rotation and re-election in accordance with the provisions of the Company's Bye-laws at each annual general meeting.

* Mr. Michael Saunter was appointed as a non-executive director of the Company and as a member of each of the Capital Expenditure Committee, the Audit Committee and the Risk Committee with effect from 26 February 2019.

** Mr. Christopher Thomas was appointed as an independent non-executive director of the Company and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee, and Ms. Leonie Ki Man Fung retired as an independent non-executive director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee, with effect from 7 September 2019.

*** Mr. Adam Tow was appointed as an alternate director to Mr. William Eccleshare, with effect from 5 March 2019.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 23 to 28 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service agreement with the Company for a term of three years and terminable by not less than three months' notice in writing served by either party to the other.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 29 to the financial statements, no director or an entity connected with a director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries, was a party during or at the end of the year.

PERMITTED INDEMNITY PROVISION

Pursuant to Article 166 of the Bye-Laws of the Company, the directors and other officers of the Company shall be indemnified out of the assets and profits of the Company against all actions, costs and losses incurred or sustained by such director or officer in or about the execution of his duty. In addition, the Board maintains the directors' and officers' liability insurance for all directors and officers of the Company against any legal liability arising from the performance of their duties.

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

As at 31 December 2019, 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 Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

A. Long Positions in Ordinary Shares of the Company as at 31 December 2019:

	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**	**Percentage 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 31 December 2019, 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%.

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 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

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

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 31 December 2019:

(continued)

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.

Vesting of the three Awards granted is subject to the fulfilment (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 as mentioned in the Share Award Scheme) and the amount of cash award to be vested is subject to the performance of the Group prior to vesting and may be reduced accordingly.

On 20 March 2018, one of the Selected Employees passed away. On 29 May 2018, the Board of Directors resolved to cancel the 352,900 Awarded Shares granted to him under the Share Award Scheme. As at 31 December 2019, these Awarded Shares had already been sold off.

As at 31 December 2019, the Trustee was holding the Shares for the following two 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
Zhang Huai Jun	352,900

On 18 March 2020, the Board of Directors resolved to cancel and sell the Shares for the two Executive Directors as the vesting conditions were not satisfied.

The interests of the directors in the share options of the Company are separately disclosed on pages 63 to 66.

B. Long Positions in the Class A Common Shares of Clear Channel Outdoor Holdings, Inc. as at 31 December 2019:

Clear Channel Outdoor Holdings, Inc. (Note 1)

Name of director	Number of shares held, capacity and nature of interest: Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	% of issued share capital
William Eccleshare	1,059,645	–	–	–	1,059,645	0.23%
Michael Saunter	106,486	–	–	–	106,486	0.02%

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 31 December 2019 (Note 2):

Name of director	Date of grant	Number of Outstanding Options as at 31 December 2019	Option Period	Subscription Price per share of Clear Channel Outdoor Holdings, inc.
William Eccleshare	24/2/2010	6,976	24/2/2013-24/2/2020	US$1.162
	24/2/2010	15,524	24/2/2014-24/2/2020	US$1.162
	10/9/2010	15,895	10/9/2011-10/9/2020	US$1.434
	10/9/2010	15,896	10/9/2012-10/9/2020	US$1.434
	10/9/2010	15,895	10/9/2013-10/9/2020	US$1.434
	10/9/2010	15,897	10/9/2014-10/9/2020	US$1.434
	13/12/2010	5,120	10/9/2011-13/12/2020	US$4.784
	13/12/2010	5,120	10/9/2012-13/12/2020	US$4.784
	13/12/2010	5,120	10/9/2013-13/12/2020	US$4.784
	21/2/2011	22,500	21/2/2012-21/2/2021	US$6.094
	21/2/2011	22,500	21/2/2013-21/2/2021	US$6.094
	21/2/2011	22,500	21/2/2014-21/2/2021	US$6.094
	21/2/2011	22,500	21/2/2015-21/2/2021	US$6.094
	26/3/2012	22,500	26/3/2013-26/3/2022	US$5.024
	26/3/2012	22,500	26/3/2014-26/3/2022	US$5.024
	26/3/2012	22,500	26/3/2015-26/3/2022	US$5.024
	26/3/2012	22,500	26/3/2016-26/3/2022	US$5.024
	3/6/2019	729,927	31/12/2019-3/6/2029	US$5.110
	3/6/2019	729,927	31/12/2020-3/6/2029	US$5.110
	3/6/2019	729,927	31/12/2021-3/6/2029	US$5.110

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 nor the chief executive had registered an interest or short position in the shares and 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 Hong Kong 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 the "Share Option Schemes" and "Share Award Scheme" below, at no time during the year 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.

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 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 was not met, the share option expenses of the 2007 Options recognised 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 was a price determined by the board of directors and notified to each grantee. The subscription price was the highest of: (i) the nominal value of a share; (ii) the closing price of the shares as stated in the Hong Kong 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 Hong Kong 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, 5,000,000 share options were granted to certain eligible participants under the New Scheme. Such eligible participants included three Executive Directors and one alternate Director. The terms of such grant are set out on pages 64 to 66.

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 on pages 64 to 66.

As at 31 December 2019, the aggregate number of shares issuable under share options granted under the New Scheme was 5,283,000, which represented approximately 1.0% 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 5,283,000 additional ordinary shares of HK$0.10 each in the Company and proceeds, before relevant share issue expenses, of approximately HK$49,584,170.

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. The share options granted 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 year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	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						

SHARE OPTION SCHEMES (continued)

		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 year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	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$
Teo Hong Kong#	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						
Other													
Member of senior management and other employees of the Group	The New Scheme	666,662	–	–	–	–	666,662	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	666,662	–	–	–	–	666,662	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	666,676	–	–	–	–	666,676	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	778,000	–	–	–	–	778,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	–	–
		2,778,000	–	–	–	–	2,778,000						

SHARE OPTION SCHEMES (continued)

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

* 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. As at 31 December 2019, his legal personal representative(s) did not exercise the vested share options and all his share options were expired.

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 60 to 61.

At no time during the year ended 31 December 2019 was the Company, or any of its subsidiaries, a party to any arrangement to enable the directors or any of their respective spouses 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 31 December 2019, 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	275,789,081	50.91%
International Value Advisers, LLC	2	91,557,380	16.90%
Mittleman Investment Management, LLC	3	38,088,808	7.03%
Amiral Gestion	4	27,358,879	5.05%

Notes:

1. As at the Latest Practicable Date, Clear Channel KNR Neth Antilles NV was an indirect wholly owned subsidiary of Clear Channel Outdoor Holdings, Inc. which is listed on the New York Stock Exchange.

2. International Value Advisers, LLC notified the Stock Exchange that as at 10 January 2019, 91,557,380 shares of the Company were held by it.

3. Mittleman Investment Management, LLC notified the Stock Exchange that as at 26 September 2019, 38,088,808 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%).

4. Amiral Gestion notified the Stock Exchange that as at 21 November 2018, 27,358,879 shares of the Company were held by it.

Save as disclosed above, as at 31 December 2019, no person or corporation, other than the directors and Chief Executive of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in the Shares and Underlying Shares" above, had registered an interest of short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the corporate governance practices adopted by the Group during the period from 1 January 2019 to 31 December 2019 were 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out under Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the Company confirmed that the directors complied with the required standard set out in the Model Code throughout the accounting period covered by the annual report.

MATERIAL LEGAL PROCEEDINGS

Save as disclosed in note 28 to the financial statements, as at 31 December 2019, the Group was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Group as far as the board of directors was aware of.

OTHERS

Please also refer to the sections headed "Chairman's Statement", "CEO's Report", "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report (which form part of this Report of the Directors) for further details.

ON BEHALF OF THE BOARD
Joseph Tcheng
Chairman

Hong Kong
18 March 2020

Independent Auditor's Report

Ernst & Young
22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真:+852 2868 4432
ey.com

Independent auditor's report
To the shareholders of Clear Media Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Clear Media Limited (the "Company") and its subsidiaries (the "Group") set out on pages 74 to 138, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (continued)

Key audit matter	*How our audit addressed the key audit matter*
Impairment of trade and lease receivables	
As at 31 December 2019, trade and lease receivables contributed to 16% of the Group's total assets. The determination of the allowance for impairment of trade and lease receivables requires subjective judgement and assumptions made by management. The Group applies the simplified approach and records lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all trade and lease receivables. In order to measure the expected credit losses, trade and lease receivables have been grouped based on similar credit risk characteristics. The expected credit losses incorporate forward-looking information. The Group has performed historical analysis and identified the industry or geographical location of each debtor or lessee as the key economic variable affecting the associated credit risk which ultimately affects the expected credit losses. The details of the Group's trade and lease receivables are disclosed in note 18.	We evaluated the design, implementation and operating effectiveness of key internal controls which govern credit control, debt collection and estimate of expected credit losses ("ECL"). We adopted a risk-based sampling approach in our tests of the allowance for impairment of trade and lease receivables. We assessed, on a sample basis, whether items in the trade and lease receivable ageing report were classified with the appropriate ageing bracket by comparing individual items in the report with the relevant sales contract. We assessed the adequacy of the ECL provision, by evaluating the reasonableness of management's assumptions used in establishing the ECL provision matrix, by examining the information used by management to form such judgements, including testing the accuracy of historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and by examining the actual losses recorded during the current financial year.
Impairment of concession rights and right-of-use assets	
As at 31 December 2019, the concession rights and right-of-use assets were significant parts of the assets of the Group and amounted to RMB1,448 million and RMB2,013 million or 28% and 39% of the Group's total assets, respectively. These rights and assets have been allocated to different cash-generating units ("CGUs") in accordance with the Group's operation. Determining each of these CGUs involves significant judgement by management. The Group maintains management information on each of the CGU's actual performance. When an impairment indicator is identified for any of the CGUs, the recoverability of these assets is projected by management based on the discounted future cash flow model, which is extremely sensitive to the assumptions used in the calculation. The use of different modelling techniques and assumptions, such as the growth rate, forecast margin, project tenure and discount rate, could produce different impairment test outcomes. The details of the Group's concession rights and right-of-use assets are disclosed in note 15 and note 16, respectively.	Our audit procedures included, amongst others, an evaluation of the Group's policies and procedures to identify triggering events for potential impairment of concession rights and right-of-use assets, and an understanding of management's CGU identification process. For those concession rights and right-of-use assets with an impairment indicator identified, we evaluated the assumptions used in the cash flow forecast and corroborated them by comparing them against the previous budget, management's long-term strategic plans, historical trend and industry performance in the forecasted period. We also involved our valuation experts to assess the appropriateness of the valuation model used and the weighted average cost of capital calculated by the Group. In addition, we checked the adequacy of the Group's disclosure of the impairment of concession rights and right-of-use assets.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

