1.	The Group's total turnover increased by 5.7% to RMB1,803.7 million
2.	EBITDA decreased by 3.6% to RMB718.2 million
3.	Net profit[1] decreased by 10.6% to RMB220.8 million
4.	Basic earnings per share decreased by 10.4% to RMB40.84 cents
5	The Directors proposed a final dividend of HK17 cents per share (2017: HK17 cents)

CLEAR MEDIA LIMITED

白馬戶外媒體有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 100)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The Board of Directors (the "Board") of Clear Media Limited (the "Company" or "Clear Media") and its subsidiaries (hereinafter collectively referred to as the "Group") are pleased to announce that the consolidated results of the Group for the year ended 31 December 2018, which has been reviewed by the Audit Committee of the Company, together with the comparative results for the previous year, are as follows:

1. Net profit attributable to owners of the parent.

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000 (Restated)
Revenue	4	**1,803,664**	1,706,306
Cost of sales		**(1,099,479)**	(942,475)
Gross profit		**704,185**	763,831
Other income and gains	4	**13,867**	9,212
Selling and distribution expenses		**(174,212)**	(185,674)
Administrative expenses		**(181,125)**	(176,455)
Other expenses	5	**(1,676)**	(6,743)
Loss on misappropriation of funds		**–**	(4,095)
PROFIT BEFORE TAX	6	**361,039**	400,076
Income tax expenses	7	**(106,681)**	(119,437)
PROFIT FOR THE YEAR		**254,358**	280,639
ATTRIBUTABLE TO:			
Owners of the parent		**220,813**	246,913
Non-controlling interests		**33,545**	33,726
		254,358	280,639
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	9	**0.4084**	0.4558
Diluted (RMB)	9	**0.4084**	0.4558

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Profit for the year	**254,358**	280,639
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(2,496)**	(6,575)
Other comprehensive loss for the year, net of tax	**(2,496)**	(6,575)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**251,862**	274,064
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	**218,317**	240,338
Non-controlling interests	**33,545**	33,726
	251,862	274,064

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2018

	Notes	**31 December 2018** **RMB'000**	31 December 2017 *RMB'000* (Restated)	1 January 2017 *RMB'000* (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	*10*	**109,207**	41,754	49,149
Concession rights	*11*	**1,598,423**	1,657,662	1,596,488
Long-term prepayments, deposits and other receivables	*12*	**93,822**	93,209	81,127
Deferred tax assets		**62,469**	–	–
Total non-current assets		**1,863,921**	1,792,625	1,726,764
CURRENT ASSETS				
Trade and lease receivables	*13*	**862,613**	814,923	711,577
Prepayments, deposits and other receivables	*14*	**235,938**	206,860	178,504
Pledged deposits and restricted cash	*15*	**5,794**	17,789	1,285
Cash and cash equivalents	*15*	**473,508**	337,423	441,540
Total current assets		**1,577,853**	1,376,995	1,332,906
CURRENT LIABILITIES				
Other payables and accruals		**697,302**	682,086	599,827
Deferred income		**13,011**	3,329	3,282
Tax payable		**206,472**	81,605	83,037
Total current liabilities		**916,785**	767,020	686,146
NET CURRENT ASSETS		**661,068**	609,975	646,760
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,524,989**	2,402,600	2,373,524
NON-CURRENT LIABILITIES				
Deferred tax liabilities		**10,536**	62,700	76,045
Total non-current liabilities		**10,536**	62,700	76,045
Net assets		**2,514,453**	2,339,900	2,297,479
EQUITY				
Equity attributable to owners of the parent				
Share capital	*16*	**56,945**	56,945	56,945
Other reserves		**2,310,204**	2,168,696	2,136,224
		2,367,149	2,225,641	2,193,169
Non-controlling interests		**147,304**	114,259	104,310
Total equity		**2,514,453**	2,339,900	2,297,479

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2018

	Attributable to owners of the parent										
	Share capital *RMB'000*	Share premium account *RMB'000*	Share option reserve *RMB'000*	Contributed surplus *RMB'000*	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 31 December 2016	56,945	749,213	6,289	140,735	4,266	–	–	1,222,599	2,180,047	102,852	2,282,899
Prior year adjustments *(note 1)*	–	–	–	–	–	–	–	13,122	13,122	1,458	14,580
As at 31 December 2016 and 1 January 2017 (restated)	56,945	749,213	6,289	140,735	4,266	–	–	1,235,721	2,193,169	104,310	2,297,479
Profit for the year (restated)	–	–	–	–	–	–	–	246,913	246,913	33,726	280,639
Other comprehensive loss for the year -Exchange differences related to foreign operations	–	–	–	–	(6,575)	–	–	–	(6,575)	–	(6,575)
Total comprehensive (loss)/income for the year	–	–	–	–	(6,575)	–	–	246,913	240,338	33,726	274,064
Equity-settled share option arrangements	–	–	4,460	–	–	–	–	–	4,460	–	4,460
Recognition of share award scheme expenses	–	–	–	–	–	1,791	–	–	1,791	–	1,791
Purchases of shares held under the share award scheme	–	–	–	–	–	–	(8,165)	–	(8,165)	–	(8,165)
Dividends paid/payable to a non-controlling shareholder	–	–	–	–	–	–	–	–	–	(23,777)	(23,777)
Final 2016 dividend declared	–	–	–	–	–	–	–	(79,979)	(79,979)	–	(79,979)
Special dividend declared	–	–	–	–	–	–	–	(125,973)	(125,973)	–	(125,973)
At 31 December 2017 (restated)	56,945	749,213*	10,749*	140,735*	(2,309)*	1,791*	(8,165)*	1,276,682*	2,225,641	114,259	2,339,900
As at 31 December 2017	56,945	749,213	10,749	140,735	(2,309)	1,791	(8,165)	1,259,961	2,208,920	112,401	2,321,321
Prior year adjustments *(note 1)*	–	–	–	–	–	–	–	16,721	16,721	1,858	18,579
As at 31 December 2017 (restated)	56,945	749,213	10,749	140,735	(2,309)	1,791	(8,165)	1,276,682	2,225,641	114,259	2,339,900
Effect of adoption of HKFRS 9, net of tax *(note 2.1)*	–	–	–	–	–	–	–	(4,505)	(4,505)	(500)	(5,005)
As at 1 January 2018 (restated)	56,945	749,213	10,749	140,735	(2,309)	1,791	(8,165)	1,272,177	2,221,136	113,759	2,334,895
Profit for the 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 declared	–	–	–	(75,274)	–	–	–	–	(75,274)	–	(75,274)
At 31 December 2018	56,945	749,213*	13,546*	65,461*	(4,805)*	1,964*	(8,165)*	1,492,990*	2,367,149	147,304	2,514,453

