CLEAR MEDIA LIMITED
白馬戶外媒體有限公司

MATCH MAKER

Annual Report 2007

Stock code: 100

CONTENTS

Brilliant Performance

In 2007, Clear Media recorded one more year of double-digit growth – the tenth straight year since our inception in 1998, and the sixth straight year since our listing on the main board of the Hong Kong Stock Exchange.

This remarkable achievement is the result of our single-minded focus on an idea that we have implemented across China through a combination of hard work, quality service and attention to detail – whether we're creating new advertising display solutions or helping advertisers broaden their reach and strengthen their impact.

CORPORATE PROFILE

Clear Media Limited (SEHK:100) is the largest outdoor media company in China. We are the main board of the Stock Exchange of Hong Kong and derive 100% of our revenue from the PRC. One of our unique strengths is our strong shareholder base — a union of Clear Channel Outdoor (NYSE: CCO), the world's largest outdoor media company, and White Horse, a renowned diversified company in China. In the past ten years, Clear Media has created a standardized, nationwide bus shelter outdoor advertising network that covers 30 key cities in China, reaching the most affluent PRC consumers. We enjoy a leading market share in key cities and serve international and local advertisers.

Light the way

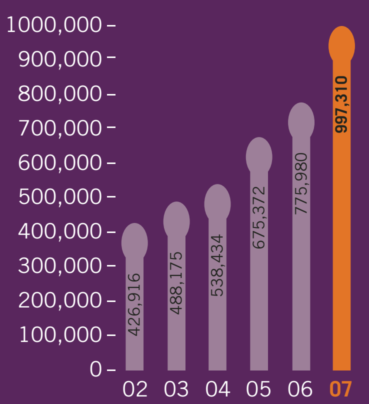
Clear Media Limited is the leader and the largest outdoor media company in China.

Our original business plan remains the foundation for our phenomenal growth in the past decade – standardized panels that allow advertisers to create a single-sized message for display across the country. Our street furniture not only enhances the kaleidoscopic background of China's cities, but shelters people while they wait for their buses – a perfect combination of form and function.

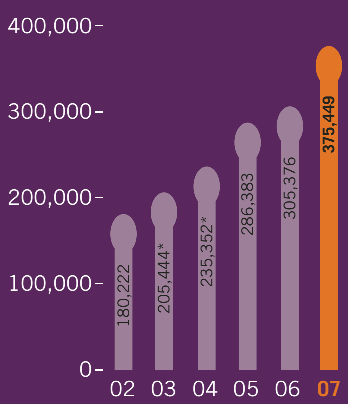
FINANCIAL HIGHLIGHTS

	2007	2006
Full Year Results (HK$'000)		
Turnover	**997,310**	775,980
EBITDA	**375,449**	305,376
Operating profit	**189,925**	153,368
Net profit	**141,584**	120,043
Basic EPS (HK cents)	**27.02**	23.43
Balance Sheet Data (HK$'000)		
Cash and cash equivalents	**283,456**	257,360
Total assets	**2,737,970**	2,433,574
Total liabilities	**585,603**	580,448
Equity attributable to equity holders of the parent	**2,120,927**	1,832,060
Cash Flow Data (HK$'000)		
Cash generated from operations	**330,194**	225,256
Free cash flow	**115,522**	(105,864)
Financial Ratios		
Current ratio	**2.07 times**	3.63 times
EBITDA margin	**37.6%**	39.4%
Net profit margin	**14.2%**	15.5%
Debt-to-equity ratio	**12%**	18%
Return on equity	**7.2%**	7.1%

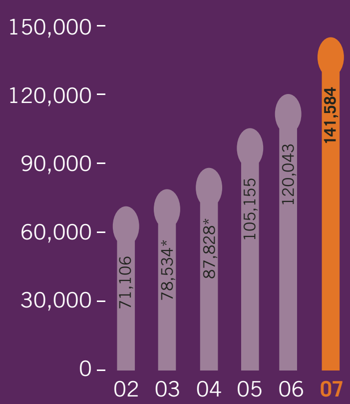
Turnover (HK$'000)



EBITDA (HK$'000)