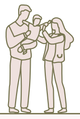
We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

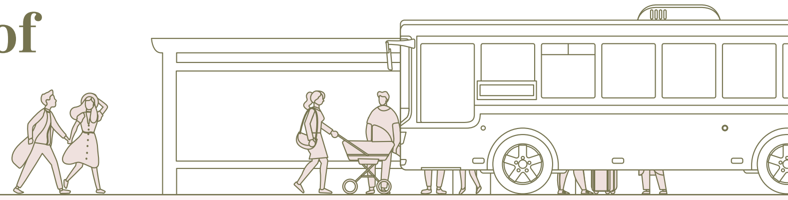
The engagement partner on the audit resulting in this independent auditor's report is TJEN, Michael.

Ernst & Young
Certified Public Accountants
Hong Kong
18 March 2020



Consolidated Statement of Profit or Loss

Year ended 31 December 2019



	Notes	2019 RMB'000	2018 RMB'000
Revenue	6	**1,445,850**	1,803,664
Cost of sales	8	**(999,726)**	(1,099,479)
Gross profit		**446,124**	704,185
Other income and gains	6	**19,181**	13,867
Selling and distribution expenses		**(165,011)**	(174,212)
Administrative expenses		**(184,902)**	(175,199)
Impairment losses on financial assets, net		**(24,131)**	(5,926)
Other expenses	7	**(19,567)**	(1,676)
Finance costs	8	**(165,022)**	–
(LOSS)/PROFIT BEFORE TAX	8	**(93,328)**	361,039
Income tax credit/(expenses)	11	**9,190**	(106,681)
(LOSS)/PROFIT FOR THE YEAR		**(84,138)**	254,358
ATTRIBUTABLE TO:			
Owners of the parent		**(86,854)**	220,813
Non-controlling interests		**2,716**	33,545
(LOSS)/PROFIT FOR THE YEAR		**(84,138)**	254,358
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	13	**(0.1606)**	0.4084
Diluted (RMB)	13	**(0.1606)**	0.4084

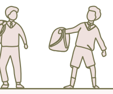
Consolidated Statement of Comprehensive Income

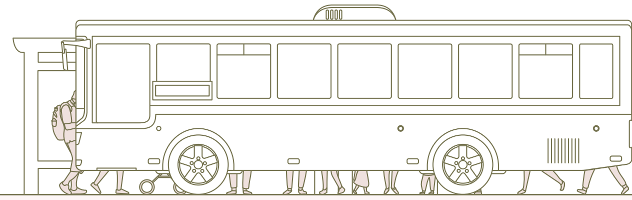
Year ended 31 December 2019

	2019 RMB'000	2018 RMB'000
(LOSS)/PROFIT FOR THE YEAR	**(84,138)**	254,358
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**2,312**	(2,496)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**2,312**	(2,496)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(81,826)**	251,862
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:		
Owners of the parent	**(84,542)**	218,317
Non-controlling interests	**2,716**	33,545
	(81,826)	251,862

Consolidated Statement of Financial Position

31 December 2019





	Notes	31 December 2019 RMB'000	31 December 2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**181,960**	109,207
Concession rights	15	**1,447,629**	1,598,423
Right-of-use assets	16	**2,012,557**	–
Long-term prepayments, deposits and other receivables	17	**121,821**	93,822
Deferred tax assets	21	**103,145**	62,469
Total non-current assets		**3,867,112**	1,863,921
CURRENT ASSETS			
Trade and lease receivables	18	**808,222**	862,613
Prepayments, deposits and other receivables	19	**168,154**	235,938
Pledged deposits and restricted cash	20	**6,000**	5,794
Cash and cash equivalents	20	**266,988**	473,508
Total current assets		**1,249,364**	1,577,853
CURRENT LIABILITIES			
Other payables and accruals		**403,935**	697,302
Deferred income		**11,024**	13,011
Tax payable		**117,255**	206,472
Current lease liabilities	16	**416,960**	–
Total current liabilities		**949,174**	916,785
NET CURRENT ASSETS		**300,190**	661,068
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,167,302**	2,524,989
NON-CURRENT LIABILITIES			
Deferred tax liabilities	21	**10,375**	10,536
Non-current lease liabilities	16	**1,827,891**	–
Total non-current liabilities		**1,838,266**	10,536
Net assets		**2,329,036**	2,514,453
EQUITY			
Equity attributable to owners of the parent			
Share capital	22	**56,945**	56,945
Reserves	26	**2,146,342**	2,310,204
		2,203,287	2,367,149
Non-controlling interests		**125,749**	147,304
Total Equity		**2,329,036**	2,514,453

Han Zi Jing
Director

Zhang Huai Jun
Director

Consolidated Statement of Changes in Equity

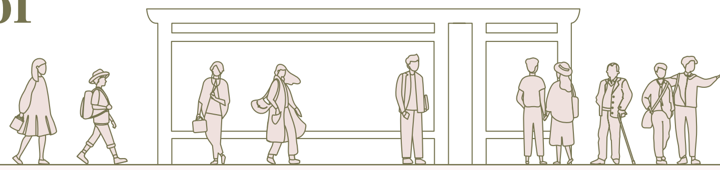
Year ended 31 December 2019

	Attributable to owners of the parent											
	Share capital RMB'000	Share premium account RMB'000	Share option reserve RMB'000	Contributed surplus RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Share award reserve RMB'000	Shares held under the share award scheme RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2018	56,945	749,213	10,749	140,735	248,531	(2,309)	1,791	(8,165)	1,023,646	2,221,136	113,759	2,334,895
Profit for the year	–	–	–	–	–	–	–	–	220,813	220,813	33,545	254,358
Other comprehensive loss for the year — Exchange differences related to foreign operations	–	–	–	–	–	(2,496)	–	–	–	(2,496)	–	(2,496)
Total comprehensive (loss)/income for the year	–	–	–	–	–	(2,496)	–	–	220,813	218,317	33,545	251,862
Equity-settled share option arrangements	–	–	3,777	–	–	–	–	–	–	3,777	–	3,777
Reversal of unvested share option reserve upon the forfeiture of share options	–	–	(1,542)	–	–	–	–	–	–	(1,542)	–	(1,542)
Recognition of share option expenses due to acceleration of vesting	–	–	562	–	–	–	–	–	–	562	–	562
Recognition of share award scheme expenses	–	–	–	–	–	–	822	–	–	822	–	822
Reversal of unvested share award reserve upon the forfeiture of share award	–	–	–	–	–	–	(649)	–	–	(649)	–	(649)
Final 2017 dividend paid	–	–	–	(75,274)	–	–	–	–	–	(75,274)	–	(75,274)
At 31 December 2018	56,945	749,213*	13,546*	65,461*	248,531*	(4,805)*	1,964*	(8,165)*	1,244,459*	2,367,149	147,304	2,514,453
As at 1 January 2019	**56,945**	**749,213**	**13,546**	**65,461**	**248,531**	**(4,805)**	**1,964**	**(8,165)**	**1,244,459**	**2,367,149**	**147,304**	**2,514,453**
(Loss)/profit for the year	–	–	–	–	–	–	–	–	**(86,854)**	**(86,854)**	**2,716**	**(84,138)**
Other comprehensive income for the year — Exchange differences related to foreign operations	–	–	–	–	–	**2,312**	–	–	–	**2,312**	–	**2,312**
Total comprehensive income/(loss) for the year	–	–	–	–	–	**2,312**	–	–	**(86,854)**	**(84,542)**	**2,716**	**(81,826)**
Equity-settled share option arrangements	–	–	**2,395**	–	–	–	–	–	–	**2,395**	–	**2,395**
Sales of shares held under the share award scheme	–	**(1,352)**	–	–	–	–	–	**2,722**	–	**1,370**	–	**1,370**
Reversal of share award scheme expenses upon the lapse of share award scheme	–	–	–	–	–	–	**(1,964)**	–	–	**(1,964)**	–	**(1,964)**
Dividends payable to a non-controlling shareholder of a subsidiary offset by receivable from non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	**(24,271)**	**(24,271)**
Final 2018 dividend paid	–	–	–	–	–	–	–	–	**(81,121)**	**(81,121)**	–	**(81,121)**
At 31 December 2019	**56,945**	**747,861***	**15,941***	**65,461***	**248,531***	**(2,493)***	**–***	**(5,443)***	**1,076,484***	**2,203,287**	**125,749**	**2,329,036**

* These reserve accounts comprise the consolidated reserves of RMB2,146,342,000 (2018: RMB2,310,204,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

