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CLEAR MEDIA LIMITED

白馬戶外媒體有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 100)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

- The Group's total turnover increased by 5% to HK$819 million.
- EBITDA increased by 7% to HK$315 million.
- EBIT increased by 12% to HK$151 million.
- Net profit[1] increased by 4% to HK$91 million.
- Basic earnings per share increased by 3% to HK16.90 cents.

1 Net profit attributable to shareholders of the Company

* *For identification purposes only*

The Board of Directors (the "Board") of Clear Media Limited ("Clear Media" or the "Company") and its subsidiaries (Clear Media and its subsidiaries are hereafter collectively referred to as the "Group") are pleased to announce that the unaudited interim results of the Group for the six months ended 30 June 2014, together with the comparative figures for the corresponding period in the previous financial year, are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014

		For the six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**819,249**	777,786
Cost of sales	*5*	**(496,961)**	(493,822)
Gross profit		**322,288**	283,964
Other income	*3*	**8,730**	12,567
Selling and distribution expenses		**(86,806)**	(82,794)
Administrative expenses		**(79,466)**	(66,071)
Other expenses		**(4,870)**	(329)
Finance costs	*4*	**(2,179)**	(991)
PROFIT BEFORE TAX	*5*	**157,697**	146,346
Income tax expenses	*6*	**(48,906)**	(44,097)
PROFIT FOR THE PERIOD		**108,791**	102,249
ATTRIBUTABLE TO:			
Owners of the parent		**90,645**	86,804
Non-controlling interests		**18,146**	15,445
		108,791	102,249
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	*7*	**HK 16.90 cents**	HK16.41 cents
Diluted	*7*	**HK 16.79 cents**	HK16.21 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**108,791**	102,249
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(67,236)**	77,584
Income tax effect	**–**	–
Other comprehensive income for the period, net of tax	**(67,236)**	77,584
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**41,555**	179,833
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	**22,167**	165,593
Non-controlling interests	**19,388**	14,240
	41,555	179,833

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Notes	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**30,419**	27,639
Concession rights	10	**1,823,591**	1,795,201
Long-term prepayments, deposits and other receivables	11	**69,203**	83,670
Total non-current assets		**1,923,213**	1,906,510
CURRENT ASSETS			
Trade receivables	12	**562,024**	487,634
Prepayments, deposits and other receivables	13	**135,785**	149,112
Due from a related party	14	**136,413**	149,338
Pledged deposits and restricted cash	15	**1,593**	31,631
Cash and cash equivalents	15	**953,305**	892,822
Total current assets		**1,789,120**	1,710,537
CURRENT LIABILITIES			
Other payables and accruals		**623,567**	583,149
Deferred income		**4,282**	3,800
Tax payable		**81,835**	65,066
Dividend payable	8	**80,469**	–
Total current liabilities		**790,153**	652,015
NET CURRENT ASSETS		**998,967**	1,058,522
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,922,180**	2,965,032
NON-CURRENT LIABILITIES			
Net deferred tax liabilities		**75,381**	80,308
Total non-current liabilities		**75,381**	80,308
Net assets		**2,846,799**	2,884,724
EQUITY			
Equity attributable to owners of the parent			
Issued capital	16	**53,665**	53,646
Retained earnings		**1,023,963**	933,318
Other components of equity		**1,691,941**	1,759,449
Proposed final dividend	8	**–**	80,469
		2,769,569	2,826,882
Non-controlling interests		**77,230**	57,842
Total equity		**2,846,799**	2,884,724