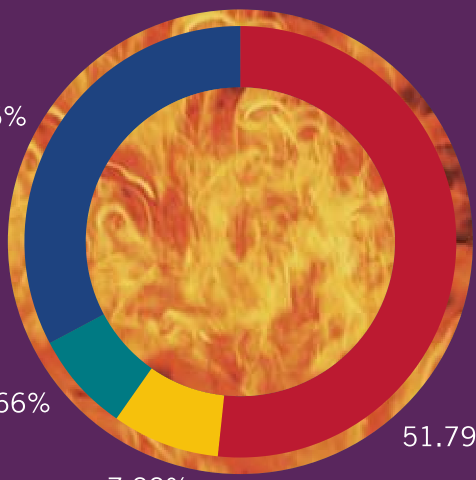


Net Profit (HK$'000)



** restated with application of new accounting standards*

FACT SHEET AT A GLANCE



Shareholder Information as at 31 December 2007

Clear Channel KNR Netherlands Antilles NV	51.79%
Julius Baer Investment Management LLC	7.99%
ZAM Europe L. P.	7.66%
The Public	32.56%

Nominal Value:	HK$0.1 per share
Listing:	Main Board of The Stock Exchange of Hong Kong Limited
Listing Date:	19 December 2001
Ordinary Shares	
• Shares outstanding as at 31 December 2007	524,368,500 shares
Market Capitalization	
• as at HK$8.14 per share (based on closing price on 31 December 2007)	HK$4.27 billion
Stock Code	
• Hong Kong Stock Exchange	100
• Reuters	0100.HK
• Bloomberg	100 HK
Financial Year End	31 December

Spontaneous Combustion

Our standardized-panel concept has made it easy to rapidly expand our network. Around the clock and around the corner, people see our messages in nearly 30,000 locations in 30 key cities across China, reaching the most affluent consumers in Beijing, Shanghai, Guangzhou and Shenzhen.

We're always on and always on top of trends. Day and night, our network keeps brand-conscious people current with new products and services, helps them find shops, and provides them with information they can use to make informed buying decisions. And we do it as a colorful backdrop to their lives.

Celestial Fire

Like a single match, the initial spark of an idea can grow beyond any imagining we have at that moment to become something incredible in the future. Clear Media's growth in the past ten years has been phenomenal, but when we look back years from now we will consider it just the beginning.

As China soars higher into space than ever before and prepares to welcome the world to this year's Olympics, we look around in wonder – awed by the fruits of people's imagination and drive – and we are proud to be a part of this great country's transformation.


中国航天
CZ-2F

CHAIRMAN'S STATEMENT

Light my fire

DEAR FELLOW SHAREOWNERS,

As the world's attention focuses on China and the 2008 Beijing Olympics – a potential turning point in the country's development on all fronts – we at Clear Media are excited about the transformational opportunities symbolized by the Torch. It inspires us to light that fire within all of us!

When we started Clear Media ten years ago, we had that fire in the belly – the passion to launch a world-class media network, to be first! By constantly adding fuel to that fire over the past decade, we continue to lead with a singular focus: One event – outdoor advertising. One arena – China. One goal – to the best!

Today, we are China's number one matchmaker between Brands and Consumers. And we keep this fire burning by creating ideal conditions where the two can come together, learn more about each other, and build a rewarding and lifelong relationship!

Based on our proven model, we are proud that 2007 was another year of solid double-digit growth in both top line and bottom line. With net profit growth of 18%. A sustainable EBITDA margin of 38%. And a net profit margin of 14%. For the tenth year in a row!

SUSTAINING THE HEAT AND LIGHT...

To capitalize on this positive momentum, we will accelerate our growth in 2008 by...

- Reaching deeper and building stronger relationships between the most affluent and influential consumers and the leading global and local brands.
- Offering innovative marketing solutions to partner with leading advertisers.
- Lifting our panel occupancy and penetration to improve the yield of our network.
- Seizing profitable growth opportunities, such as the upcoming launch of our innovative digital LED network in Beijing.
- Leading the consolidation of our industry to build the ultimate media company.

We will accomplish these growth strategies by...

- Expanding our core business of fully-illuminated panels throughout the network.
- Increasing the quality and quantity of our best-in-class marketing professionals.
- Adding new sales centers in mid-tier cities to tap "drill-down" growth opportunities that complement our core hubs in Guangzhou, Shanghai and Beijing.
- Strengthening our research and development to make innovation a key factor in leading our industry.
- Acquiring earning-accretive assets to complement our solid organic growth.