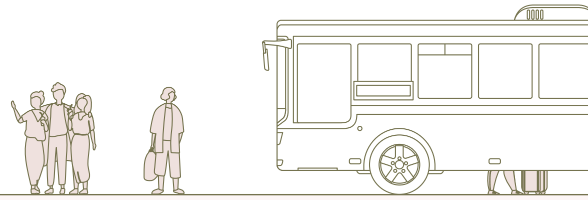
Year ended 31 December 2019



	Notes	2019 RMB'000	2018 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(93,328)**	361,039
Adjustments for:			
Finance costs	8	**165,022**	–
Interest income	8	**(4,944)**	(4,412)
Loss/(gain) on disposal of items of property, plant and equipment	8	**58**	(125)
Loss on disposal of concession rights	8	**17,593**	1,801
Depreciation of items of property, plant and equipment	8	**14,942**	15,167
Amortisation of concession rights	8	**335,669**	349,633
Amortisation of right-of-use assets on bus shelters	8	**355,271**	–
Amortisation of right-of-use assets on premises	8	**36,119**	–
Impairment losses of trade and lease receivables	8	**24,334**	7,895
Impairment losses of prepayments, deposits and other receivables	8	**21,619**	–
Recognition of long-term prepayments	8	**–**	2,951
Gain on lease modifications/remeasurements	8	**(3,270)**	–
Foreign exchange losses/(gains), net	8	**1,916**	(3,249)
(Reversal)/recognition of share award scheme expenses	8	**(1,964)**	173
Equity-settled share option expenses	8	**2,395**	2,797
		871,432	733,670
Increase in long-term prepayments, deposits and other receivables		**(27,999)**	(1,803)
Decrease/(increase) in trade and lease receivables		**30,057**	(62,259)
Decrease/(increase) in prepayments, deposits and other receivables		**313**	(65,593)
Recovery from a misappropriation incident		**–**	24,772
(Decrease)/increase in other payables and accruals		**(125,949)**	17,920
(Decrease)/increase in deferred income		**(1,987)**	9,682
(Increase)/decrease in pledged deposits and restricted cash		**(206)**	11,995
Cash generated from operations		**745,661**	668,384
Income taxes paid		**(120,864)**	(94,778)
Net cash flows from operating activities		**624,797**	573,606
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment, excluding construction in progress		**(6,193)**	(8,249)
Proceeds from disposal of items of property, plant and equipment		**89**	126
Proceeds from disposal of concession rights		**48**	479
Purchase of concession rights		**(334,215)**	(357,857)
Interest received		**5,972**	2,506
Net cash flows used in investing activities		**(334,299)**	(362,995)

Consolidated Statement of Cash Flows

Year ended 31 December 2019



	Note	2019 RMB'000	2018 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal and interest elements of lease payments	16	**(417,661)**	–
Dividends paid to shareholders		**(81,121)**	(75,274)
Proceeds from selling of shares held under the share award scheme		**1,522**	–
Net cash flows used in financing activities		**(497,260)**	(75,274)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(206,762)**	135,337
Cash and cash equivalents at beginning of year		**473,508**	337,423
Effect of foreign exchange rate changes, net		**242**	748
CASH AND CASH EQUIVALENTS AT END OF YEAR		**266,988**	473,508
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**266,988**	473,508

1. CORPORATE AND GROUP 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 principal activity of the Company is investment holding. Details of the principal activities of the Company's subsidiaries are set out below. There were no significant changes in the nature of the subsidiaries' principal activities during the year.

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

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Nominal value of issued and fully paid-up share/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
China Outdoor Media Investment Inc.	British Virgin Islands	Ordinary HK$34,465	100	–	Investment holding
China Outdoor Media Investment (Hong Kong) Company Limited ("China Outdoor Media (HK)")	Hong Kong	Ordinary HK$1,000	–	100	Investment holding
Hainan White Horse Advertising Media Investment Company Limited ("WHA Joint Venture")	PRC#	US$60,000,000/ US$60,000,000	–	80	Operation of outdoor advertising business

The People's Republic of China (the "PRC") excludes, for the purpose of these financial statements, Hong Kong, Macau and Taiwan.

WHA Joint Venture was established in the PRC on 24 March 1998 as a Sino-foreign equity joint venture with a tenure of 30 years. On 4 April 2001, WHA Joint Venture changed its legal structure from a Sino-foreign equity joint venture to a Sino-foreign co-operative joint venture. At the same time, the registered capital of WHA Joint Venture increased from HK$100,000,000 to US$60,000,000 with Hainan White Horse Advertising Co., Ltd. ("Hainan White Horse") and China Outdoor Media (HK) sharing 20% and 80% of interests, respectively.

According to the agreement entered into by China Outdoor Media (HK) and Hainan White Horse on 3 September 2001, for the fiscal years 2001 to 2005 (both years inclusive), China Outdoor Media (HK) would be entitled to 90% of the after- tax profits of WHA Joint Venture. According to the subsequent agreements entered into by China Outdoor Media (HK) and Hainan White Horse, the term of China Outdoor Media (HK)'s entitlement of 90% of the after-tax profits of WHA Joint Venture has been extended to 31 December 2016 at a consideration of HK$250,000 payable to Hainan White Horse each year for the fiscal years 2006 to 2017 (both years inclusive). The agreement was renewed on 28 October 2016 on substantially the same terms as the previous agreement for the years 2017 and 2018. The latest agreement was renewed on 10 January 2019 for the years 2019 and 2020.

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

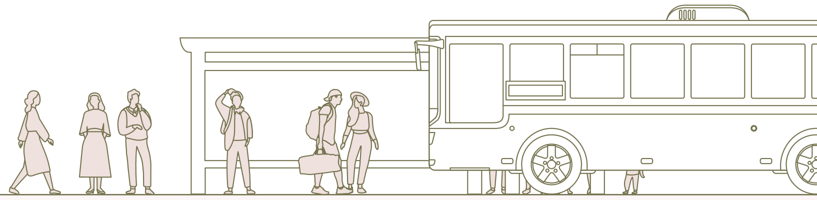
(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.



2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the application of HKFRS 16 noted below, the adoption of the above new and revised standards has had no significant financial effect on these consolidated financial statements.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations. Since the Group recognised the right-of-use assets in relation to the operating leases that were under HKAS 17 at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments on the transition date, there was no impact on the retained earnings.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of bus shelters and premises. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises amortisation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease.

Financial impact at 1 January 2019

The impact arising from the adoption of HKFRS 16 as at 1 January 2019 was as follows:

	Increase/ (decrease) RMB'000
Assets	
Increase in right-of-use assets	2,420,299
Decrease in prepayments, deposits and other receivables	(47,087)
Increase in total assets	2,373,212
Liabilities	
Increase in current lease liabilities	386,319
Increase in non-current lease liabilities	2,149,099
Decrease in other payables and accruals	(162,206)
Increase in total liabilities	2,373,212

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

As a lessee — Leases previously classified as operating leases *(continued)*

Impact on transition *(continued)*

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	3,915,183
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	(12,895)
Add: Payments for optional extension periods not recognised as at 31 December 2018	21,172
	3,923,460
Weighted average incremental borrowing rate as at 1 January 2019	7.18%
Discounted operating lease commitments as at 1 January 2019	2,535,418
Lease liabilities as at 1 January 2019	**2,535,418**

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 3	*Definition of a Business*[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 No mandatory effective date yet determined but available for adoption

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

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

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of Non-Financial Assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Non-Financial Assets *(continued)*

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related Parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	20%
Furniture and equipment	20% to $33\frac{1}{3}$%
Motor vehicles	20% to $33\frac{1}{3}$%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents bus shelters under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to concession rights when completed and ready for use.

Concession Rights

Concession rights represent the cost of acquiring operating rights for the placement of advertisements on bus shelters in the PRC. Concession rights are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on the straight-line and individual basis over the shorter of the rights and the useful lives of the bus shelters which range from 5 to 15 years.

In addition, expenditure incurred on the construction of bus shelters is capitalised only when the Group can demonstrate that it is probable the future economic benefits will flow to the Group and the cost can be measured reliably. Capitalised construction costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the estimated useful lives.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (applicable from 1 January 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in current lease liabilities and non-current lease liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (applicable from 1 January 2019) *(continued)*

Group as a lessee *(continued)*

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of bus shelters and premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Leases (applicable before 1 January 2019)

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Investments and Other Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade and lease receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and Other Financial Assets *(continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Financial Assets *(continued)*

General approach *(continued)*

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and lease receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and lease receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Group's financial liabilities include other payables.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other expenses in the statement of profit or loss.

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Shares Held Under the Share Award Scheme

Own equity instruments which are reacquired and held by the Company (shares held under the share award scheme) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in "finance costs" in the statement of profit or loss.

Income Tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax *(continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Rental income

Rental income is recognised on a time proportion basis over the lease terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition *(continued)*

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Deferred Income

Cumulative billings in excess of revenue attributable to the current year are recorded as deferred income.

Share-based Payments

The Company operates a share option scheme and a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of the share option scheme is determined by using the Black-Scholes model. The fair value of share award under share award scheme is determined at a given monetary amount as approved by the Board of Directors at the grant date. Further details of which are given in notes 23 and 24 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expenses, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based Payments *(continued)*

For awards that do not ultimately vest because non-market performance and/or service condition have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transaction are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other Employee Benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries, and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends

Final and special dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign Currencies

The functional currency of the Group's major subsidiary is RMB. The Company's functional currency is HK$, while these financial statements are presented in RMB, which is the Company's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and certain subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of the entity are translated into RMB, the presentation currency of the Group at the exchange rate prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rate for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. On disposal of an operation with functional currency other than RMB, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the Company and certain subsidiaries with a functional currency other than RMB are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Company and those subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rate for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of concession rights

The Group assesses whether there are any indicators of impairment for concession rights at the end of each reporting period. Concession rights are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of concession rights at 31 December 2019 was RMB1,447,629,000 (2018: RMB1,598,423,000).