* These reserve accounts comprise the consolidated other reserves of RMB2,310,204,000 (2017: RMB2,168,696,000 (restated)) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**361,039**	400,076
Adjustments for:			
Impairment of concession rights	6	**–**	1,645
Loss on disposal of concession rights	6	**1,801**	53
Impairment losses of trade and lease receivables	6	**7,895**	30,716
Gain on disposal of items of property, plant and equipment	6	**(125)**	(38)
Depreciation of items of property, plant and equipment	6	**15,167**	14,828
Recognition of long-term prepayments		**2,951**	2,018
Amortisation of concession rights	6	**349,633**	328,508
Foreign exchange (gains)/losses, net	6	**(3,249)**	5,083
Share award scheme expenses	6	**173**	1,791
Equity-settled share option expenses	6	**2,797**	4,460
Interest income	4	**(4,412)**	(3,879)
		733,670	785,261
Increase in long-term prepayments, deposits and other receivables		**(1,803)**	(19,499)
Increase in trade and lease receivables		**(62,259)**	(134,062)
Increase in prepayments, deposits and other receivables		**(65,593)**	(29,195)
Recovery from misappropriation incident		**24,772**	–
Increase in other payables and accruals		**17,920**	107,109
Increase in deferred income		**9,682**	47
Decrease in pledged deposits		**11,995**	–
Cash generated from operations		**668,384**	709,661
Income taxes paid		**(94,778)**	(134,213)
Net cash flows from operating activities		**573,606**	575,448

	2018	2017
	RMB'000	*RMB'000*
		(Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment, excluding construction in progress	**(8,249)**	(7,672)
Proceeds from disposal of items of property, plant and equipment	**126**	72
Proceeds from disposal of concession rights	**479**	24
Purchase of concession rights	**(357,857)**	(405,882)
Interest received	**2,506**	3,816
Increase in pledged deposits	**–**	(16,504)
Net cash flows used in investing activities	**(362,995)**	(426,146)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to shareholders	**(75,274)**	(205,952)
Dividends paid to a non-controlling shareholder of a subsidiary	**–**	(27,654)
Purchase of shares held under the share award scheme	**–**	(8,165)
Net cash flows used in financing activities	**(75,274)**	(241,771)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**135,337**	(92,469)
Cash and cash equivalents at beginning of year	**337,423**	441,540
Effect of foreign exchange rate changes, net	**748**	(11,648)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**473,508**	337,423
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**473,508**	337,423

NOTES TO CONSOLIDATED FINANCIAL INFORMATION

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.

Prior year adjustments

In preparing the consolidated financial statements for the year ended 31 December 2018, management has made corrections to the presentation and disclosure of certain transactions and balances in the previously issued consolidated financial statements. The corrections made are related to the recognition of government subsidies, as well as the recovery of misappropriated funds in prior years of which the Group did not have knowledge until the forensic investigations of the misappropriation incident carried out by an independent external consultant in year 2018.

The Group has recovered RMB22.9 million of government subsidies granted in prior years and RMB1.8 million of misappropriated funds during the year ended 31 December 2018. Management has conducted a comprehensive review of this matter and determined that it is more appropriate to recognise the recovered amounts to prior years. The effects of the recovered amount net of the income tax expense have increased the retained earnings and non-controlling interests as at 31 December 2016 and 1 January 2017 by RMB13.1 million and RMB1.5 million, respectively, and increased the retained earnings and non-controlling interests as at 31 December 2017 by RMB16.7 million and RMB1.9 million, respectively.

The effects of the restatements on the consolidated statement of profit or loss and the consolidated statement of comprehensive income for the year ended 31 December 2017 are as follows:

	As previously reported *RMB'000*	**Prior year adjustments** *RMB'000*	**Restated** *RMB'000*
Other income and gains	3,879	5,333	9,212
PROFIT BEFORE TAX	394,743	5,333	400,076
Income tax expenses	(118,103)	(1,334)	(119,437)
PROFIT FOR THE YEAR	276,640	3,999	280,639
ATTRIBUTABLE TO:			
Owners of the parent	243,314	3,599	246,913
Non-controlling interests	33,326	400	33,726
	276,640	3,999	280,639
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	0.4492	0.0066	0.4558
Diluted (RMB)	0.4492	0.0066	0.4558
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	270,065	3,999	274,064
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	236,739	3,599	240,338
Non-controlling interests	33,326	400	33,726
	270,065	3,999	274,064

The effects of the restatements on the consolidated statement of financial position at 31 December 2017 are as follows:

	As previously reported	Prior year adjustments	Restated
	RMB'000	*RMB'000*	*RMB'000*
Prepayments, deposits and other receivables	182,088	24,772	206,860
Total current assets	1,352,223	24,772	1,376,995
Tax payable	75,412	6,193	81,605
Total current liabilities	760,827	6,193	767,020
NET CURRENT ASSETS	591,396	18,579	609,975
TOTAL ASSETS LESS CURRENT LIABILITIES	2,384,021	18,579	2,402,600
Net assets	2,321,321	18,579	2,339,900
EQUITY			
Other reserves	2,151,975	16,721	2,168,696
Equity attributable to owners of the parent	2,208,920	16,721	2,225,641
Non-controlling interests	112,401	1,858	114,259
Total equity	2,321,321	18,579	2,339,900

The effects of the restatements on the consolidated statement of cash flows for the year ended 31 December 2017 are as follows:

	As previously reported	Prior year adjustments	Restated
	RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	394,743	5,333	400,076
Increase in prepayments, deposits and other receivables	(23,862)	(5,333)	(29,195)

Comparative Amounts

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

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

Except for the application of HKFRS 9 and HKFRS 15 noted below, the adoption of the above new and revised standards has had no significant financial effect on these consolidated financial statements.