Outdoor advertising remains the fastest-growing medium in China, and is the only media sector in which foreign ownership is allowed. Backed by the global expertise of our parent company, Clear Channel Communications (NYSE-listed: CCU), we continue to lead the industry as we transform it. We look forward to connecting even more advertisers and consumers at the 2008 Beijing Olympics, the 2010 Asian Games in Guangzhou, and the 2010 Shanghai World Expo – and firing up those must-have relationships!

CARRYING THE TORCH TO LIGHT THE WAY...

As the Olympic torch is lit in 2008, we will all be watching the world's best athletes – people who have that fire in the belly! We wish them well as they strive to be their best. We echo that burning passion in reaching for the gold!

Anchored by that winning spirit, Clear Media will continue to leverage our unique advantages to bring sustainable value to all our stakeholders — shareowners, advertisers, employees, consumers and the communities that we serve.

As we reach our ten-year milestone, I would like to thank our shareholders for their partnership along this journey. With your trust and support, we will continue to refine our skills as the premier matchmaker between Brands and Consumers. And we will do it in a way that it brings pride and satisfaction to us all.

Steven Yung
Chairman
Clear Media Limited

CEO'S REPORT

In 2007, Clear Media began reaping the rewards of strategies we implemented in previous years in anticipation of the 2008 Beijing Olympics. Our efforts in the past three years to consolidate our market share in Beijing paid off in 2007. We were able to capitalize on our fully integrated bus shelter network and fast-growing customer demand. This, along with increased marketing efforts in mid-tier cities, drove general growth in sales and occupancy rates. Our overall turnover and profit attributable to shareholders for the year grew 29% and 18%, respectively, to HK$997 million and HK$142 million. Existing customers are willing to increase their advertising spend and, in addition to traditional customers in the telecommunications, food and beverages industries, we have secured new customers from the cosmetics and toiletries sector, which is now our third largest contributor to total sales.

China's outdoor advertising market remained robust, with unprecedented opportunities emerging as the 2008 Beijing Olympics draws near. Nevertheless, we are well aware of the market competition arising in parallel with sound business opportunities. Over the years, a number of small- to medium-sized players competing on low price, with some of them resorting to unruly practices in order to snatch market share. This posed a challenge for large-scale operators who opted for strict regulatory compliance. Fortunately, the local governments of some cities have begun cracking down on such irregularities and we believe that our position will be stronger in the wake of further regulation of the advertising industry and the resulting market consolidation. Our premium pricing policy has also been fully justified by market recognition and acceptance. Building on our present success, we intend to further improve our network and services in order to maintain our leading edge amid the many opportunities and challenges.

By the end of 2007, we operated over 29,000 bus shelter advertising panels after adding over 1,000 during the year. Beijing, Shanghai and Guangzhou continued to perform well. As in the past, our growth strategy was primarily focused on these three key cities, complemented by our conscious sales and marketing efforts to penetrate into the mid-tier cities.

Our Beijing sales packages have received enthusiastic response during the year and our advance order book is particularly strong despite the significant increase in our rate cards. We began to actively liaise with major customers at the beginning of 2007 and some Olympic sponsors already kick-started their marketing campaigns in the second half of the year by leveraging on our nationwide network. For example, Coca-Cola unveiled its 2008 Olympic advertising campaign by launching a thematic creative series on 2,008 bus shelter panels in Beijing. Total turnover contribution by the capital city in 2007 was HK$191 million, representing a year-on-year increase of 19%. With the Games drawing near, we will strive to maximize our return by adopting creative sales and marketing strategies.

The turnover in Shanghai for 2007 was HK$130 million, representing a year-on-year growth of 14%. While our results for the first quarter experienced a slight setback due to vigorous competition from other operators in various advertising product formats, we quickly adapted with the appropriate pricing measures and our business picked up strongly in the second quarter and onward. As our new scrolling panels become more popular among customers, we will continue to explore acquisition opportunities in order to reinforce our market-leading position in Shanghai and set the foundation for the business opportunities associated with the 2010 World Expo.