Provision for expected credit losses on trade and lease receivables

The Group uses a provision matrix to calculate ECLs for trade and lease receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns (i.e., by customer type and rating). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and lease receivables is disclosed in note 18 to the financial statements. The Group reassesses the allowances at the end of each year. At 31 December 2019, the loss allowance for trade and lease receivables was RMB93,197,000 (2018: RMB72,005,000).

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Withholding taxes arising from the distributions of dividends

The Group's determination as to whether to accrue for withholding taxes from the distribution of dividends from a subsidiary in the PRC according to the relevant tax jurisdiction is subject to judgement on the timing of the payment of the dividends. Withholding tax is provided for the profits of the subsidiary in the PRC which the Group considers probable to be distributed in the foreseeable future. Further details are included in note 21 to the financial statements.

5. OPERATING SEGMENT INFORMATION

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

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

6. REVENUE, OTHER INCOME AND GAINS

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

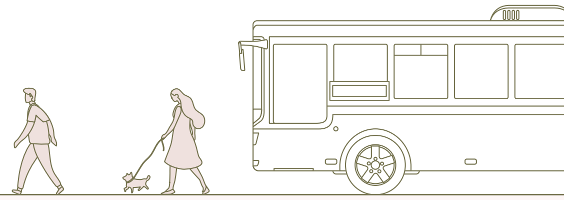
	2019 RMB'000	2018 RMB'000
Revenue		
Revenue from contracts with customers:		
Sales revenue from outdoor advertising spaces*	**1,423,659**	–
Sales revenue from digital panels**	**8,530**	10,122
Commission income***	**1,224**	1,621
	1,433,413	11,743
Rental income:		
Rental income from outdoor advertising spaces	**12,437**	1,791,921
	1,445,850	1,803,664
Other income		
Interest income	**4,944**	4,412
Government subsidy	**10,967**	6,206
	15,911	10,618
Gains		
Foreign exchange gains	–	3,249
Gain on lease modifications/remeasurements	**3,270**	–
	19,181	13,867

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

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

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

As of 31 December 2019, the Company's future minimum rentals under non-cancellable operating leases with tenants were Nil (2018: RMB13,894,000).



7. OTHER EXPENSES

	2019 RMB'000	2018 RMB'000
Foreign exchange losses	**1,916**	–
Loss on disposal of concession rights and items of property, plant and equipment, net	**17,651**	1,676
	19,567	1,676

8. (LOSS)/PROFIT BEFORE TAX

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

	2019 RMB'000	2018 RMB'000
Cost of services provided	**266,864**	262,709
Lease payments on bus shelters not included in the measurement of lease liabilities	**15,187**	–
Services fees on bus shelters	**26,735**	487,137
Amortisation of concession rights	**335,669**	349,633
Amortisation of right-of-use assets on bus shelters	**355,271**	–
Cost of sales	**999,726**	1,099,479
Impairment losses of trade and lease receivables	**24,334**	7,895
Impairment losses of prepayments, deposits and other receivables	**21,619**	–
Bad debt recovered	**(203)**	(1,969)
Auditors' remuneration	**5,239**	4,525
Depreciation of items of property, plant and equipment	**14,942**	15,167
Loss on disposal of concession rights	**17,593**	1,801
Loss/(gain) on disposal of items of property, plant and equipment	**58**	(125)
Gain on lease modifications/remeasurements	**3,270**	–
Lease payments on premises not included in the measurement of lease liabilities	**3,126**	–
Property management fee on buildings	**6,042**	39,495
Amortisation of right-of-use assets on premises	**36,119**	–
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**147,444**	155,306
Equity-settled share option expenses	**2,395**	2,797
Share award scheme expenses	**(1,964)**	173
Pension scheme contributions	**18,071**	18,417
	165,946	176,693
Additional professional fees as a result of the misappropriation incident and related investigation	**6,605**	29,141
Foreign exchange losses/(gains)	**1,916**	(3,249)
Finance costs — interest on lease liabilities	**165,022**	–
Interest income	**(4,944)**	(4,412)

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2019	2018
	RMB'000	RMB'000
Fees	**5,202**	4,727
Other emoluments:		
Salaries, allowances and benefits in kind	**12,328**	15,504
Performance-related bonuses	**622**	152
Equity-settled share option expense	**1,137**	2,328
Share award scheme expenses*	**(1,964)**	173
Pension scheme contributions	**138**	137
	12,261	18,294
	17,463	23,021

* As at 31 December 2019, the vesting conditions were not satisfied and the shares under granted Share Award were lapsed. The Group has reversed RMB1,964,000 of expenses recognised in the previous years.

Certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 23 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

During the year of 2017, three directors were granted awards comprising Reference Awarded Sums in aggregate of HK$9,600,000 for the purchase of shares and an aggregate amount of HK$4,800,000 in cash to be awarded under the Share Award Scheme, further details of which are set out in note 24 to the financial statements. The fair value is expensed over the vesting period and is included in the above directors' remuneration disclosures.

(a) Independent Non-executive Directors

The fees paid to independent non-executive directors were as follows:

	2019	2018
	RMB'000	RMB'000
Mr. Robert Gazzi	**1,181**	1,317
Ms. Leonie Ki Man Fung	**152**	169
Mr. Wang Shou Zhi	**220**	169
Mr. Thomas Manning	**353**	253
Mr. Christopher Thomas	**71**	–
	1,977	1,908

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive Directors, Non-executive Directors and Alternate Director

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Equity-settled share option expense RMB'000	Share award scheme expenses RMB'000	Pension scheme contributions RMB'000	Total emoluments RMB'000
2019							
Executive directors:							
Mr. Joseph Tcheng	340	1,603	463	–	–	16	2,422
Mr. Han Zi Jing	736	5,122	–	579	(982)	16	5,471
Mr. Zhang Huai Jun	993	3,298	–	379	(982)	97	3,785
	2,069	10,023	463	958	(1,964)	129	11,678
Non-executive directors:							
Mr. William Eccleshare	353	–	–	–	–	–	353
Mr. Peter Cosgrove	396	441	–	–	–	–	837
Mr. Michael Saunter*	187	–	–	–	–	–	187
Mr. Zhu Jia	220	–	–	–	–	–	220
	1,156	441	–	–	–	–	1,597
Alternate director:							
Mr. Zou Nan Feng	–	1,864	159	179	–	9	2,211
	3,225	12,328	622	1,137	(1,964)	138	15,486

* Mr. Michael Saunter was appointed as a non-executive director of the Company with effect from 26 February 2019.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive Directors, Non-executive Directors and Alternate Director *(continued)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Equity-settled share option expense RMB'000	Share award scheme expenses RMB'000	Pension scheme contributions RMB'000	Total emoluments RMB'000
2018							
Executive directors:							
Mr. Joseph Tcheng	310	1,463	–	–	–	15	1,788
Mr. Han Zi Jing	671	4,842	–	803	411	15	6,742
Mr. Zhang Huai Jun	906	3,062	–	488	411	95	4,962
Mr. Teo Hong Kiong*	169	3,751	–	791	(649)	4	4,066
	2,056	13,118	–	2,082	173	129	17,558
Non-executive directors:							
Mr. William Eccleshare	169	–	–	–	–	–	169
Mr. Peter Cosgrove	287	422	–	–	–	–	709
Mr. Cormac O'Shea**	138	–	–	–	–	–	138
Mr. Zhu Jia	169	–	–	–	–	–	169
	763	422	–	–	–	–	1,185
Alternate director:							
Mr. Zou Nan Feng	–	1,964	152	246	–	8	2,370
	2,819	15,504	152	2,328	173	137	21,113

* Mr. Teo Hong Kiong, executive director of the Company, passed away on 20 March 2018.

** Mr. Cormac O'Shea, resigned as a non-executive director of the Company with effect from 23 October 2018.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the year, performance-related bonuses of RMB622,000 were paid to two directors (2018: RMB152,000). There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2018: Nil). In addition, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as a compensation for loss of office (2018: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2018: three) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining two (2018: two) non-director, highest paid employees for the year are as follows:

	2019 RMB'000	2018 RMB'000
Salaries, allowances and benefits in kind	**5,145**	2,250
Performance-related bonuses	**1,052**	3,590
Equity-settled share option expense	**119**	255
Pension scheme contributions	**32**	177
	6,348	6,272

The number of non-director, highest paid employee whose remuneration fell within the following bands is as follows:

	Number of employees	
	2019	2018
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**–**	–
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**1**	1
HK$3,500,001 to HK$4,000,000	**–**	–
HK$4,000,001 to HK$4,500,000	**1**	1
	2	2

11. INCOME TAX

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

The Company and its Hong Kong subsidiary carry on business in Hong Kong and are subject to Hong Kong profits tax at a rate of 16.5% (2018: 16.5%). However, no provision for Hong Kong profits tax has been made since no assessable profits were generated in Hong Kong during the reporting period.

Pursuant to the PRC Income Tax Law and the respective regulations, the subsidiaries which operate in Mainland China are subject to Corporate Income Tax ("CIT") at a rate of 25% on the taxable income.