HKFRS 9

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

The Group has applied HKFRS 9 retrospectively, and has recognised the transition adjustments against the applicable opening balance in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

(a) Classification and measurement

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

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

- The financial assets of the Group include Cash and cash equivalent, Pledged deposits and restricted cash, Trade and lease receivables and other receivables included in the account of Prepayments, deposits and other receivables and Long-term prepayments, deposits and other receivables. Under HKAS 39, they are classified as loan and receivables. Upon adoption of HKFRS 9, these financial assets are reclassified as financial assets at amortised cost as at 1 January 2018;

- The financial liabilities of the Group include other payables. The accounting for financial liabilities remain largely the same as it was under HKAS 39, which are classified as financial liabilities at amortised cost.

(b) Impairment

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

Upon adoption of HKFRS 9, the Group has recognised additional impairment on the Group's trade and lease receivables of RMB6,674,000 and deferred taxes have been adjusted by RMB1,669,000, which resulted in a decrease in retained earnings and non-controlling interests of RMB4,505,000 and RMB500,000, respectively as at 1 January 2018.

HKFRS 15

HKFRS 15 and its amendments replace HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in note 4 to the financial information. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition in note 4 to the financial information.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

The Group has concluded that advertising revenue from digital panels and commission income should be recognised on a time proportion basis over the terms of the agreement. Therefore, the adoption of HKFRS 15 did not have an impact on the timing and amount of revenue recognition as at 1 January 2018.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 3	*Definition of a Business*[2]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 16	*Leases*[1]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[2]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

Except for the application of new requirement under HKFRS 16 Lease which will result in significant increase in both total assets and liabilities of the Group, the Group does not anticipate that the application of other new and revised HKFRSs and Interpretations will have material impact on the consolidated financial statements of the Group.

3. OPERATING SEGMENT INFORMATION

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

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the 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.

4. REVENUE, OTHER INCOME AND GAINS

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

	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Revenue		
Revenue from contracts with customers:		
Sales revenue from digital panels*	**10,122**	10,435
Commission income**	**1,621**	1,309
	11,743	11,744
Rental income:		
Rental income from outdoor advertising spaces	**1,791,921**	1,694,562
	1,803,664	1,706,306
Other income		
Interest income	**4,412**	3,879
Government subsidy	**6,206**	5,333
	10,618	9,212
Gains		
Foreign exchange gains	**3,249**	–
	13,867	9,212

* *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 payment is generally due within 90 to 180 days from delivery of services.

5. OTHER EXPENSES

	2018 *RMB'000*	2017 *RMB'000* (Restated)
Foreign exchange losses	**–**	5,083
Loss on disposal of concession rights and items of property, plant and equipment	**1,676**	1,660
	1,676	6,743

6. PROFIT BEFORE TAX

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

	Notes	**2018** *RMB'000*	2017 *RMB'000*
Cost of services provided		**262,709**	222,613
Operating lease rentals on bus shelters		**487,137**	391,354
Amortisation of concession rights	*11*	**349,633**	328,508
Cost of sales		**1,099,479**	942,475
Impairment of trade and lease receivables, net	*13*	**7,895**	30,716
Bad debt recovered		**(1,969)**	(3,032)
Auditor's remuneration		**4,525**	2,592
Depreciation of items of property, plant and equipment	*10*	**15,167**	14,828
Impairment of concession rights		**–**	1,645
Loss on disposal of concession rights		**1,801**	53
Gain on disposal of items of property, plant and equipment		**(125)**	(38)
Operating lease rentals on buildings		**39,495**	38,705
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		**155,306**	158,961
Equity-settled share option expenses		**2,797**	4,460
Share award scheme expenses		**173**	1,791
Pension scheme contributions		**18,417**	18,092
		176,693	183,304
Loss on misappropriation of funds		**–**	4,095
Additional professional fees as a result of the misappropriation incident and related investigation		**29,141**	–
Foreign exchange (gains)/losses, net		**(3,249)**	5,083
Interest income		**(4,412)**	(3,879)

7. INCOME TAX

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

Hong Kong profits tax rate is 16.5% (2017: 16.5%) of assessable profits derived from Hong Kong during the year. Since the Group had no such profits during the reporting period, no provision for Hong Kong profits tax has been made.

Taxes on profits assessable in Mainland China have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof. Pursuant to the PRC Corporate Income Tax Law effective on 1 January 2008, the PRC corporate income tax rate of the Group's subsidiaries operating in Mainland China during the reporting period was 25% of their taxable profits.

	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Current – Hong Kong profits tax	**–**	–
Current – PRC corporate income tax	**134,480**	122,082
Deferred tax	**(27,799)**	(2,645)
Total tax charge for the year	**106,681**	119,437

A reconciliation of the tax expense applicable to 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:

	2018		2017	
	RMB'000	***%***	*RMB'000*	*%*
			(Restated)	
Profit before tax	**361,039**		400,076	
Tax at the PRC statutory tax rate	**90,260**	**25.0**	100,019	25.0
Effect of different applicable tax rates for certain subsidiaries	**2,483**	**0.7**	2,725	0.7
Income not subject to tax	**(61)**	**0.0**	(214)	(0.1)
Expenses not deductible for tax	**4,630**	**1.3**	5,035	1.3
Tax losses not recognised	**4,386**	**1.2**	3,610	0.9
Effect of withholding tax on the distributable profits of the Group's PRC subsidiary	**4,983**	**1.3**	8,262	2.1
Tax charge at the Group's effective tax rate	**106,681**	**29.5**	119,437	29.9