Guangzhou delivered strong performance throughout the year in terms of occupancy and average yield. Total turnover surged by 32% to HK$171 million, while the occupancy rate expanded to 72% during the year. We have maintained our leading position in Guangzhou as an exclusive operator backed by strong connections with our business partners. Following the model in Shanghai, we will consider converting some of the advertising panels in Guangzhou into scrollers and further boost overall yields.

Business performance in the 27 mid-tier cities was generally in line with expectations, with Chengdu, Hangzhou and Nanjing outperforming the rest. In 2007, new district sales centres were opened in Nanjing, Hangzhou, Shijiazhuang and Zhengzhou. These district offices proved very effective in developing local customers, providing better services and increasing the value of customer orders. Total turnover from all mid-tier cities grew by 21% to HK$418 million during the year. We will continue to identify development opportunities and move to consolidate the market as appropriate, with a view of maintaining the Group's leadership in these cities.

In Shenzhen, our new bus body advertising business already achieved breakeven in its first year of business with encouraging response from the market. Synergies with our core bus shelter business are expected to fully materialize and the operation will begin to contribute positively in the coming year, hence improving our market position in Shenzhen. We will continue to explore to take the bus body business to other cities.

The giant LED screens on the outer walls of Seven Star Morgan Centre in Beijing are in the installation and testing stages and will soon be ready for sale. We expect this digital project to contribute good incremental profit to our business this year.

Looking ahead in 2008, we will seize every opportunity presented by the Beijing Olympics, one of the most exciting times in China. We have already adjusted our rate cards across all cities according to market demand, response from our customers has been very favourable. Our capital expenditure investment will focus on Shenzhen, Jinan and Chengdu, in addition to the key cities of Beijing, Shanghai and Guangzhou.

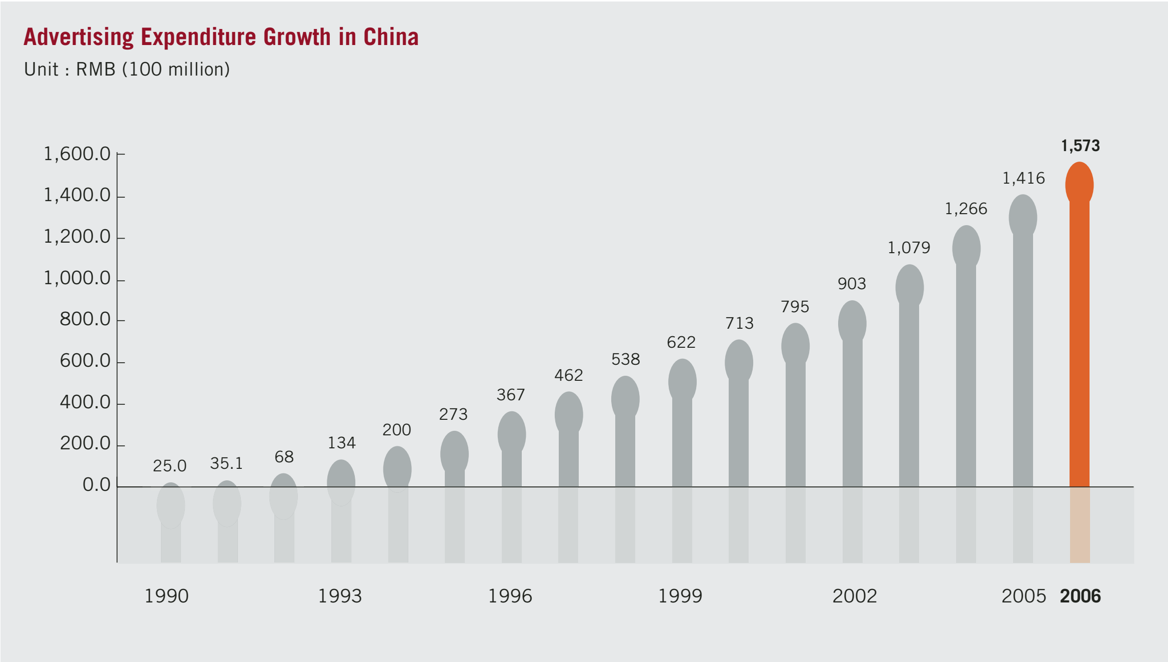
The Group will continue to explore new advertising formats and acquisition opportunities with a strategic focus. We will consider deploying digital LED technology across our bus shelter network and unipoles; in this regard, we have been actively talking to various business partners.