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to owners of the parent										
	Issued capital	**Share premium account**	**Share option reserve**	**Contributed surplus**	**Foreign currency translation reserve**	**Retained earnings**	**Proposed dividend**	**Proposed special dividend**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 January 2013	52,900	795,246	17,327	271,657	617,687	1,440,435	79,350	–	3,274,602	102,826	3,377,428
Profit for the period	–	–	–	–	–	86,804	–	–	86,804	15,445	102,249
Other comprehensive income	–	–	–	–	78,789	–	–	–	78,789	(1,205)	77,584
Total comprehensive income for the period	–	–	–	–	78,789	86,804	–	–	165,593	14,240	179,833
Dividends paid to a non-controlling shareholder	–	–	–	–	–	–	–	–	–	(28,861)	(28,861)
Final 2012 dividend declared	–	–	–	–	–	–	(79,350)	–	(79,350)	–	(79,350)
Equity-settled share option arrangements	–	–	1,283	–	–	–	–	–	1,283	–	1,283
Proposed special dividend	–	–	–	–	–	(698,281)	–	698,281	–	–	–
At 30 June 2013 (unaudited)	52,900	795,246	18,610	271,657	696,476	828,958	–	698,281	3,362,128	88,205	3,450,333
As at 1 January 2014	53,646	825,752	8,608	191,188	733,901	933,318	80,469	–	2,826,882	57,842	2,884,724
Profit for the period	–	–	–	–	–	90,645	–	–	90,645	18,146	108,791
Other comprehensive income	–	–	–	–	(68,478)	–	–	–	(68,478)	1,242	(67,236)
Total comprehensive income for the period	–	–	–	–	(68,478)	90,645	–	–	22,167	19,388	41,555
Final 2013 dividend declared	–	–	–	–	–	–	(80,469)	–	(80,469)	–	(80,469)
Share options exercised	19	782	(282)	–	–	–	–	–	519	–	519
Equity-settled share option arrangements	–	–	470	–	–	–	–	–	470	–	470
At 30 June 2014 (unaudited)	53,665	826,534	8,796	191,188	665,423	1,023,963	–	–	2,769,569	77,230	2,846,799

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

		For the six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		157,697	146,346
Adjustments for:			
Write down of concession rights	*5*	2,932	–
Loss on disposal of concession rights	*5*	1,707	398
Gain on disposal of items of property, plant and equipment	*5*	(81)	(69)
Depreciation of property, plant and equipment	*5*	4,929	4,827
Recognition of a prepaid lease payment		1,266	1,167
Amortisation of concession rights	*5*	159,295	154,055
Foreign exchange losses, net	*5*	1,351	7
Other finance costs		822	991
Cash-settled share-based payments	*5*	3,800	2,175
Equity-settled share option expense	*5*	470	1,283
Bank interest income	*3*	(8,730)	(12,567)
		325,458	298,613
Increase in long-term prepayments, deposits and other receivables		(2,486)	(4,054)
Increase in trade receivables		(86,331)	(78,494)
(Increase) /decrease in prepayments, deposits and other receivables		(12,430)	31,615
Decrease in amounts due from a related party		9,268	39,671
Increase/(decrease) in other payables and accruals		13,848	(13,519)
Increase/(decrease) in deferred income		575	(156)
Cash generated from operations		247,902	273,676
Income taxes paid		(34,632)	(32,364)
Net cash flows from operating activities		213,270	241,312
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment, excluding construction in progress		(5,380)	(3,158)
Proceeds from disposal of property, plant and equipment		81	69
Proceeds from disposal of concession rights		105	125
Purchase of concession rights		(185,396)	(82,064)
Interest received		8,015	21,589
Decrease /(increase) in pledged deposits		29,263	(10,355)
Net cash flows used in investing activities		(153,312)	(73,794)

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash flows used in investing activities	(153,312)	(73,794)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	519	–
Net cash flows from financing activities	519	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	60,477	167,518
Cash and cash equivalents at beginning of period	892,822	1,289,724
Effect of foreign exchange rate changes, net	6	(7)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	953,305	1,457,235
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	953,305	1,457,235

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2014

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2013.

Impact of new and revised Hong Kong Financial Reporting Standards

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the adoption of the new or revised standards, interpretation and amendments as of 1 January 2014, noted below:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: *Presentation – Offsetting Financial Assets and Financial Liabilities*
HKAS 36 Amendments	Amendments to HKAS 36 Impairment of Assets – *Recoverable Amount Disclosures for Non-Financial Assets*
HKAS 39 Amendments	Amendments to HKAS 39 Financial instrument: *Recognition and measurement – Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC) – Int 21	Levies

The adoption of the above new or revised standards, interpretation and amendments has had no material financial effect on the accounting policies of the Group and the methods of computation in the interim condensed consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2. SEGMENT INFORMATION

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

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

3. REVENUE AND OTHER INCOME

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Rental from outdoor advertising spaces	**819,249**	777,786
Other income		
Interest income	**8,730**	12,567