	2019 **RMB'000**	2018 RMB'000
Current — Hong Kong profits tax	**–**	–
Current — PRC corporate income tax	**24,002**	134,480
Deferred tax	**(33,192)**	(27,799)
Total tax (credit)/charge for the year	**(9,190)**	106,681

A reconciliation of the tax expense applicable to (loss)/profit before tax using the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2019 **RMB'000**	**%**	2018 RMB'000	%
(Loss)/Profit before tax	**(93,328)**		361,039	
Tax at the PRC statutory tax rate	**(23,332)**	**25.0**	90,260	25.0
Effect of different applicable tax rates for certain subsidiaries	**2,449**	**(2.6)**	2,483	0.7
Income not subject to tax	**(81)**	**0.1**	(61)	0.0
Expenses not deductible for tax	**7,043**	**(7.5)**	9,016	2.5
Effect of withholding tax on the distributable profits of the Group's PRC subsidiary	**7,484**	**(8.0)**	4,983	1.3
Others	**(2,753)**	**2.9**	–	–
Tax (credit)/charge at the Group's effective tax rate	**(9,190)**	**9.9**	106,681	29.5

12. DIVIDENDS

	2019 RMB'000	2018 RMB'000
Special dividend — Nil (2018: Nil) per ordinary share	–	–
Proposed final — Nil (2018: HK17 cents) per ordinary share	–	78,837
	–	78,837

At the Board meeting held on 18 March 2020, the directors resolved not to pay any dividend to the shareholders in respect of year ended 31 December 2019 (2018: HK17 cents per ordinary share).

13. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

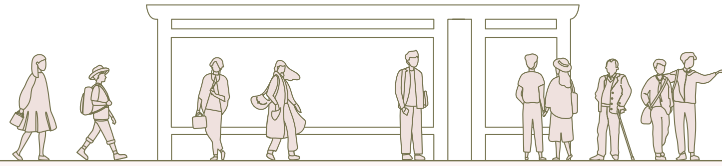
The calculation of the basic loss/earnings per share amount is based on the loss for the year attributable to ordinary equity holders of the parent of RMB86,854,000 (year ended 31 December 2018: profit of RMB220,813,000), and the weighted average number of ordinary shares in issue less shares held under the Company's share award scheme of 540,766,755 (year ended 31 December 2018: 540,641,800) during the year.

No adjustment has been made to the basic loss/earnings per share amounts presented for the years ended 31 December 2019 and 2018 in respect of a dilution as the impact of the share options had an anti-dilutive effect on the basic loss/earnings per share amounts presented and the Group had no potentially dilutive ordinary shares in issue related to the share award scheme during the years ended 31 December 2019 and 2018.

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

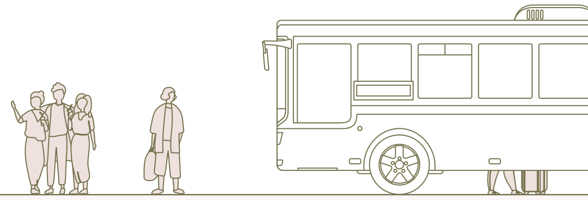
	2019 RMB'000	2018 RMB'000
(Loss)/Earnings		
(Loss)/Profit attributable to ordinary equity holders of the parent, used in the basic (loss)/earnings per share calculation	**(86,854)**	220,813

	Number of shares 2019	2018
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic (loss)/earnings per share calculation	**540,766,755**	540,641,800
Effect of dilution — weighted average number of ordinary shares:		
Share options	–	–
Share awards	–	–
	540,766,755	540,641,800



14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Furniture and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2019					
At 1 January 2019					
Cost	60,164	18,559	35,995	74,368	189,086
Accumulated depreciation	(43,808)	(11,497)	(24,574)	–	(79,879)
Net carrying amount	16,356	7,062	11,421	74,368	109,207
At 1 January 2019, net of accumulated depreciation	16,356	7,062	11,421	74,368	109,207
Additions	71	2,066	3,985	143,350	149,472
Disposals	–	(56)	(91)	–	(147)
Depreciation provided during the year	(7,799)	(3,296)	(3,847)	–	(14,942)
Exchange realignment	–	–	–	–	–
Transfers to concession rights *(note 15)*	–	–	–	(61,630)	(61,630)
At 31 December 2019, net of accumulated depreciation	8,628	5,776	11,468	156,088	181,960
At 31 December 2019:					
Cost	60,254	18,883	36,966	156,088	272,191
Accumulated depreciation	(51,626)	(13,107)	(25,498)	–	(90,231)
Net carrying amount	8,628	5,776	11,468	156,088	181,960



14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements RMB'000	Furniture and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2018					
At 1 January 2018					
Cost	58,130	17,217	35,428	–	110,775
Accumulated depreciation	(35,898)	(9,604)	(23,519)	–	(69,021)
Net carrying amount	22,232	7,613	11,909	–	41,754
At 1 January 2018, net of accumulated depreciation	22,232	7,613	11,909	–	41,754
Additions	1,977	2,527	3,745	162,002	170,251
Disposals	–	(1)	–	–	(1)
Depreciation provided during the year	(7,854)	(3,080)	(4,233)	–	(15,167)
Exchange realignment	1	3	–	–	4
Transfers to concession rights *(note 15)*	–	–	–	(87,634)	(87,634)
At 31 December 2018, net of accumulated depreciation	16,356	7,062	11,421	74,368	109,207
At 31 December 2018:					
Cost	60,164	18,559	35,995	74,368	189,086
Accumulated depreciation	(43,808)	(11,497)	(24,574)	–	(79,879)
Net carrying amount	16,356	7,062	11,421	74,368	109,207

15. CONCESSION RIGHTS

	RMB'000
31 December 2019	
Cost at 1 January 2019, net of accumulated amortisation and impairment	**1,598,423**
Additions	**140,886**
Transfer from construction in progress *(note 14)*	**61,630**
Disposals, impairment, write-off and write-down	**(17,641)**
Amortisation during the year	**(335,669)**
At 31 December 2019	**1,447,629**
At 31 December 2019	
Cost	**4,779,339**
Accumulated amortisation and impairment	**(3,331,710)**
Net carrying amount	**1,447,629**
31 December 2018	
Cost at 1 January 2018 net of accumulated amortisation and impairment	1,657,662
Additions	235,040
Transfer from construction in progress *(note 14)*	87,634
Disposals, impairment, write-off and write-down	(32,280)
Amortisation during the year	(349,633)
At 31 December 2018	1,598,423
At 31 December 2018	
Cost	4,690,170
Accumulated amortisation and impairment	(3,091,747)
Net carrying amount	1,598,423

Note:

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

The Group's bus shelter concession contracts have initial terms of five to twenty years. As at 31 December 2019, the weighted average remaining term of the concession rights currently held by the Group was more than seven years. In terms of renewal rights, approximately 43% of the concession rights held by the Group, based on the total number of bus shelters granted to the Group, grant the Group the priority purchase to renew the concession contracts provided that the terms offered by the Group are no less favourable than those offered by competing tenders.

16. LEASES

The Group as a lessee

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

(a) Right-of-use assets

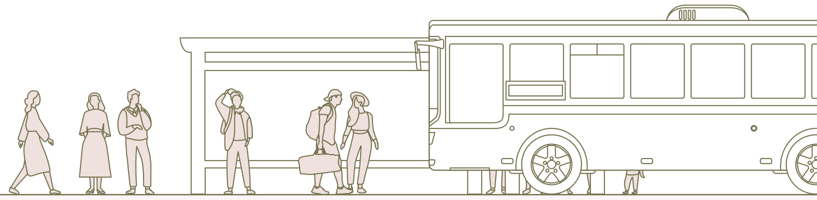
The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Bus shelters RMB'000	**Premises** RMB'000	**Total** RMB'000
As at 1 January 2019	2,223,096	197,203	2,420,299
Additions	–	17,506	17,506
Amortisation charge	(355,271)	(36,119)	(391,390)
Modifications/Remeasurements	(22,232)	(11,626)	(33,858)
As at 31 December 2019	1,845,593	166,964	2,012,557

(b) Lease liabilities

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

	2019 **Lease liabilities** **RMB'000**
Carrying amount at 1 January	**2,535,418**
New leases	**17,506**
Accretion of interest recognised during the year	**165,022**
Modifications/Remeasurements	**(41,888)**
Payments	**(417,661)**
Reduction in accordance with the original lease terms	**(13,546)**
Carrying amount at 31 December	**2,244,851**
Analysed into:	
Current portion	**416,960**
Non-current portion	**1,827,891**



16. LEASES (continued)

The Group as a lessee *(continued)*

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

	2019 RMB'000
Interest on lease liabilities	**165,022**
Amortisation charge of right-of-use assets	**391,390**
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 (included in cost of sales and expenses)	**18,313**
Gain on lease modifications/remeasurements	**3,270**
Reduction in accordance with the original lease terms	**(13,546)**
Total amount recognised in profit or loss	**564,449**

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

	2019 RMB'000
Within operating activities	**18,313**
Within financing activities	**417,661**
	435,974

The future cash outflows relating to leases that have not yet commenced are disclosed in note 27 to the financial statements.

17. LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Long-term prepayments and deposits amounting to RMB75,870,000 (31 December 2018: RMB70,261,000) have been placed with certain independent third parties in connection with the extension and renewal of certain of the Group's bus shelter concession rights in the PRC.

The balance as at 31 December 2019 also included a non-current portion of a prepaid bus shelter service fee payment amounting to RMB21,986,000 (31 December 2018: RMB968,000) and a long-term rental deposit of RMB23,965,000 (31 December 2018: RMB22,593,000).