In light of China's GDP growth of over 11% last year, management is cautiously optimistic about the country's economic outlook. We will overcome market challenges by adopting flexible business strategies in order to ensure that Clear Media maintains its leadership in China's outdoor advertising industry and achieves the best returns for shareholders.

Backed by our proven track record over the past ten years, we have again delivered solid results in 2007 and we are setting our sights on record highs for 2008.

Han Zi Jing
Chief Executive Officer
Clear Media Limited

MANAGEMENT DISCUSSION AND ANALYSIS

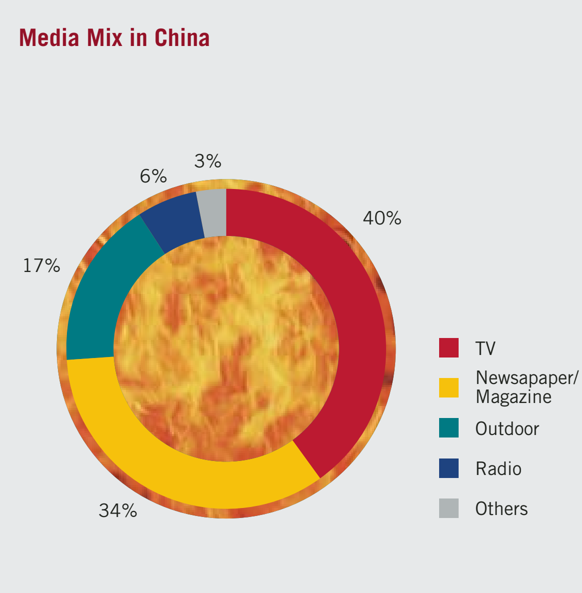


(SAIC: 2006)

INDUSTRY OVERVIEW

China's outdoor advertising market remains robust, with unprecedented opportunities emerging as the 2008 Beijing Olympics draws near.

In 2007, we saw a significant increase in advertising expenditure in China, thanks to the continuous strengthening of China's economy and the preparation for the 2008 Beijing Olympic Games. Various brands, both multinational and local, upped their advertising expenditure in a bid to grab higher market share in the burgeoning consumer market in China. On a category level, the cosmetics and toiletries industry accounted for the largest in advertising expenditure in the market place, followed by medicine, commerce and service, and food and beverage.



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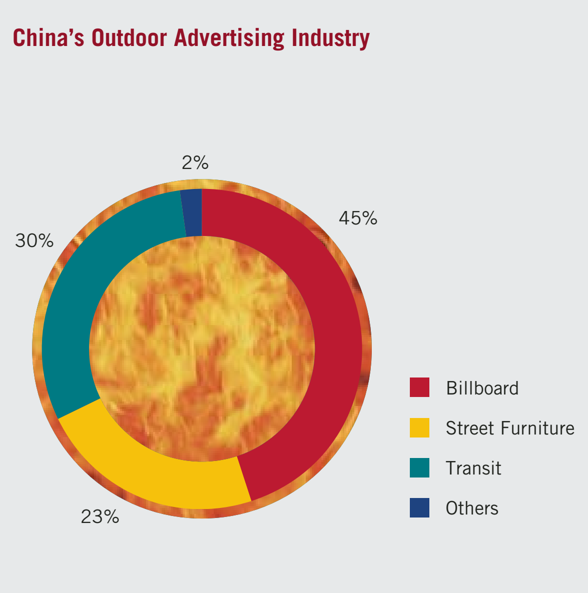


(SAIC: 2006)

According to the PRC State Administration for Industry and Commerce, television remains the dominant advertising medium in China, followed by print and outdoor. There has been, however, a diversion of advertising expenditure from traditional media to outdoor advertising as advertisers become increasingly aware of its cost-effectiveness.

The Company is well aware that strong competition arises in parallel with sound business opportunities. During the year, small- to medium-sized players competing on low price emerged in large numbers, posing a challenge for large-scale operators who opted for strict regulatory compliance. Nevertheless, local governments of some cities have begun cracking down on such irregularities and we believe that our position will be stronger in the wake of further regulation of the advertising industry and the resulting market consolidation.