4. FINANCE COSTS

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Other finance costs	**2,179**	991

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of services provided	**145,943**	169,559
Operating lease rentals on bus shelters	**191,723**	170,208
Amortisation of concession rights	**159,295**	154,055
Cost of sales	**496,961**	493,822
Auditors' remuneration	**1,351**	1,306
Depreciation of property, plant and equipment	**4,929**	4,827
Write-down of concession rights	**2,932**	–
Loss on disposal of concession rights	**1,707**	398
Gain on disposal of items of property, plant and equipment	**(81)**	(69)
Operating lease rentals on buildings	**13,074**	12,380
Employee benefits expense (including directors' and chief executive's remuneration):		
Wages and salaries	**95,212**	83,034
Cash-settled share-based payments	**3,800**	2,175
Equity-settled share option expenses	**470**	1,283
Pension scheme contributions	**8,484**	7,852
	107,966	94,344
Foreign exchange losses, net	**1,351**	7
Interest income	**(8,730)**	(12,567)

6. TAX

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong profits tax	–	–
Current – PRC corporate income tax	**53,833**	53,165
Deferred tax	**(4,927)**	(9,068)
Total tax charge for the period	**48,906**	44,097

Hong Kong profits tax has not been provided as the Group has no assessable profits arising in Hong Kong during the period (six months ended 30 June 2013: Nil). Taxes on profits assessable in the PRC have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof.

According to the Enterprise Income Tax Law of the PRC effective on 1 January 2008, Hainan White Horse Advertising Media Investment Company Limited ("WHA Joint Venture"), a subsidiary of the Company established in the Hainan Special Economic Zone of the PRC, was subject to a corporate income tax of 25% (2013: 25%) for the head office and its branches on its assessable profits arising in the PRC for the year 2014.

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 the WHA Joint Venture, a subsidiary of the Company established in the Hainan Special Economic Zone of the PRC, in respect of earnings generated from 1 January 2008. As at 30 June 2014, a deferred tax liability of HK$29,620,000 (31 December 2013: HK$26,537,000) was recognised for withholding taxes on the profits of WHA Joint Venture which the Group considers that it is probable to be distributed in the foreseeable future.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the period is based on the profit attributable to ordinary equity holders of the parent of HK$90,645,000 (six months ended 30 June 2013: HK$86,804,000) and the weighted average number of 536,500,489 (six months ended 30 June 2013: 529,000,500) ordinary shares in issue during the period.

The calculation of the diluted earnings per share for the period is based on the profit attributable to ordinary equity holders of the parent of HK$90,645,000 (six months ended 30 June 2013: HK$86,804,000). The weighted average number of ordinary shares used in the calculation is the 536,500,489 (six months ended 30 June 2013: 529,000,500) ordinary shares in issue during the period, as used in the basic earnings per share calculation; and the weighted average of 3,249,414 (six months ended 30 June 2013: 6,649,000) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

8. DIVIDEND

The Board of Directors resolved not to pay any interim dividend to shareholders in respect of the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

A dividend that relates to the year ended 31 December 2013 of HK$80,468,775 (HK15 cents per share) (2012: HK$79,350,075 (HK15 cents per share)) was approved at the annual general meeting on Friday, 30 May 2014 and was recorded as a liability in the condensed consolidated financial statements.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group acquired property, plant and equipment at a cost of HK$5,380,000 (six months ended 30 June 2013: HK$3,158,000), and incurred construction in progress at a cost of HK$31,608,000 (six months ended 30 June 2013: HK$11,696,000).

Property, plant and equipment with a net book value of nil were disposed of by the Group during the six months ended 30 June 2014 (six months ended 30 June 2013: Nil), resulting in a net gain on disposal of HK$81,000 (six months ended 30 June 2013: HK$69,000).

10. CONCESSION RIGHTS

During the six months ended 30 June 2014, the Group had an addition of concession rights at a cost of HK$234,750,000 (six months ended 30 June 2013: HK$53,448,000), including concession rights transferred from construction in progress of HK$28,289,000 (six months ended 30 June 2013: HK$3,216,000).

Concession rights with a net book value of HK$4,744,000 were disposed of/written down by the Group during the six months ended 30 June 2014 (six months ended 30 June 2013: HK$523,000), resulting in a net loss on disposal of HK$4,639,000 (six months ended 30 June 2013: HK$398,000).

11. LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Long-term prepayments amounting to RMB45,809,000 (equivalent to HK$57,233,000) (31 December 2013: RMB45,809,000 (equivalent to HK$58,670,000)) 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 30 June 2014 also included a non-current portion of a prepaid bus shelter lease payment amounting to HK$11,970,000 (31 December 2013: HK$11,015,000).

Long-term prepayments amounting to RMB10,920,000 (equivalent to HK$13,986,000) as at 31 December 2013 was made to an independent third party for the purchase of bus shelters which were delivered to the Group in 2014 and the long-term prepayments were transferred to concession rights.

12. TRADE RECEIVABLES

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

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

	Group	
	30 June 2014 (Unaudited)	31 December 2013 (Audited)
	HK$'000	*HK$'000*
Current to 90 days	**361,659**	258,755
91 days to 180 days	**165,231**	219,493
Over 180 days	**55,621**	33,169
	582,511	511,417
Less: Provision for impairment of trade receivables	**(20,487)**	(23,783)
Total trade receivables, net	**562,024**	487,634

The movements in provision for impairment of trade receivables are as follows:

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
At 1 January	**23,783**	32,278
Impairment losses recognised	**–**	–
Amount written off as uncollectible	**(3,296)**	(4,358)
At 30 June	**20,487**	27,920

The above provision for impairment of trade receivables is a provision to cover balances for which the Group may not be able to recover full amounts from the customers. The Group does not hold any collateral or other credit enhancements over these balances.

The aging analysis of the trade receivables that are not considered to be impaired is as follows:

	30 June 2014	31 December 2013
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Neither past due nor impaired	**536,502**	457,669
Less than 3 months past due	**22,897**	29,965
Over 3 months past due	**2,625**	–
	562,024	487,634

Receivables that were neither past due nor impaired relate to a diversity of numerous customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance of prepayments, deposits and other receivables as at 30 June 2014 included a receivable from Hainan White Horse Advertising Co., Ltd. ("Hainan White Horse"), the non-controlling shareholder of the WHA Joint Venture, amounting to HK$75,717,000 (31 December 2013: HK$70,560,000), which is unsecured, interest-free and has no fixed terms of repayment.

14. DUE FROM A RELATED PARTY

An aging analysis of the amounts due from Guangdong White Horse Advertising Company Limited ("GWH") as at the end of the reporting period, based on revenue recognition date, is as follows:

	30 June 2014 (Unaudited) ***HK$'000***	31 December 2013 (Audited) *HK$'000*
Current to 90 days	**87,531**	73,290
91 days to 180 days	**48,882**	64,623
Over 180 days	**–**	11,425
	136,413	149,338

The balance with GWH is unsecured, interest-free and is repayable on demand.

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

As at 30 June 2014, the Group's cash and bank balances and pledged deposits denominated in Renminbi ("RMB") amounted to HK$802,246,000 (31 December 2013: HK$814,541,000). 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 bank balance (including pledged deposits) among various creditworthy banks with no recent history of default. As at 30 June 2014, the Group maintained less than 20% of the Group's total bank balances in any one bank.

As at 30 June 2014, a bank balance of RMB1,275,000 (equivalent to approximately HK$1,593,000) was frozen in respect of a dispute between a bank and a supplier of the Group in China. The directors of the Company are of the view that the dispute will not have any material impact on the condensed consolidated financial statements of the Group.

16. ISSUED CAPITAL

	30 June 2014 (Unaudited) ***HK$'000***	31 December 2013 (Audited) *HK$'000*
Shares		
Authorised:		
1,000,000,000 ordinary shares of HK$0.10 each	**100,000**	100,000
Issued and fully paid:		
536,648,500 ordinary shares of HK$0.10 each (31 December 2013: 536,458,500)	**53,665**	53,646

During the period, the increase in share capital represented the subscription rights attaching to 190,000 share options exercised at the subscription price of HK$2.73 per share, resulting in the issue of 190,000 shares of HK$0.1 each for a total cash consideration, before expenses, of HK$519,000. An amount of HK$282,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

During the first half of 2014, economic growth in Mainland China continued to be mild and the operating environment remained stable.