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

8. DIVIDENDS

	2018	2017
	RMB'000	*RMB'000*
Special dividend – Nil (2017: HK27 cents) per ordinary share	**–**	127,465
Proposed final – HK17 cents (2017: HK17 cents) per ordinary share	**78,837**	73,994
	78,837	201,459

At the Board meeting held on 11 March 2019, the directors proposed a final dividend of HK17 cents per share (2017: HK17 cents per share) for the year ended 31 December 2018. This final dividend, to be paid out from the retained earnings and the contributed surplus account, is equivalent to RMB78,837,000 (2017: RMB73,994,000) based on the 541,700,500 (2017: 541,700,500) outstanding shares. Subject to the approval by the shareholders at the forthcoming annual general meeting, the proposed dividend will be payable on Wednesday, 17 July 2019 to the shareholders registered on the Register of Members on Friday, 14 June 2019.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent for the year of RMB220,813,000 (year ended 31 December 2017: RMB246,913,000 (restated)), and the weighted average number of ordinary shares in issue less shares held under the Company's share award scheme of 540,641,800 (year ended 31 December 2017: 541,700,500) during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2018 and 2017 in respect of a dilution as the impact of the share options had an anti-dilutive effect on the basic 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 2018 and 2017.

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

	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**220,813**	246,913

	Number of shares	
	2018	2017
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**540,641,800**	541,700,500
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	–
Share award scheme	**–**	–
	540,641,800	541,700,500

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *RMB'000*	Furniture and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2018					
At 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 11)*	**–**	**–**	**–**	**(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**

	Leasehold improvements *RMB'000*	Furniture and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2017					
At 1 January 2017					
Cost	57,333	17,406	38,973	–	113,712
Accumulated depreciation	(28,344)	(8,215)	(28,004)	–	(64,563)
Net carrying amount	28,989	9,191	10,969	–	49,149
At 1 January 2017, net of accumulated depreciation	28,989	9,191	10,969	–	49,149
Additions	875	1,537	5,065	7,636	15,113
Disposals	–	(5)	(29)	–	(34)
Depreciation provided during the year	(7,622)	(3,110)	(4,096)	–	(14,828)
Exchange realignment	(10)	–	–	–	(10)
Transfers to concession rights *(note 11)*	–	–	–	(7,636)	(7,636)
At 31 December 2017, net of accumulated depreciation	22,232	7,613	11,909	–	41,754
At 31 December 2017:					
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

11. CONCESSION RIGHTS

	RMB'000
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 10*)	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	(3,091,747)
Net carrying amount	1,598,423
31 December 2017	
Cost at 1 January 2017, net of accumulated amortisation and impairment	1,596,488
Additions	383,768
Transfer from construction in progress (*note 10*)	7,636
Disposals, impairment, write-off and write-down	(1,722)
Amortisation during the year	(328,508)
At 31 December 2017	1,657,662
At 31 December 2017:	
Cost	4,478,634
Accumulated amortisation	(2,820,972)
Net carrying amount	1,657,662

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 2018, 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 44% 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. Some of the concession contracts also allow the Group to extend the terms of the contracts before expiry.

12. LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Long-term prepayments and deposits amounting to RMB70,261,000 (31 December 2017: RMB69,951,000) 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 2018 also included a non-current portion of a prepaid bus shelter lease payment amounting to RMB968,000 (31 December 2017: RMB2,520,000) and a long-term rental deposit of RMB22,593,000 (31 December 2017: RMB20,738,000).

13. TRADE AND LEASE RECEIVABLES

	2018 *RMB'000*	2017 *RMB'000*
Trade and lease receivables	**934,618**	872,635
Impairment	**(72,005)**	(57,712)
	862,613	814,923

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 RMB117,479,000 (2017: RMB85,344,000).

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:

	2018 *RMB'000*	2017 *RMB'000*
Within 6 months	**772,742**	723,880
6 to 12 months	**85,392**	91,043
1 to 1.5 years	**4,280**	–
1.5 to 2 years	**199**	–
Over 2 years	**–**	–
Total trade and lease receivables, net	**862,613**	814,923

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

	2018	2017
	RMB'000	*RMB'000*
At beginning of year	**57,712**	37,184
Effect of adoption of HKFRS 9	**6,674**	–
At beginning of year (restated)	**64,386**	37,184
Impairment losses	**7,895**	30,716
Amount written off as uncollectible	**(276)**	(10,188)
At end of year	**72,005**	57,712

Impairment under HKFRS 9 for the year ended 31 December 2018

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 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 collected trade and lease receivables on a gross basis and settled 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 2018 amounted to RMB38,334,000, which was related to customers that were in financial difficulties or were in default in interest and/or principal payments.

Impairment under HKAS 39 for the year ended 31 December 2017

Included in the above provision for impairment of trade and lease receivables, which was measured based on incurred credit losses under HKAS 39, as at 31 December 2017 was a provision for individually impaired trade and lease receivables of RMB57,712,000 with a carrying amount before provision of RMB872,635,000.

The individually impaired trade and lease receivables as at 31 December 2017 related to customers that were in financial difficulties or were in default in interest and/or principal payments and only a portion of the receivables is expected to be recovered.

The ageing analysis of the trade and lease receivables as at 31 December 2017 that were not individually nor collectively considered to be impaired under HKAS 39 is as follows:

	2017
	RMB'000
Neither past due nor impaired	702,781
Less than 3 months past due	92,230
Over 3 months past due	19,912
	814,923

Trade and lease receivables that were neither past due nor impaired related to a diverse number of customers for whom there was no recent history of default.

Trade and lease receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, the directors of the Company were of the opinion that no provision for impairment under HKAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance of prepayments, deposits and other receivables as at 31 December 2018 included a receivable from Hainan White Horse Advertising Co., Ltd. ("Hainan White Horse"), the non-controlling shareholder of WHA Joint Venture, amounting to RMB171,749,000 (31 December 2017: RMB123,267,000), which is unsecured, interest-free and has no fixed terms of repayment.