OPERATION REVIEW

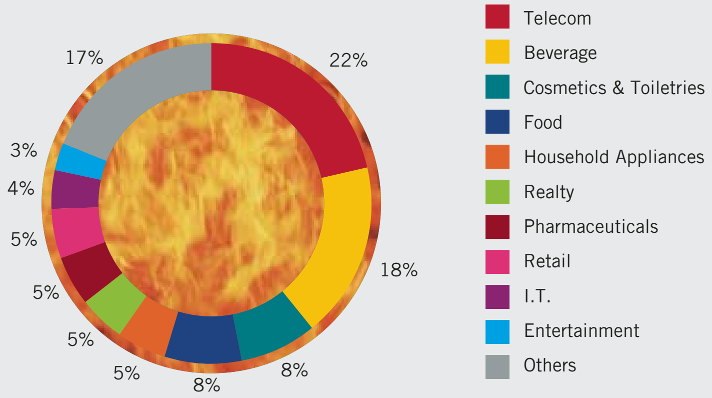
Core Bus Shelter Advertising Business

As at 31 December 2007, Clear Media operated the most extensive standardized bus shelters advertising network in China, with a total of over 29,000 12-sheet equivalent panels spanning 30 major cities across China. The top contributors to Clear Media's turnover remained the telecommunications and beverages industries. Contribution from the beverage sector has increased significantly resulting from higher advertising spend by our customers in preparation for the 2008 Beijing Olympic Games. The servicing of new major customers has also helped to significantly boost contributions from the cosmetics and toiletries sector in 2007 which is now our third largest contributor to sales.

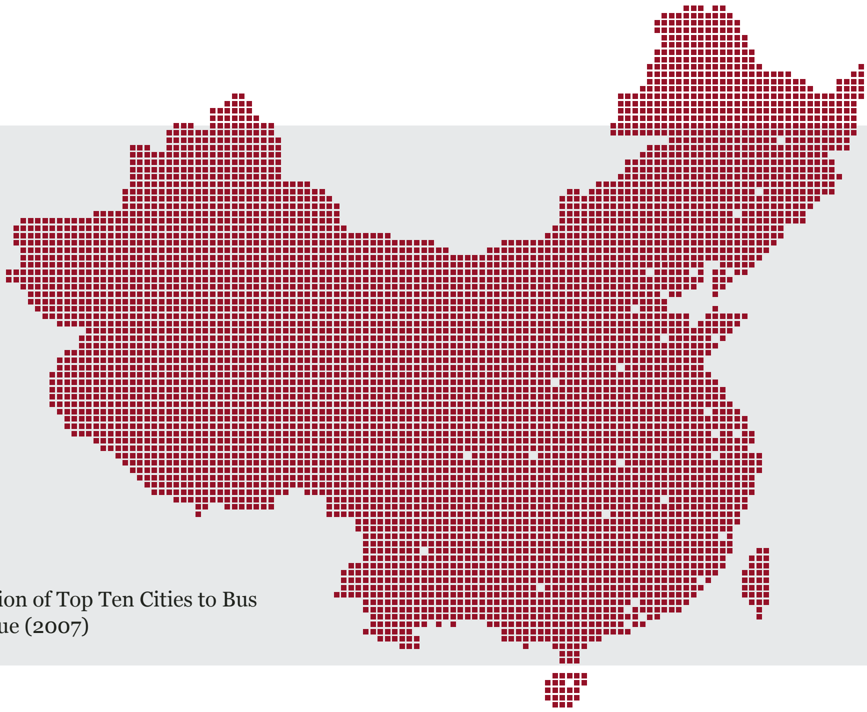
The Group's core bus shelters advertising business generated a total sales of HK$910 million. This represented a 21% increase over HK$751 million in the prior year. Higher advertising expenditure by our customers in Beijing in preparation for the Olympics, our market leadership position in Guangzhou, a higher number of customers serviced and larger orders placed by them and higher contributions from the mid-tier cities have all contributed to the sales increment.

We continued to expand our bus shelter network and added more than 1,000 new panels through organic development and acquisitions in 2007. On a time-weighted basis, the number of 12-sheet equivalent panels increased from 25,344 to 26,873, or by 6%, as compared to the previous year.