Both local and international advertisers continued to be cautious and preferred to book later than we have experienced in the past.

The revenue contribution from advertisers from the IT, realty, telecommunication, e-commerce and fashion industries increased. In particular, the revenue contribution from the IT sector as a percentage of total revenue increased to 13.6% in the first half of 2014 from 8.2% during the same period of last year.

Revenue contribution as a percentage of total revenue from the beverage sector has declined to 20.9% in the first half of 2014 from 28.3% during the same period of last year.

Operation Overview

Bus Shelter Advertising Business

As of 30 June 2014, Clear Media operated the most extensive standardized bus shelter advertising network in Mainland China, with a total of more than 41,000 panels (1H2013: 37,000) covering 27 cities. Our bus shelter advertising revenue, net of value added tax, increased by 5.3% to HK$819 million, on the back of mild economic growth.

The average selling price before value added tax ("ASP") increased by 3.6% during the first half of 2014. The average number of bus shelter panels increased by 6.4%. The overall occupancy rate increased marginally to 60% (1H2013: 59%).

Due to the change in tax regulation, the business tax for our bus shelter advertising business was replaced by value added tax in Shanghai, Beijing, Guangzhou and Shenzhen effective from 1 January 2012, 1 September 2012 and 1 November 2012, respectively. Business tax of all other China cities was replaced by value added tax effective from 1 August 2013. These tax charges had the effect of reducing our turnover by HK$49 million in 1H2014 (1H2013: HK$8 million).

Key Cities

For the six months ended 30 June 2014, the revenue before value added tax ("Gross Revenue") from Beijing, Guangzhou and Shanghai increased by 15.8% to HK$487 million (1H2013: HK$420 million). Among the three key cities, the revenue performance was led by Beijing, followed by Guangzhou, then Shanghai.

Beijing

The Gross Revenue from Beijing increased by 12.7% to HK$218 million (1H2013: HK$193 million) as the average number of bus shelter panels increased by 4.5%, the ASP increased by 4.0% and the occupancy rate increased to 66% (1H2013: 64%).

Guangzhou

The Gross Revenue from Guangzhou increased by 17.5% to HK$157 million (1H2013: HK$134 million) due to the 5.4% increase in the ASP and the increase in occupancy rate to 58% (1H2013: 51%). The average number of bus shelter panels decreased by 2.1%.

Shanghai

The Gross Revenue from Shanghai increased by 19.7% to HK$112 million (1H2013: HK$93 million) due to the 15.5% increase in the average number of bus shelter panels and the 3.8% increase in ASP. The occupancy rate was 50% (1H2013: 51%).

Mid-Tier Cities

The Gross Revenue from all mid-tier cities increased by 4.5% to HK$381 million (1H2013: HK$365 million) for the six months ended 30 June 2014. ASP increased by 0.7% and the average number of bus shelter panels increased by 7.2%. The occupancy rate decreased to 60% (1H2013: 62%).

Among the mid-tier cities where we operate, Shenzhen, Wuhan, Kunming, Shijiazhuang, Nanning, Changchun and Haikou performed well with double digit increase in revenue.

FINANCIAL REVIEW

Turnover

The Group's total turnover increased by 5.3% to HK$819 million during the first half of 2014.

Other Income

Other income decreased from HK$12.6 million in the prior period to HK$8.7 million mainly due to lower bank fixed deposits interest income.

Expenses

During the six months ended 30 June 2014, the Group's total direct operating costs, including rental, electricity and maintenance costs, and sales, cultural and other levies, slightly decreased by 0.6% to HK$338 million (1H2013: HK$340 million).

The rental costs for our core bus shelter advertising business increased by 12.6% during the current six-month period. The increase was mainly due to the general increase in the number of bus shelter panels by 6.4% and the revision of rental levels in certain cities.

During the first half of 2014, the cleaning and maintenance costs for our core bus shelter business increased by 12.0% mainly due to the increase in the number of bus shelter panels by 6.4% and higher maintenance and repair costs incurred during the period by HK$4.5 million.

During the six months ended 30 June 2014, sales, cultural and other levies decreased by 51.8%, due to the replacement of business tax by value added tax.