18. TRADE AND LEASE RECEIVABLES

	2019 RMB'000	2018 RMB'000
Trade and lease receivables	**901,419**	934,618
Impairment	**(93,197)**	(72,005)
	808,222	862,613

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

Included in the Group's trade and lease receivables are amounts due from the Group's related parties, Hainan White Horse Media Advertising Company Limited ("WHM") and White Horse (Shanghai) Investment Company Limited ("WSI"), of RMB248,276,000 (2018: RMB117,479,000).

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

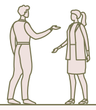
	2019 RMB'000	2018 RMB'000
Within 6 months	**594,122**	772,742
6 to 12 months	**202,534**	85,392
1 to 1.5 years	**10,034**	4,280
1.5 to 2 years	**1,532**	199
Over 2 years	**–**	–
Total trade and lease receivables, net	**808,222**	862,613

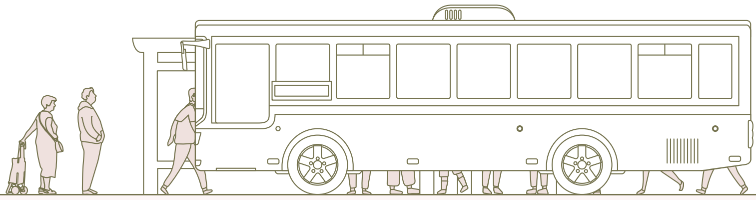
The movements in the loss allowance for impairment of trade and lease receivables are as follows:

	2019 RMB'000	2018 RMB'000
At beginning of year	**72,005**	64,386
Impairment losses* *(note 8)*	**24,334**	7,895
Amount written off as uncollectible	**(3,142)**	(276)
At end of year**	**93,197**	72,005

* The amount included impairment losses of trade and lease receivables due from the Group's related parties of RMB4,510,000 (2018: RMB11,000).

** The amount included loss allowance for impairment of trade and lease receivables due from the Group's related parties of RMB6,082,000 (2018: RMB1,572,000).





18. TRADE AND LEASE RECEIVABLES (continued)

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

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

As at 31 December 2019

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

As at 31 December 2018

		Past due				
	Current	Less than 6 months	6 to 12 months	1 to 1.5 years	Over 1.5 years	Total
Expected credit loss rate	1.32%	8.80%	48.07%	72.60%	100.00%	3.59%
Gross carrying amount (RMB'000)	823,762	93,632	8,241	726	10,067	936,428*
Expected credit losses (RMB'000)	10,875	8,241	3,961	527	10,067	33,671**

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

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

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance of prepayments, deposits and other receivables as at 31 December 2019 included a receivable from Hainan White Horse Advertising Co., Ltd. ("Hainan White Horse"), the non-controlling shareholder of WHA Joint Venture, amounting to RMB125,749,000 (31 December 2018: RMB171,749,000), which is unsecured, interest-free and has no fixed terms of repayment. During the year ended 31 December 2019, the impairment losses provided against receivables from Hainan White Horse were RMB21,619,000 (2018: Nil). The receivable amount from Hainan White Horse was assessed against its carrying amount in Non-Controlling Interests, impairment losses were recognised as the recoverability of the receivable amount exceeding the carrying amount of the Non-Controlling Interests will be uncertain over a prolonged period.

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

At the end of the reporting period, the Group's cash and bank balances, pledged deposits and restricted cash denominated in Renminbi ("RMB") and in Hong Kong dollars ("HK$") amounted to RMB252,024,000 (2018: RMB405,698,000) and RMB20,964,000 (2018: RMB73,604,000), 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.

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

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

As at 31 December 2019, the Group had pledged deposits of RMB6,000,000 in total (2018: RMB4,500,000) to banks as securities for two letters of guarantee of RMB20,000,000 in total (2018: RMB15,000,000).

As at 31 December 2019, a bank balance of RMB271 (2018: RMB1,294,000) was frozen by one of the financial institutions which has commenced legal proceedings against the Company's subsidiary as disclosed in note 28 to the financial statements. The directors of the Company are of the view that the dispute will not have any material impact on the consolidated financial statements of the Group.

21. DEFERRED TAX

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

Deferred tax liabilities/(assets)

	2019		
	Depreciation and amortisation allowance in excess of related depreciation and amortisation, operating lease, accrued expenses and other temporary differences RMB'000	Withholding tax RMB'000	Total RMB'000
At 31 December 2018	(62,469)	10,536	(51,933)
Deferred tax (credited)/charged to the statement of profit or loss during the year	(40,676)	7,484	(33,192)
Transferred to tax payable	–	(7,645)	(7,645)
At 31 December 2019	(103,145)	10,375	(92,770)

	2018		
	Depreciation and amortisation allowance in excess of related depreciation and amortisation, accrued expenses and other temporary differences RMB'000	Withholding tax RMB'000	Total RMB'000
At 1 January 2018	55,478	5,553	61,031
Deferred tax (credited)/charged to the statement of profit or loss during the year	(32,782)	4,983	(27,799)
Transferred to tax payable	(85,165)	–	(85,165)
At 31 December 2019	(62,469)	10,536	(51,933)

21. DEFERRED TAX (continued)

Deferred tax liabilities/(assets) *(continued)*

The Group has tax losses of RMB18,354,000 (equivalent to HK$20,537,000) (2018: RMB18,038,000 (equivalent to HK$20,537,000)) arising in Hong Kong. Deferred tax assets have not been recognised in respect of the tax losses since the possibility of utilising such amount is considered remote.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2019, deferred tax liabilities for withholding taxes have not been provided on unremitted earnings of RMB983,142,000 (2018: RMB1,176,837,000) of a subsidiary in Mainland China. In the opinion of the directors, it is not probable that this subsidiary will distribute such earnings in the foreseeable future.

22. SHARE CAPITAL

	2019 **RMB'000**	2018 RMB'000
Shares		
Issued and fully paid:		
541,700,500 ordinary shares (2018: 541,700,500) of HK$0.1 each (2018: HK$0.1)	**56,945**	56,945

23. 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 which 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 these 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 of the Company 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.

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 or cancelled, or lapsed), unless the Company obtains an approval from shareholders in a general meeting to refresh this 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 impose 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 growth in earnings per share of 5% each year in the first three full financial years after the grant date. The vesting condition was not met and the share option expenses of the 2007 Options were reversed in 2010.

23. 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 Hong Kong Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; and (iii) the average of the closing prices of the shares as stated in the Hong Kong 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.

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.

During the year ended 31 December 2019, no share options were granted by the Company. The Group has recognised a share option expense of RMB2,395,000 (2018: RMB4,339,000) and reversed a share option expense of Nil (2018: RMB1,542,000) due to the forfeiture of certain share options, with a net effect of RMB2,395,000 (2018: RMB2,797,000) of expense recognised under the share option scheme in profit or loss.

As at 31 December 2019, the aggregate number of shares issuable under share options granted under the New Scheme was 5,283,000, which represented approximately 1.0% 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 5,283,000 additional ordinary shares of HK$0.10 each in the Company and proceeds, before the relevant share issue expenses, of approximately HK$49,584,170.

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.

The following share options were outstanding under the New Scheme during the year:

	2019		2018	
	Weighted average exercise price HK$ per share	**Number of options '000**	Weighted average exercise price HK$ per share	Number of options '000
At 1 January	**9.39**	**5,983**	9.39	6,929
Granted during the year	**–**	**–**	–	–
Forfeited during the year	**–**	**–**	9.39	(879)
Exercised during the year	**–**	**–**	–	–
Expired during the year	**9.38**	**(700)**	9.54	(67)
At 31 December	**9.39**	**5,283**	9.39	5,983

No share options were exercised during the years ended 31 December 2019 and 2018.

23. SHARE OPTION SCHEMES (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2019

Grant date***	Number of options '000	Exercise price* HK$ per share	Exercise period
10/06/2015	**1,267**	**9.54**	**11/06/2018 to 10/06/2022**
10/06/2015	**1,267**	**9.54**	**11/06/2019 to 10/06/2022**
10/06/2015	**1,266**	**9.54**	**11/06/2020 to 10/06/2022**
31/05/2017	**1,483**	**8.99**	**01/02/2020 to 31/05/2024**
	5,283		

2018

Grant date	Number of options '000	Exercise price* HK$ per share	Exercise period
10/06/2015	500	9.54	20/03/2018 to 19/03/2019**
10/06/2015	1,267	9.54	11/06/2018 to 10/06/2022
10/06/2015	1,267	9.54	11/06/2019 to 10/06/2022
10/06/2015	1,266	9.54	11/06/2020 to 10/06/2022
31/05/2017	200	8.99	20/03/2018 to 19/03/2019**
31/05/2017	1,483	8.99	01/02/2020 to 31/05/2024
	5,983		

* 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.

** 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. As at 31 December 2019, his legal personal representative(s) did not exercise the vested share options and all his share options were expired.

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

24. 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 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 Reference Awarded Sums in aggregate of HK$9,600,000 (equivalent to RMB8,165,000) for the purchase of Awarded 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 Awarded 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 the amount of cash award to be vested is subject to the performance of the Group prior to vesting and may be reduced accordingly.

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

On 18 March 2020, the Board of Directors resolved to cancel and sell the remaining Awarded Shares as the vesting conditions were not satisfied.

The Group has reversed RMB1,964,000 of expenses recognised in the previous years under the Share Award Scheme in profit or loss due to the lapse of share award mentioned above for year ended 31 December 2019 (year ended 31 December 2018: RMB173,000 of expenses recognised).