Clear Media's Client Mix 2007 (by industry)



City	% of Turnover
Beijing	21
Guangzhou	19
Shanghai	14
Chengdu	8
Hangzhou	5
Nanjing	5
Shenzhen	4
Xi'an	3
Wuhan	2
Shenyang	2



City Highlights: Contribution of Top Ten Cities to Bus Shelter Advertising Revenue (2007)

Key Cities

Bus shelter advertising panels in Beijing, Shanghai and Guangzhou accounted for 44% of the Group's total number of bus shelter advertising panels in 2007 (2006: 45%) while aggregate sales revenue in these three key cities increased by 22% to HK$492 million (2006: HK$405 million) and accounted for 54% of our total sales for the year ended 31 December 2007 (2006: 54%).

Beijing

Building on the pre-2008 Beijing Olympics opportunities and the successful integration of bus shelters acquired in prior years, sales revenue in the capital city increased by 19% to HK$191 million in 2007 (2006: HK$161 million). Certain global Olympic sponsors kicked off their Olympic advertising campaigns in the second half of 2007 by leveraging our nationwide bus shelter network. The average selling price ("ASP") remained stable and the average inventory in Beijing increased by 7% year-on-year while the occupancy rate improved from 53% to 58%, further strengthening the Group's position in Beijing.

Shanghai

In 2007, the Group's sales revenue in Shanghai rose to HK$130 million, representing an increase of 14% over HK$114 million recorded in 2006. The increase was largely the result of a 10% jump in the ASP, and a 10% increase in the average number of bus shelter advertising panels. Sales in Shanghai during the Chinese New Year season in the first quarter of 2007 was slower than expected mainly due to increasing competition from other advertising formats and this has resulted in a drop in average occupancy rate to 50% (2006: 53%). Performance in the city, however, picked up significantly from the second quarter onward.

Guangzhou

Building on our market leadership position, the Group's sales revenue in Guangzhou surged by 32% to HK$171 million in 2007, compared to HK$130 million recorded in the previous year. This was largely a result of a 17% increase in the ASP, a 4% increase in average number of bus advertising panels and an improvement in the average occupancy rate to 72% from 67% in 2006.

Mid-Tier Cities

The Group's strategy of setting up new district sales centres in mid-tier cities has proven to be effective. Total revenue from the 27 mid-tier cities, including Chengdu, Hangzhou and Nanjing grew by 21% to HK$418 million for the year ended 31 December 2007 (2006:HK$346 million). The increase was attributable to a 5% increase in the average number of bus shelter advertising panels and an improvement in the occupancy rate to 61% from 53% a year ago. ASP, however, dropped by 1% as a result of promotional packages being launched to cater for smaller local customers. We will further strengthen our presence in the mid-tier cities by empowering more district sales centres in 2008 in order to better serve our existing clients, as well as to cultivate new clients.

Shenzhen Bus Body Advertising Business

In early 2007, the Group entered into a five-year agreement with Shenzhen Public Transport Advertising Company Ltd. for bus body advertising. Under this arrangement, the Group has the right to operate, manage and lease the advertising space of over 3,100 buses covering over 130 routes in Shenzhen (the "Shenzhen Bus Body Advertising Business"), which accounted for nearly 70% of market share in this category of advertising space in Shenzhen at the time of signing the agreement.

This new business venture generated HK$60 million in revenue but incurred a loss of HK$6 million in 2007. The main bulk of the loss was incurred in the first quarter of 2007 during the project's commencement phase. The operation has picked up from the second quarter of 2007 onwards and has achieved break even in the second half of 2007.

Other Advertising Formats

During 2007, the Group's business in other advertising formats, including airport advertising, point-of-sale and unipoles generated a total of HK$27 million in sales revenue as compared to HK$25 million recorded in 2006.