Total selling, general and administrative expenses, excluding depreciation and amortisation, increased by 12.0% to HK$161 million for the six months ended 30 June 2014 (1H2013: HK$144 million), mainly due to higher staff costs following salary adjustment and head count increment and higher loss on disposal.

EBITDA

The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 7.4% to HK$315 million (1H2013: HK$294 million) mainly due to higher turnover of the core bus shelter advertising business in the current period. EBITDA margin increased to 38.5% (1H2013: 37.8%).

EBIT

The Group's earnings before interest and tax ("EBIT") increased by 12.1% to HK$151 million for the current six-month period from HK$135 million in the same period last year, mainly due to higher turnover of the core bus shelter advertising business and lower level of amortization expenses increment as certain concession rights have been fully amortized during the period.

Finance Costs

During the period under review, the Group carried no debt hence the finance costs incurred were minimal at HK$2 million (1H2013: HK$1 million).

Taxation

According to the PRC Enterprise Income Tax Law effective 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% (2013: 25%) on its assessable profits arising in the PRC for the year 2014.

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.

During the period, taxes provided for by the Group increased to HK$49 million for the six months ended 30 June 2014 from HK$44 million for the same period last year. This was mainly due to the increase in assessable profits of the core bus shelter advertising business during the current period. In addition, a deferred tax liability of HK$3 million was recognised for withholding taxes on the profits of WHA Joint Venture which the Group considers that it is probable to be distributed in the foreseeable future.

Net Profit

Net profit increased by 4.4% to HK$91 million (1H2013: HK$87 million) for the six months ended 30 June 2014 on the back of the increase in the turnover of the core bus shelter advertising business, while the net profit margin remained stable at 11.1% (1H2013: 11.2%).

Cashflow

Net cash flows from operating activities for the current period decreased to HK$213 million (1H2013: HK$241 million), mainly due to the effect of working capital changes, partially offset by the higher operating profit for the period.

Net cash flows used in investing activities during the six months ended 30 June 2014 increased to HK$153 million (1H2013: HK$74 million) mainly due to the payment for 2013 capital expenditure projects and investment in inventory expansion including the Nanjing project in the first half of 2014.

Net cash flow from financing activities amounted to HK$1 million for the period ended 30 June 2014. This was mainly due to the increase in share capital as a result of the exercise of 190,000 shares of options.

Free cash flow, defined as EBITDA (before losses on disposal and write off of concession rights and other assets and equity-settled share option expenses) less cash outflow on capital expenditure, less income tax and net interest expense, decreased to HK$88 million for the current six-month period, compared to HK$178 million in the same period last year. The decrease was mainly due to a higher level of capital expenditure, partially compensated by a higher EBITDA generated in the current period.

Trade Receivables

The Group's accounts receivable balance due from third parties increased by 15.3% to HK$562 million as at 30 June 2014 from HK$488 million as at 31 December 2013. The increase was mainly from the outstanding balances in the current to 90 days category following the higher sales during the current period. Total outstanding balances in over 180 days category increased by HK$22 million due to slower repayment from certain major customers. None of the accounts receivable was due from connected persons, as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Accounts receivable from GWH are disclosed separately and discussed below.

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

Despite the higher Group's accounts receivable balance as at 30 June 2014, the increase was mainly from the outstanding balances in the current to 90 days category and average accounts receivable outstanding days, on a time-weighted basis, improved to 97 days for the current six-month period from 99 days for the same period last year. As at 30 June 2014, the provision for impairment of accounts receivables decreased to HK$20 million from HK$24 million as at 31 December 2013. We will continue to closely monitor the accounts receivable balance and ensure the level of provision is appropriate and prudent.

Due from Related Party

As at 30 June 2014, the amount due from GWH decreased to HK$136 million from HK$149 million as at 31 December 2013 mainly due to the higher level of cash collection from GWH during the current period. Average balance due from GWH outstanding days, on a time-weighted basis, improved to 99 days for the current six-month period from 142 days for the same period last year. We will continue to work closely with GWH to expedite collection in the second half of the year.

Prepayments, Deposits and Other Receivables

The Group's total prepayments, deposits and other receivables as at 30 June 2014 decreased to HK$136 million from HK$149 million as at 31 December 2013.