25. SHARES HELD UNDER THE SHARE AWARD SCHEME

Movements of shares held under the Share Award Scheme during the year are as follows:

	2019		2018	
	RMB'000	**Number of shares**	RMB'000	Number of shares
At 1 January	**8,165**	**1,058,700**	8,165	1,058,700
Purchased during the year	**–**	**–**	–	–
Vested and transferred out during the year	**–**	**–**	–	–
Sales of shares held under the share award scheme	**(2,722)**	**(352,900)**	–	–
At 31 December	**5,443**	**705,800**	8,165	1,058,700

During the year ended 31 December 2017, the trustee acquired 1,058,700 ordinary shares of the Company for the Share Award Scheme through purchase in the open market at a total cost, including related transaction costs of approximately RMB8,165,000 (equivalent to HK$9,600,000).

On 29 May 2018, the Board of Directors resolved to cancel the 352,900 shares granted to one of the Selected Employees under the Share Award Scheme due to his passing away. During the year ended 31 December 2019, these Awarded Shares were sold off to the open market.

26. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 77 of the financial statements.

The contributed surplus of the Group represents the difference between the nominal value of share capital of the subsidiaries acquired pursuant to the Group reorganisation on 28 November 2001 and the nominal value of the shares in the Company issued in exchange therefor.

27. COMMITMENTS

(a) Capital Commitments

The Group had the following capital commitments at the end of the reporting period:

	2019 **RMB'000**	2018 RMB'000
Contracted, but not provided for:		
Construction of shelters for which concession rights are held	**139,696**	214,100

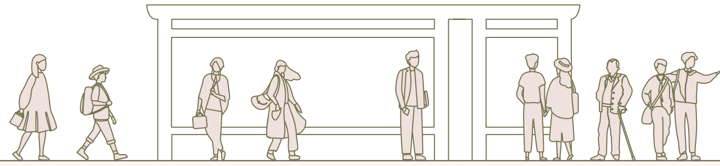
(b) Operating lease commitments as at 31 December 2018

The Group leased certain of its premises and concession rights under operating lease arrangements. Leases for premises were 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 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018 RMB'000
Within one year	543,543
In the second to fifth years, inclusive	1,601,934
After five years	1,769,706
	3,915,183

(c) The Group has various lease contracts that have not yet commenced as at 31 December 2019. The future lease payments for these non-cancellable lease contracts are RMB627,000 due within one year.



28. 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.

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

29. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year.

	Notes	**2019 RMB'000**	2018 RMB'000
Sales to WHM & WSI	(i)	**271,139**	302,215
Agency commission paid to WHM and WSI	(ii)	**18,897**	23,425
Bus shelter maintenance and display fees payable to White Horse Holding	(iii)	**45,822**	37,129
Creative services fees payable to WHM	(iv)	**3,774**	3,774
Consumption goods purchased from Guangzhou High End Internet Co. Ltd. ("HEI")	(v)	**594**	449

29. RELATED PARTY TRANSACTIONS (continued)

(a) *(continued)*

Notes:

(i) On 10 January 2019, WHA Joint Venture entered into a three-year framework agreement with Guangdong White Horse Advertising Company Limited ("GWH"), WHM and WSI for the years 2019, 2020 and 2021 on substantially the same terms as the framework agreements previously entered into between WHA Joint Venture and GWH, WHM and WSI on 22 December 2015 ("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 2019, 2020 and 2021 were HK$457,000,000, HK$480,000,000 and HK$504,000,000, respectively. For the year ended 31 December 2019, the sales exclusive value added tax and net off agency commission from WHM and WSI was RMB271,139,000, the total gross value of sales from WHM and WSI was RMB306,304,000 (approximately HK$361,949,000). 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.

(ii) The agency commission paid 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 the financial years ending on 31 December 2019, 2020 and 2021 shall not exceed HK$36,500,000, HK$38,500,000 and HK$40,300,000, respectively. The total advertising commission payable to WHM and WSI for the year ended 31 December 2019 was RMB18,897,000 (approximately HK$21,139,000).

(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 bonuses. 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 2018 and ending 31 December 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 year ended 31 December 2019, the maintenance fees paid or payable by WHA Joint Venture for the services provided by White Horse Holding were RMB45,822,000 (approximately HK$52,119,000) (2018: RMB37,129,000 (approximately HK$44,105,000)).

On 18 December 2019, the Board resolved that WHA Joint Venture shall enter into a new maintenance services agreement with White Horse Holding to renew the terms under the maintenance services agreement entered into on 24 October 2016. The terms of the new maintenance services agreement are substantially the same as the terms under the maintenance services agreement entered into on 24 October 2016, and it has a fixed term of three years which took effect on 1 January 2020 and will expire on 31 December 2022. The annual caps for the consideration for each of the financial years ending on 31 December 2020, 2021 and 2022 will not exceed HK$60,000,000 annually.

(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 posters, 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 2018 and ending 31 December 2019 shall be no more than RMB4,000,000.

On 18 December 2019, the Board resolved that WHA Joint Venture shall enter into a new creative services agreement with WHM on substantially the same terms as the creative services agreement entered into on 24 October 2016 with GWH. The new creative services agreement has a fixed term of three years which took effect on 1 January 2020 and it will expire on 31 December 2022. The annual cap for the consideration for each of the financial years ending on 31 December 2020, 2021 and 2022 will be no more than RMB4,000,000.

29. RELATED PARTY TRANSACTIONS (continued)

(a) *(continued)*

Notes: (continued)

(v) During this year, WHA Joint Venture purchased food and beverages from HEI with cost of RMB594,000 (2018: RMB449,000). HEI is a related party because HEI is controlling by Mr. Han Zi Wei, who is the brother of Mr. Han Zi Jing, an executive director of the Company. The purchases from HEI were made according to the published prices and conditions offered by HEI to their major customers.

(b) Outstanding Balances with Related Parties

The Group had outstanding receivables from WHM and WSI of RMB231,361,000 (31 December 2018: RMB90,720,000) and RMB16,915,000 (31 December 2018: RMB26,759,000), respectively, as at the end of the reporting period. The balances are unsecured, interest-free and have no fixed terms of repayment (note 18).

(c) Compensation of Key Management Personnel of the Group:

	2019 RMB'000	2018 RMB'000
Short-term employee benefits	**17,530**	20,231
Performance-related bonuses	**622**	152
Equity-settled share option expense	**1,137**	2,328
Share award scheme expenses	**(1,964)**	173
Pension scheme contributions	**138**	137
Total compensation paid to key management personnel	**17,463**	23,021

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

The related party transactions in respect of items 29(a)(i), 29(a)(ii), 29(a)(iii), 29(a)(iv) and 29(b) above also constitute connected transactions or continuing connected transactions as defined in chapter 14A of the Listing Rules.

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2019

Financial assets	**Financial assets at amortised cost**
Trade and lease receivables	**808,222**
Financial assets included in prepayments, deposits and other receivables	**23,210**
Pledged and restricted cash	**6,000**
Cash and cash equivalents	**266,988**
Financial assets included in long-term prepayments, deposits and other receivables	**99,836**
	1,204,256

Financial liabilities	**Financial liabilities at amortised cost**
Financial liabilities included in other payables and accruals	**357,714**
Lease liabilities	**2,244,851**
	2,602,565

2018

Financial assets	Financial assets at amortised cost
Trade and lease receivables	862,613
Financial assets included in prepayments, deposits and other receivables	8,575
Pledged and restricted cash	5,794
Cash and cash equivalents	473,508
Financial assets included in long-term prepayments, deposits and other receivables	26,614
	1,377,104

Financial liabilities	Financial liabilities at amortised cost
Financial liabilities included in other payables and accruals	648,342

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amount		Fair value	
	2019	2018	**2019**	2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Financial assets included in long-term prepayments, deposits and other receivables	**99,836**	26,614	**99,836**	26,614

Management has assessed that the fair value of cash and cash equivalents, pledged and restricted cash, trade and lease receivables, financial assets included in prepayments, deposits and other receivables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair value of the financial assets included in long-term prepayments, deposits and other receivables has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Fair value hierarchy

Assets for which fair value are disclosed:

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets included in long-term prepayments, deposits and other receivables	–	**99,836**	–	**99,836**

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy *(continued)*

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets included in long-term prepayments, deposits and other receivables	–	26,614	–	26,614

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise mainly cash and cash equivalents, pledged and restricted cash and other receivables. The Group has various other financial assets and liabilities such as trade and lease receivables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign Currency Risk

The Group's only investment in the PRC is its operating vehicle, WHA Joint Venture, which solely conducts business within the PRC. Leaving aside expenses incurred by the Group's Hong Kong office, the bulk of its revenue, capital investments and expenses are denominated in RMB. As at the date of approval of these financial statements, the Group has not experienced any difficulties in obtaining government approval for its necessary foreign-exchange purchases. During the year ended 31 December 2019, the Group did not issue any financial instruments for hedging purposes.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's net profit (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in RMB rate %	**Increase/ (decrease) in net profit RMB'000**
2019		
If Hong Kong dollar weakens against RMB	**5%**	**1,658**
If Hong Kong dollar strengthens against RMB	**(5%)**	**(1,658)**
2018		
If Hong Kong dollar weakens against RMB	5%	1,544
If Hong Kong dollar strengthens against RMB	(5%)	(1,544)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit Risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on a going basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and lease receivables*	–	–	–	808,222	808,222
Financial assets included in prepayments, deposits and other receivables					
— Normal**	23,210	–	–	–	23,210
Pledged and restricted cash					
— Not yet past due	6,000	–	–	–	6,000
Cash and cash equivalents					
— Not yet past due	266,988	–	–	–	266,988
Financial assets included in long-term prepayments, deposits and other receivables					
— Normal**	99,836	–	–	–	99,836
	396,034	–	–	808,222	1,204,256

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit Risk *(continued)*

As at 31 December 2018

	12-month ECLs		Lifetime ECLs		
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade and lease receivables*	–	–	–	862,613	862,613
Financial assets included in prepayments, deposits and other receivables					
— Normal**	8,575	–	–	–	8,575
Pledged and restricted cash					
— Not yet past due	5,794	–	–	–	5,794
Cash and cash equivalents					
— Not yet past due	473,508	–	–	–	473,508
Financial assets included in long-term prepayments, deposits and other receivables					
— Normal**	26,614	–	–	–	26,614
	514,491	–	–	862,613	1,377,104

* For trade and lease receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables (include non-current portion) is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

The Group trades only with recognised and creditworthy third parties. 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. Overdue balances are reviewed regularly by senior management. The Group's trade receivables relate to a diversity of numerous customers and are non-interest-bearing.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 18 to the financial statements.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity Risk

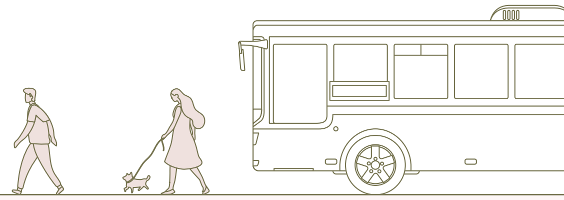
The Group continued to be in a strong financial position at the end of 2019, with cash and cash equivalents amounting to RMB266,988,000 as at 31 December 2019.