15. 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 RMB405,698,000 (2017: RMB281,487,000) and RMB73,604,000 (2017: RMB73,725,000), respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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. As at 31 December 2018, the Group maintained less than 20% of the Group's total bank balances in any one bank.

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 2018, the Group had pledged deposits of RMB4,500,000 (2017: RMB4,500,000) to banks as security for a letter of guarantee of RMB15,000,000 (2017: RMB15,000,000) and pledged deposit of Nil (2017: RMB12,000,000) to bank as security for the bills payable of Nil (2017: RMB30,000,000).

As at 31 December 2018, a bank balance of RMB1,294,000 (2017: RMB1,289,000) was frozen by one of the financial institutions which has commenced legal proceedings against the Company's subsidiary as disclosed in the "Contingent Liabilities" section of the announcement. The directors of the Company are of the view that the dispute will not have any material impact on the consolidated financial statements of the Group.

16. SHARE CAPITAL

	2018	2017
	RMB'000	*RMB'000*
Shares		
Issued and fully paid:		
541,700,500 ordinary shares (2017: 541,700,500) of HK$0.1 each (2017: HK$0.1)	**56,945**	56,945

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

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

The Group's turnover for the six months ended 30 June 2018 increased by 12.4% compared to the same period in 2017. The growth trend of the Group's turnover continued in the third quarter of 2018 with a growth rate of approximately 9.5% compared to the third quarter of 2017. However, due to the rising uncertainties of the external environment and slower economic growth in the PRC, the Group's trading performance deteriorated in October 2018 with last minute cancellation of orders by a number of customers. The Group's turnover for October 2018 decreased by over 25% compared to the same period last year. There was no significant year-on-year change in the Group's turnover during both November and December in 2018. Certain advertisers started to be conservative with their advertising appetite towards late 2018.

The demand from clients in the e-commerce and IT digital product sectors continued to grow. During 2018, the revenue contribution from the e-commerce sector increased to 30% (2017: 29%) and that from the IT digital product sector increased to 29% (2017: 28%). New customers from the e-commerce sector were added to our client base. The revenue performance from the traditional industries was mixed. The revenue contribution from telecommunication sector increased to 4% (2017: 3%).

OPERATION OVERVIEW

Bus Shelter Advertising Business

As of 31 December 2018, Clear Media operated the most extensive standardized bus shelter advertising network in Mainland China, with a total of more than 54,000 panels (31 December 2017: 51,000 panels) covering 24 cities. Our bus shelter advertising revenue, net of value added tax, increased by 5.7% to RMB1,803.7 million.

The revenue growth was mainly driven by the increase in average number of bus shelter panels during the year. The average number of bus shelter panels increased by 13.2% while yield per shelter before value added tax ("yield") decreased to RMB39,200 (2017: RMB41,946) as a result of lower occupancy rate.

Key Cities

For the year ended 31 December 2018, the revenue from the top three cities Beijing, Guangzhou and Shanghai increased by 2.2% to RMB1,127.2 million (2017: RMB1,103.4 million) driven by a 6.3% increase in the average number of bus shelter panels, despite a lower yield per shelter of RMB54,781 (2017: RMB56,997) as a result of lower occupancy rate.

Mid-tier Cities

The revenue from all mid-tier cities increased by 11.5% to RMB773.9 million (2017: RMB694.1 million) due to a 18.8% increase in the average number of bus shelter panels, despite a lower yield at RMB27,718 (2017: RMB29,543) as a result of lower occupancy rate.

Among the mid-tier cities where the Company operates, Jinan, Shenzhen, Changsha, Nanjing, Wuxi and Haikou performed particularly well during the year with double-digit growth in revenue.

Digital

As of 31 December 2018, we operated a total of 264 digital panels (31 December 2017: 249). Total sales generated from the digital operation net of value added tax amounted to RMB10.1 million (2017: RMB10.4 million).

FINANCIAL REVIEW

Turnover

The Group's total turnover increased by 5.7% to RMB1,803.7 million during the year ended 31 December 2018.

Other Income and Gains

Other income and gains increased from RMB9.2 million in 2017 (restated) to RMB13.9 million in 2018. The exchange gain of RMB3.2 million during the year ended 31 December 2018 (2017: exchange loss of RMB5.1 million) was mainly due to exchange rate movement between the declaration and settlement of an inter-company dividend.

Expenses

During the year ended 31 December 2018, the Group's total direct operating costs, including rental, electricity and maintenance costs, and sales, cultural and other levies, increased by 22.1% to RMB749.8 million (2017: RMB614.0 million).

The rental costs for our core bus shelter advertising business increased by 24.5% during the year. The increase was mainly driven by the 13.2% increase in the number of bus shelter panels and new leases in Ningbo and Urumqi, as well as higher rental rates in Beijing and Shanghai upon contract extension.

Electricity costs increased by 61.2% during the year. The increase was mainly due to the increase in the number of electrified bus shelter panels.

Cleaning and maintenance costs increased by 10.2% mainly due to the increase in the number of bus shelter panels and a revision to the standard maintenance fee.

Total selling, general and administrative expenses, excluding depreciation and amortisation, decreased by 2.1% to RMB340.2 million in 2018 (2017: RMB347.3 million) mainly due to lower allowance for expected credited losses of trade and lease receivables, partially offset by the additional professional fees of RMB29.1 million incurred in 2018 as a result of the misappropriation incident and related investigation incident.

Other expenses decreased from RMB6.7 million in prior year to RMB1.7 million in 2018 mainly due to the exchange loss of RMB5.1 million in 2017 (year ended 31 December 2018: exchange gain of RMB3.2 million) as a result of exchange rate movement between the declaration and settlement of an inter-company dividend.