The balance as at 30 June 2014 included a receivable from Hainan White Horse Advertising Co., Ltd. ("Hainan White Horse"), the non-controlling shareholder of the WHA Joint Venture, amounting to HK$76 million (31 December 2013: HK$71 million), which are unsecured, interest-free and have no fixed terms of repayment.

The decrease in prepayments, deposits and other receivables was mainly due to the decrease of bus shelter rental prepayments, partially offset by the increase in receivable from Hainan White Horse during the period.

Long-term Prepayments, Deposits and Other Receivables

The Group's total long-term prepayments, deposits and other receivables as at 30 June 2014 decreased to HK$69 million from HK$84 million as at 31 December 2013.

The decrease in long-term prepayments, deposits and other receivables was mainly due to a decline in the long-term prepayments made to an independent third party for the purchase of bus shelters. The bus shelters have been delivered and the balance has been classified as concession rights during the period.

Other Payables and Accruals

The Group's total payables and accruals as at 30 June 2014 were HK$624 million, compared to HK$583 million as at 31 December 2013. The increase was mainly due to the increase in capital expenditure payables partially offset by a lower value added tax payable balance. It would be inappropriate to give the turnover days against sales figures as the payable is more closely related to capital expenditure incurred for the acquisition of bus shelter concession rights.

Assets and Liabilities

As at 30 June 2014, the Group's total assets amounted to HK$3,712 million, a 2.6% increase from HK$3,617 million, as at 31 December 2013. The Group's total liabilities increased to HK$866 million as at 30 June 2014 from HK$732 million as at 31 December 2013. Net assets as at 30 June 2014 decreased by 1.3% to HK$2,847 million from HK$2,885 million as at 31 December 2013. This was mainly due to the reclassification of the 2013 final dividend to current liability upon the approval of the 2013 final dividend at the annual general meeting and the foreign exchange losses from translation of the Group's RMB operation in mainland China, partially offset by the retention of the net profit earned in the six months ended 30 June 2014. Net current assets decreased from HK$1,059 million as at 31 December 2013, to HK$999 million as at 30 June 2014.

As at 30 June 2014, the Group's total cash and cash equivalents amounted to HK$953 million (31 December 2013: HK$893 million).

Share Capital and Shareholders' Equity

Total issued and fully paid share capital remained at HK$54 million as at 30 June 2014. Total equity of the Group as at 30 June 2014 decrease by 1.3%, to HK$2,847 million, from HK$2,885 million as at 31 December 2013. The Group's reserves as at 30 June 2014 amounted to HK$2,716 million, a 2.1% decrease over the corresponding balance of HK$2,773 million as at 31 December 2013. This was mainly due to the reclassification of the 2013 final dividend to current liability upon the approval of the 2013 final dividend at the annual general meeting and the foreign exchange losses from translation of the Group's RMB operation in mainland China, partially offset by the retention of the net profit earned in the six months ended 30 June 2014. The Group undertook no share repurchases during the period.

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

The average exchange rate of the RMB has depreciated by 0.2% against the Hong Kong Dollar during the six months ended 30 June 2014 as compared with the same period last year. The Group's turnover and costs are largely denominated in RMB, which will largely offset each other. However, as the Group's net profit is reported in Hong Kong Dollars, the depreciation of RMB will have a negative impact on the Group's net profit.

The majority of our operating assets are located in the PRC and is denominated in RMB. The operating assets are translated to Hong Kong Dollars at the 30 June 2014 spot rate. The spot rate of RMB as of 30 June 2014 has depreciated against the Hong Kong Dollars by 2.5% as compared with the spot rate as at 31 December 2013. This has resulted in a decrease in the foreign currency translation reserve of approximately HK$68 million (1H2013: increase of HK$79 million).

Liquidity, Financial Resources, Borrowing and Gearing

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

As at 30 June 2014, the Group's total cash and cash equivalents amounted to HK$953 million (HK$893 million as at 31 December 2013). The Group had no short-term or long-term debt outstanding as at 30 June 2014 (31 December 2013: Nil).

The Group's current policy is to maintain a low level of gearing. This policy will be reviewed on an annual basis. We plan to invest in and expand our bus shelter network, and explore investment opportunities in alternate media assets with the aim to increase return to shareholders.