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

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group	**2019**					
	On demand RMB'000	**Less than 3 months RMB'000**	**3 to less than 12 months RMB'000**	**1 to 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
Lease liabilities	**132,141**	**141,471**	**288,357**	**1,237,810**	**1,457,479**	**3,257,258**
Other payables	**–**	**248,141**	**109,573**	**–**	**–**	**357,714**
	132,141	**389,612**	**397,930**	**1,237,810**	**1,457,479**	**3,614,972**

Group	2018					
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Other payables	–	481,072	167,270	–	–	648,342
	–	481,072	167,270	–	–	648,342



32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital Management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 31 December 2018.

The Group's policy is to maintain a low gearing ratio. This policy will be reviewed on an annual basis. Net debt includes, other payables and accruals, less pledged deposits and cash and cash equivalents. Capital includes equity attributable to owners of the parent. The gearing ratio as at the end of the reporting period is as follows:

	31 December 2019 RMB'000	1 January 2019 RMB'000 *(note)*	31 December 2018 RMB'000
Other payables and accrues	**403,935**	535,096	697,302
Less:			
Pledged deposits and restricted cash	**–6,000**	–5,794	–5,794
Cash and cash equivalents	**–266,988**	–473,508	–473,508
Net debt	**130,947**	55,794	218,000
Equity attributable to owners of the parent	**2,203,287**	2,367,149	2,367,149
Total capital	**2,203,287**	2,367,149	2,367,149
Capital and net debt	**2,334,234**	2,422,943	2,585,149
Gearing ratio	**5.6%**	2.3%	8.4%

Note: The Group has adopted HKFRS 16 using the modified retrospective approach and the effect of the initial adoption is adjusted against the opening balances as at 1 January 2019 with no adjustments to the comparative amounts as at 31 December 2018. This resulted in an decrease in the Group's net debt and hence the Group's gearing ratio decreased from 8.4% to 2.3% on 1 January 2019 when compared with the position as at 31 December 2018.

33. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, the Group adopted HKFRS 16 on 1 January 2019 using the modified retrospective approach. Under this approach, the comparative amounts in the financial statements were not restated and continued to be reported under the requirements of the previous standard, HKAS 17, and related interpretations. In addition, certain comparative amounts have been reclassified to conform to the current year's presentation and disclosures.

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**66**	86
Interests in subsidiaries	**766,019**	767,145
Total non-current assets	**766,085**	767,231
CURRENT ASSETS		
Prepayments, deposits and other receivables	**17,968**	1,583
Cash and cash equivalents	**20,882**	22,891
Dividend receivables	**151,441**	50,863
Total current assets	**190,291**	75,337
CURRENT LIABILITIES		
Other payables and accruals	**4,899**	5,423
Total current liabilities	**4,899**	5,423
NET CURRENT ASSETS	**185,392**	69,914
TOTAL ASSETS LESS CURRENT LIABILITIES	**951,477**	837,145
Net assets	**951,477**	837,145
EQUITY		
Share capital	**56,945**	56,945
Other reserves	**894,532**	780,200
Total equity	**951,477**	837,145

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share option reserve RMB'000	Share premium account RMB'000	Contributed surplus RMB'000	Exchange fluctuation reserve RMB'000	Share award reserve RMB'000	Shares held under the share award scheme RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2018	10,749	865,174	128,970	(186,250)	1,791	(8,165)	53,216	865,485
Loss for the year	–	–	–	–	–	–	(28,614)	(28,614)
Other comprehensive loss for the year:								
Exchange differences on translation of foreign operations	–	–	–	15,633	–	–	–	15,633
Total comprehensive income/(loss) for the year	–	–	–	15,633	–	–	(28,614)	(12,981)
Equity-settled share option arrangements	3,777	–	–	–	–	–	–	3,777
Reversal of unvested share option reserve upon the forfeiture of share options	(1,542)	–	–	–	–	–	–	(1,542)
Recognition of share option expenses due to acceleration of vesting	562	–	–	–	–	–	–	562
Recognition of the share award scheme expenses	–	–	–	–	822	–	–	822
Reversal of unvested share award reserve upon the forfeitures of share award	–	–	–	–	(649)	–	–	(649)
Final 2017 dividend declared	–	–	(75,274)	–	–	–	–	(75,274)
At 31 December 2018	13,546	865,174	53,696	(170,617)	1,964	(8,165)	24,602	780,200
Profit for the year	–	–	–	–	–	–	**180,292**	**180,292**
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	–	–	–	**13,360**	–	–	–	**13,360**
Total comprehensive income for the year	–	–	–	**13,360**	–	–	**180,292**	**193,652**
Equity-settled share option arrangements	**2,395**	–	–	–	–	–	–	**2,395**
Reversal of share award scheme expenses upon the lapse of share award scheme	–	–	–	–	**(1,964)**	–	–	**(1,964)**
Sales of shares held under the share award scheme	–	**(1,352)**	–	–	–	**2,722**	–	**1,370**
Final 2018 dividend declared	–	–	–	–	–	–	**(81,121)**	**(81,121)**
At 31 December 2019	**15,941**	**863,822**	**53,696**	**(157,257)**	–	**(5,443)**	**123,773**	**894,532**

The contributed surplus of the Company represents the difference between the then combined net asset value of the subsidiaries acquired pursuant to the reorganisation and the nominal value of the Company's shares issued in exchange therefor.

Under the Bermuda Companies Act 1981, the Company may make distributions to its shareholders out of the contributed surplus under certain circumstances.

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 3 to the financial statements.

35. EVENTS AFTER THE END OF THE REPORTING PERIOD

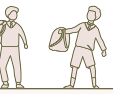
The outbreak of the novel coronavirus in 2020 has negatively affected the outdoor advertising market in China. The Group is actively implementing its strategies to broaden its customer base, adopt greater flexibility in its pricing, reduce costs and control capital expenditure to maintain capital liquidity. The Group will continue to assess the impact of the virus outbreak on its operations.

36. APPROVAL OF THE FINANCIAL STATEMENTS

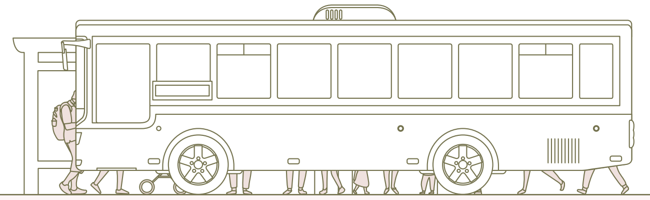
The financial statements were approved and authorised for issue by the board of directors on 18 March 2020.

Financial Summary

	2019	2018	2017	2016	2015
Results (RMB'000)					
Revenue	**1,445,850**	1,803,664	1,706,306	1,607,778	1,486,462
EBITDA	**810,667**	718,178	744,616	704,850	645,304
EBIT	**68,666**	353,378	401,280	380,031	355,947
(Loss)/Profit attributable to owners of the parent	**(86,854)**	220,813	246,913	245,017	228,972
Consolidated statement of financial position data (RMB'000)					
Current asset	**1,249,364**	1,577,853	1,376,995	1,332,906	1,306,635
Current liabilities	**949,174**	916,785	767,020	686,146	612,900
Equity attributable to owners of the parent	**2,203,287**	2,367,149	2,225,641	2,193,169	2,183,368
Cash flow data (RMB'000)					
Cash generated from operations	**745,661**	668,384	709,661	599,516	519,498
Financial ratios					
current ratio (times)	**1.32**	1.72	1.80	1.94	2.13
EBITDA margin (%)	**56.1**	39.8	43.6	43.8	43.4
(Net loss margin)/net profit margin (%)	**(6.0)**	12.2	14.5	15.2	15.4



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
Michael Saunter

Independent Non-Executive Directors:

Wang Shou Zhi
Thomas Manning
Robert Gazzi
Christopher Thomas

Alternate Director:

Zou Nan Feng (alternate to Zhang Huai Jun)
Adam Tow (alternate to William Eccleshare)

COMPANY SECRETARY

Jeffrey Yip

HEAD OFFICE

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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
4th Floor
North Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

HONG KONG SHARE REGISTRAR

Tricor Tengis Limited
Level 54, 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

CLEAR MEDIA LIMITED

Suite 1202, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Tel: (852) 2960 1229
Fax: (852) 2235 3911