LOSS ON MISAPPROPRIATION OF FUNDS

The Board of Directors, through the announcements dated 2 January 2018, 8 February 2018 and 19 March 2018 informed the shareholders and potential investors that there had been misappropriation of certain funds of the Group. Since the announcement dated 2 January 2018, a special committee has been established to (i) pursue available remedies and options to recover any loss and minimise any damage caused by the misappropriation; (ii) engage external professional parties to conduct a forensic investigation on the misappropriation and (iii) review, and improve where necessary, the internal control systems of the Group to prevent similar incidents from taking place again.

The impact of the misappropriation to the financial statements of the Group are set forth below:

	2018	2017	2016	2015	2014	2013	2012 and before
Consolidated statement of profit or loss *(RMB'000)*							
(Decrease)/increase in profit attributable to owners of the parent	–	(3,685)	(2,174)	(1,438)	1,578	(4,833)	(58,500)
(Decrease)/increase in profit attributable to non-controlling interests	–	(410)	(242)	(160)	175	(536)	(6,500)
	–	(4,095)	(2,416)	(1,598)	1,753	(5,369)	(65,000)

	2018	2017	2016	2015	2014	2013	2012 and before
Consolidated statement of financial position (RMB'000)							
Decrease in cash and cash equivalents	–	(76,725)	(72,630)	(70,214)	(68,616)	(70,369)	(65,000)
Decrease in equity attributable to owners of the parent	–	(69,052)	(65,367)	(63,193)	(61,755)	(63,333)	(58,500)
Consolidated statement of cash flows (RMB'000)							
(Decrease)/increase in cash generated from operations	–	(4,095)	(2,416)	(1,598)	1,753	(5,369)	(65,000)

Based on the findings of the investigations, the Directors of the Company considered it appropriate to make adjustments based on the impact of the misappropriation as set forth above to the Group's consolidated financial statements for the year ended 31 December 2017 and before.

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

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

The disclaimer of audit opinion and the related basis for such disclaimer was set out on pages 71 to 73 of the 2017 annual report and pages 27 to 29 of the annual results announcement for the year ended 31 December 2017 dated 29 March 2018. In the disclaimer of the 2017 audit opinion, in relation to customer development expenses, the Company's auditor noted that (i) customer development expenses of RMB19.8 million were paid during the year ended 31 December 2017 to recipients whose identities were different from the entities stated in the documents maintained by the Group in respect of these payments and (ii) the Group appeared to maintain insufficient documents to evidence ultimate payment made to those who conducted customer development services for the Group. During 2018, none of any such issues were found.

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

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

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

On 30 October 2018, the Company provided the update on the progress of the fulfilment of the resumption conditions. Thereafter, the Company announced the fulfilment of the resumption conditions, including the summary on the major findings from the internal control consultant and the implementation of the key recommendations from the consultant, the update on the related police investigations, the business update on turnover trend for up to the end of October 2018 and the Company's application for the resumption of trading on 19 November 2018 in the announcement dated 16 November 2018. The trading in the Company's shares resumed on 19 November 2018.

UPDATE ON POLICE INVESTIGATION

Reference is made to the Company's announcement dated 16 November 2018 in relation to, among other things, update on police investigation and resumption of trading. As of 1 March 2019:

(i) in respect of the Misappropriation, the prosecution hearings of the Cashier and deputy operations manager have taken place before the Guangzhou Tianhe District People's Court, but the Court has not rendered its judgment as yet; and

(ii) in respect of the issue of Off-Book Account I, the police criminal investigation remains ongoing because a primary suspect for this issue (namely a former finance staff of the Company's Hainan office) remains at large.

EBITDA

The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") decreased by 3.6% to RMB718.2 million (2017: RMB744.6 million (restated)) mainly due to the additional professional fee as a result of the misappropriation incident and related investigation of RMB29.1 million. Accordingly, EBITDA margin decreased to 39.8% (2017: 43.6% (restated)). The 2017 EBITDA figure was restated to include the government subsidy of RMB5.3 million.

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

	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Profit before tax	**361,039**	400,076
Add:		
– Foreign exchange loss	**–**	5,083
– Depreciation of property, plant and equipment	**15,167**	14,828
– Amortisation of concession rights	**349,633**	328,508
Subtotal	**364,800**	348,419
Less:		
– Foreign exchange gain	**(3,249)**	–
– Interest income	**(4,412)**	(3,879)
Subtotal	**(7,661)**	(3,879)
EBITDA	**718,178**	744,616

EBIT

The Group's earnings before interest and tax ("EBIT") decreased by 11.9% to RMB353.4 million for the year from RMB401.3 million (restated) in 2017 following the lower EBITDA during the year.

Other Expenses

During the year ended 31 December 2018, the Group carried no debt. The exchange loss of RMB5.1 million for the year ended 31 December 2017 (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% (2017: 25%) on its assessable profits arising in the PRC for the year 2018.

Further, a 10% (or a lower rate if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors) withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is therefore liable 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.

Income tax expense of the Group decreased to RMB106.7 million for the year ended 31 December 2018 from RMB119.4 million (restated) in 2017. This was mainly due to the decrease in assessable profits of the core bus shelter advertising business during the year and the lower withholding tax expenses during the year.

As at 31 December 2018, the Group recognised a deferred tax liability of RMB10.5 million (31 December 2017: RMB5.6 million) and income tax payable of RMB2.7 million (31 December 2017: RMB5.4 million) in respect of the withholding tax on future dividend distribution by WHA Joint Venture.

Net Profit

Net profit attributable to owners of the parent decreased by 10.6% to RMB220.8 million (2017: RMB246.9 million (restated)) for the year ended 31 December 2018, while the net profit margin decreased to 12.2% (2017: 14.5% (restated)). Part of the decrease was mainly due to the additional professional fee as a result of the misappropriation incident and related investigation of RMB29.1 million in 2018.

Net profit attributable to non-controlling interests decreased by 0.5% to RMB33.5 million (2017: RMB33.7 million (restated)).