Capital Expenditure

For the six months ended 30 June 2014, the Group invested HK$238 million in the construction of new bus shelters and the acquisition of concession rights, and HK$5 million on fixed assets, compared to HK$62 million and HK$3 million, respectively, for the same period last year. The increase was mainly due to lower level of capital expenditure in the first half of 2013 as a high percentage of our 2013 capital expenditure was incurred in the second half of last year. In addition, in 2014, certain major projects including the Nanjing expansion happened in the first half of the year.

Material Acquisitions and Disposals

There were no other material acquisitions or disposals of any subsidiaries, associates or joint ventures of the Group during the six months ended 30 June 2014.

Employment, Training and Development

As at 30 June 2014, the Group had a total of 547 employees, an increase of 9.2% over the same period in 2013. Total wages and salaries increased by 14.7% during the current six-month period mainly due to salary increments.

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

Charges on Group Assets

As at 30 June 2014, a bank balance of RMB1 million (equivalent to approximately HK$2 million) was frozen in respect of a dispute between a bank and a supplier of the Group in China. The directors of the Company are of the view that the dispute will not have any material impact on the condensed consolidated financial statements of the Group.

Capital Commitments

As at 30 June 2014, the Group had capital commitments contracted but not provided for in relation to the construction of bus shelters amounting to HK$97 million (31 December 2013: HK$13 million).

Contingent Liabilities

During the six months ended 30 June 2014, except for a bank balance of RMB1 million frozen in respect of a dispute between a bank and a supplier of the Group in China as disclosed in the "Charges on Group Assets" section above, neither the Company nor any of its subsidiaries has engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or arbitration of material importance is pending or threatened against the Company or any of its subsidiaries.

OUTLOOK

Management expects the moderate growth environment to continue in line with the overall economy. Advertisers' preference to commit as late as possible is expected to go on.

In July 2014, we introduced our first batch of commercial digital panels aimed at attracting new advertising revenue stream. Management will continue to explore opportunities to expand our digital network to other key cities in China.

SUPPLEMENTARY INFORMATION

Corporate Governance

The Board is committed to the principles of corporate governance for a transparent, responsible and value-driven management that is focused on enhancing shareholders' value. In order to reinforce independence, accountability and responsibility, the role of Clear Media's Chairman is separate from that of Clear Media's Chief Executive Officer. The Board has established an Audit Committee, a Remuneration Committee, a Nomination Committee, a Capital Expenditure Committee, a Cash Committee and a Directors' Securities Dealing Committee with defined terms of reference.

Corporate governance practices adopted by the Group during the period from 1 January 2014 to 30 June 2014 are in line with the code provisions set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

None of the Directors is aware of any information that would reasonably indicate that Clear Media is not, or was not for any part of the period from 1 January 2014 to 30 June 2014, in compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules.

Compliance with the Model Code of Appendix 10 of the Listing Rules

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

Audit Committee

The Audit Committee is comprised of a majority of independent non-executive Directors with substantial expertise in finance as well as relevant market experience. The Audit Committee has reviewed the accounting policies and practices adopted by the Group as well as the unaudited interim condensed financial statements for the six months period ended 30 June 2014. The Committee has also discussed with the external auditors their work in relation to the interim review. As part of discharging its responsibilities, the Committee has also met with the internal auditor and monitored his work on internal controls, risk management and financial reporting matters during the period.

Purchase, Sale and Redemption of the Company's Listed Securities

Neither Clear Media nor any of its subsidiaries has purchased, sold or redeemed any of Clear Media's securities during the interim period.

Investor Relations and Communications

The Group has maintained communication with investors and analysts through regular meetings, investment conferences and electronic newsletters. The Group also maintains investor relations websites at www.clear-media.net and www.irasia.com/listco/hk/clearmedia to disseminate information to investors and shareholders on a timely basis.

By Order of the Board
Clear Media Limited
Mark Thewlis
Chairman

Hong Kong, 5 August 2014

This announcement can also be accessed through our internet sites 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 2014 interim report of the Company containing information required by Appendix 16 to the Listing Rules 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. Mark Thewlis
Mr. Han Zi Jing
Mr. Teo Hong Kiong
Mr. Zhang Huai Jun

Non-executive Directors:
Mr. William Eccleshare
Mr. Peter Cosgrove
Mr. Zhu Jia
Mr. Cormac O'Shea

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

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