Cash Flow

Net cash flows from operating activities decreased by 0.3% to RMB573.6 million for the year ended 31 December 2018 from RMB575.4 million in the previous year. The decrease was mainly due to the lower operating profit for the year, partially offset by the lower amount of income tax paid and the effect of working capital changes.

Net cash flows used in investing activities decreased to RMB363.0 million for the year ended 31 December 2018 from RMB426.1 million in the previous year. Main bulk of the inventory expansion in 2017 relates to acquisition of shelters from third parties which required settlement within the year whilst in 2018, 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 decreased to RMB75.3 million for the year ended 31 December 2018 from RMB241.8 million in the previous year. This was mainly due to lower level of dividends paid to the shareholders of the Group and the non-controlling shareholder of a subsidiary as compared with last year.

Free cash flow, defined as EBITDA (before gains and losses on disposal, impairment and write down of concession rights and other assets, equity-settled share option expenses and share award scheme expenses) less cash outflow on capital expenditure, less income tax and net interest expense, increased to RMB257.7 million for the year ended 31 December 2018 compared to RMB218.3 million (restated) in the previous year. The increase was mainly due to lower payments of capital expenditure and income tax than the previous year.

Trade and Lease Receivables

The Group's trade and lease receivables balance increased by 5.9% to RMB862.6 million as at 31 December 2018 from RMB814.9 million as at 31 December 2017. The increase was mainly due to the outstanding balances within 6 months increased by RMB48.9 million which was mainly due to slower repayment from certain major customers.

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 due from third parties, on a time weighted basis, slightly increased to 119 days for the current year from 117 days in the previous year. The same calculation method in average trade and lease receivable outstanding days due from related parties (WHM and WSI) increased to 98 days for the current year from 93 days in the previous year. As at 31 December 2018, the allowance for expected credited losses of trade and lease receivables increased to RMB72.0 million from RMB57.7 million as at 31 December 2017 mainly because the Group applies HKFRS 9 Financial Instruments in 2018 for the first time, while the comparative figures in the previous year is reported under HKAS 39 and is not comparable to the information presented for the year ended 31 December 2018. Difference arising from the adoption of HKFRS 9 have been recognized directly in reserves as of 1 January 2018.

As at 31 December 2018, the amounts due from WHM and WSI increased to RMB117.5 million from RMB85.3 million as at 31 December 2017 mainly due to higher revenue 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 2018 increased to RMB235.9 million from RMB206.9 million (restated) as at 31 December 2017.

The balance as at 31 December 2018 included a receivable from Hainan White Horse, the non-controlling shareholder of the WHA Joint Venture, amounting to RMB171.7 million (31 December 2017: RMB123.3 million), which is unsecured, interest-free and has no fixed terms of repayment.

The increase in prepayments, deposits and other receivables was mainly due to the increase of the receivable from Hainan White Horse during the year for the cleaning and maintenance expenses subsidised as disclosed in the "Expenses" section, partially offset by the recovery of government subsidies of RMB22.9 million.

Long-term Prepayments, Deposits and Other Receivables

The Group's total long-term prepayments, deposits and other receivables as at 31 December 2018 increased to RMB93.8 million from RMB93.2 million as at 31 December 2017. They were mainly long-term deposits placed with independent third parties for the rental of the Group's bus shelters in the PRC.

Other Payables and Accruals

The Group's total payables and accruals as at 31 December 2018 were RMB697.3 million, compared to RMB682.1 million as at 31 December 2017. The increase was mainly due to the increase in higher 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 2018, the Group's total assets amounted to RMB3,441.8 million, a 8.6% increase from RMB3,169.6 million (restated) as at 31 December 2017. The Group's total liabilities increased to RMB927.3 million as at 31 December 2018, from RMB829.7 million (restated) as at 31 December 2017. Net assets as at 31 December 2018 increased by 7.5% to RMB2,514.5 million from RMB2,339.9 million (restated) as at 31 December 2017. This was mainly due to the retention of the net profit earned in the year ended 31 December 2018, partially offset by the 2017 final dividend paid to the shareholders of the Group. Net current assets increased from RMB610.0 million (restated) as at 31 December 2017, to RMB661.1 million as at 31 December 2018.

Share Capital and Shareholders' Equity

Total issued and fully paid share capital remained at RMB56.9 million as at 31 December 2018. Total shareholders' equity for the Group as at 31 December 2018 increased by 7.5%, to RMB2,514.5 million, from RMB2,339.9 million (restated) as at 31 December 2017. The Group's reserves as at 31 December 2018 amounted to RMB2,310.2 million, a 6.5% increase over the corresponding balance of RMB2,168.7 million (restated) as at 31 December 2017. This was mainly due to the retention of the net profit earned in the year ended 31 December 2018, partially offset by the 2017 final dividend paid to the shareholders of the Group.

Exposure to Foreign Exchange Risk

The Group's only investment in China remains its operating vehicle, the WHA Joint Venture, which solely conducts business within the PRC. WHA Joint Venture's operations, the bulk of its turnover, capital investment and expenses are denominated in RMB. As at the date of this announcement, the Group has not experienced any difficulties in obtaining government approval for its necessary foreign exchange purchases. During the year, 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 2018, the Group's total cash and cash equivalents amounted to RMB473.5 million (RMB337.4 million as at 31 December 2017). The Group had no short term or long-term debt outstanding as at 31 December 2018 (31 December 2017: Nil).

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

Capital Expenditure

For the year ended 31 December 2018, the Group invested RMB322.7 million in the construction of bus shelters and acquisition of concession rights, and RMB8.2 million on fixed assets, compared to RMB391.4 million and RMB7.5 million, respectively, in 2017.

Material Acquisitions and Disposals

We operated a new subsidiary in Ningbo this year. There were no other material acquisitions or disposals of any subsidiaries, associates or joint ventures of the Group during the year.

Employment, Training and Development

As at 31 December 2018, the Group had a total of 621 employees. Total wages and salaries slightly decreased by 2.3% 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 2018, the Group had pledged deposit of RMB4.5 million (31 December 2017: RMB4.5 million) to bank as security for a letter of guarantee of RMB15.0 million (31 December 2017: RMB15.0 million) and there was no deposit pledged (31 December 2017: 12.0 million) to bank as security for any bills payable (31 December 2017: RMB30.0 million).

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

Capital Commitments

As at 31 December 2018, the Group had capital commitments contracted but not provided for in relation to the construction of bus shelters amounting to RMB214.1 million (31 December 2017: RMB6.6 million).

Contingent Liabilities

During 2014, a supplier of the Group in China (the "Supplier") factored its accounts receivable allegedly due from the Group (the "Accounts Receivable") under certain supply contracts (the "Purported Supply Contracts") to certain financial institutions in China. Whilst the Purported Supply Contracts were allegedly entered into with a subsidiary of the Company, the Group has confirmed that none of them is an authentic supply contract to which it is a party. When the Accounts Receivable remained unpaid, the financial institutions commenced legal proceedings against, among others, the Company's subsidiary to recover an aggregate amount of approximately RMB115 million. As the Group confirmed that it had not entered into any of the Purported Supply Contracts, the Group treated the Purported Supply Contracts as being contractual fraud and reported the cases to the competent police authority. The directors, taking into account the advice from the Group's legal counsel, believe that the Group has a valid defence in law to the allegations against it and, accordingly, have not provided for any potential claim arising from the litigation, other than the related legal and other costs.

On 8 January 2016, the Group received a notice from a District Court in the PRC (the "Court") stating that a plaintiff has initiated legal action against the Supplier and that the Court has ruled in such plaintiff's favour and has frozen the Supplier's right to receive payment from the Group for the settlement of any outstanding liability between the Supplier and the Group. Total outstanding liability owed by the Group to the Supplier was RMB31.6 million. The Court has issued a compulsory order requiring the Group to remit an outstanding sum of about RMB17.6 million 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, the trial of the case was held on the Foshan Intermediate People's Court, but adjourned actually with no substantive progress. According to the subpoena received, the new trial of the case will be held on 24 April 2019.

FINANCIAL KEY PERFORMANCE INDICATOR

EBITDA as the financial key performance indicator

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

Environmental Policies and Compliance

We are committed to minimising 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. In addition to using LED lighting structures on all new shelters built in 2018, we have also converted about 1% of our existing bus shelter panels to LED lighting structures during the year. As of 31 December 2018, about 74% (2017: 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 12 major suppliers for the construction and supply of bus shelters and other outdoor media. Except for one vendor who has allegedly engaged in certain fraudulent activities as set out in the "Contingent Liabilities" section and was replaced with other third party suppliers, we have no major events affecting our relationships with our suppliers. An annual internal evaluation, led by our Engineering Department, is performed to measure the financial, technical, quality and logistics performance of these suppliers.

Relationships with Employees

The Board of Directors, through the announcements dated 2 January 2018, 8 February 2018, 19 March 2018, 29 May 2018, 29 June 2018, 30 July 2018, 13 August 2018, 30 October 2018 and 16 November 2018 informed the shareholders and potential investors that there had been misappropriation of certain funds of the Group. Since the announcement dated 2 January 2018, a special committee was established to (i) pursue available remedies and options to recover any loss and minimise any damage caused by the misappropriation; (ii) engage external professional parties to conduct a forensic investigation on the misappropriation and (iii) review, and improve where necessary, the internal control systems of the Group to prevent similar incidents from taking place again. An independent external law firm and an independent accounting firm were engaged to conduct a forensic investigation and to assist the special committee of the Company in investigating matters arising from the misappropriation and other related matters. The misappropriation of funds was also referred to the police for investigation. During the investigations in 2018, several employees were allowed to depart from the Group. Except for the investigations which affected such departed employees, we are not aware of any major event affecting our relationships with other remaining employees in 2018.

Relationships with Customers

Our sales team interact closely with advertising clients' marketing personnel and their advertising agents. In addition, our sales team identify new advertising clients every year. During the year, the total number of advertising clients increased to 657 from 636 in 2017.

OUTLOOK

Management is cautious about the operating environment in 2019 given the uncertain factors prevailing in the overall economy. Certain advertisers are expected to be prudent with their investment in marketing. Our sales team will endeavour upon trying to grow our 2019 total turnover but there is a possibility that more challenges may appear in the overall economy.

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

SUPPLEMENTARY INFORMATION

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.

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 four 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 2018 with management, the internal auditor and the external auditor. The Audit Committee has also reviewed the annual results for the year ended 31 December 2018.

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 2018 to 31 December 2018, 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 2018. 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 2018.

Scope of work of Ernst & Young

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

BOOK CLOSURE FOR ENTITLEMENT TO THE PROPOSED FINAL DIVIDEND

The Register of Members of the Company will be closed from Wednesday, 12 June 2019 to Friday, 14 June 2019 both days inclusive, during which period no share transfers can be registered. In order to qualify for the abovementioned final dividend (which are subject to approval by shareholders at the forthcoming Annual General Meeting of the Company to be held on Thursday, 30 May 2019), all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 11 June 2019.

By Order of the Board
Clear Media Limited
Joseph Tcheng
Chairman

Hong Kong, 11 March 2019

This announcement can also be accessed through our internet site at www.clear-media.net, www.irasia.com/listco/hk/clearmedia and the designated issuer website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk. The 2018 annual report of the Company containing financial statements and notes to the financial statements will be dispatched to the shareholders of the Company and will be published on the above websites in due course.

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

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

Non-executive Directors:
Mr. William Eccleshare
Mr. Peter Cosgrove
Mr. Zhu Jia
Mr. Michael Saunter

Independent Non-executive Directors:
Mr. Wang Shou Zhi
Ms. Leonie Ki Man Fung
Mr. Thomas Manning
Mr. Robert Gazzi

Alternate Directors:
Mr. Zou Nan Feng
(Alternate to Mr. Zhang Huai Jun)
Mr. Adam Tow
(Alternate to Mr. William Eccleshare)