FINANCIAL REVIEW

Turnover

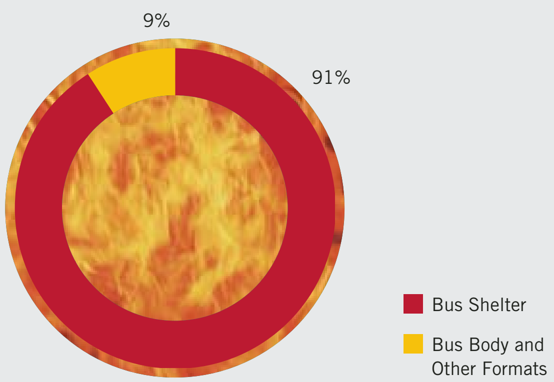
The Group's turnover increased by 29% to HK$997 million for the year ended 31 December 2007, from HK$776 million in the previous year. This strong growth was driven mainly by the Group's core bus shelter advertising business and its new bus body advertising operation in Shenzhen. The Group's turnover for the year was wholly generated by its operations in mainland China.

Total sales revenue from the Group's core bus shelter advertising business increased by 21% year-on-year to HK$910 million in 2007 (2006: HK$751 million). The new bus body advertising operation in Shenzhen, which commenced at the beginning of 2007, generated HK$60 million of revenue during the year and accounted for 6% of the Group's total revenue. Contributions from other advertising formats including airport, point of sale and unipoles increased to HK$27 million in 2007 (2006: HK$25 million).

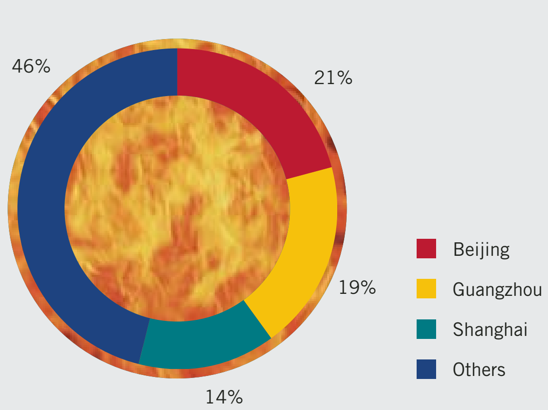
Expenses

During the year under review, the Group's direct operating costs, which included rental, maintenance, electricity, and sales and cultural levies, rose by 40% year-on-year from HK$305 million to HK$427 million.

Turnover by Operation in 2007



Turnover by Geographical Location in 2007



The operation of the Shenzhen bus body advertising business, which commenced at the beginning of 2007, has resulted in HK$59 million of direct operating costs and accounted for a 19% increase in the Group's total direct operating costs.

Excluding this new business, the other direct operating costs for the year ended 31 December 2007, increased by 21% compared to the previous year and represented about 39% of bus shelter and other advertising format sales (2006: 39%). Rental and electricity, as a percentage of bus shelter and other advertising format sales, decreased to 21% from 22% and remained at 5%, respectively, for both years. Following the expansion of the network and the introduction of the new scrolling system in Shanghai in 2006, the Group has experienced an increase in cleaning and maintenance expenses. These expenses represented around 6% of turnover this year, compared with 5% in 2006.

Amortization charges incurred for the bus shelter and other advertising formats increased by 23% to HK$179 million (2006: HK$145 million), following the expansion of our network and the installation of the scrolling units in Shanghai. As a percentage of bus shelter and other advertising format sales, amortization remained at 19% of sales.

Total selling, general and administrative expenses excluding depreciation increased by 17% in 2007, to HK$195 million (2006: HK$166 million), including an increase caused by our management of the Group's Shenzhen bus body advertising business and higher provision for impairment of trade receivables. Total selling, general and administration expenses excluding depreciation represents around 20% of sales, a decrease of 1% over the previous year as a result of improved operating efficiency.

EBITDA

During 2007, the Group's earnings before interest, tax, depreciation and amortization ("EBITDA") increased by 23%, to HK$375 million from HK$305 million in the previous year. EBITDA margin decreased to 38% from 39% a year ago. However, if we exclude the impact of the Shenzhen bus body advertising business, EBITDA margin of our core bus shelter operation increased by 1% to 44% as compared with 43% last year.

EBIT

In the year under review, the Group's EBIT grew to HK$190 million, a 24% increase compared to HK$153 million in 2006. The improvement was largely due to the increase in the Group's EBITDA as discussed above. In 2007, the Group's EBIT margin decreased by 1% to 19% mainly due to the losses incurred by the Shenzhen bus body advertising business in its start up phase.

Finance Costs

Finance costs amounted to HK$18 million during the year (2006: HK$18 million). The amount was mainly related to the provision of a HK$15 million redemption interest for the HK$312 million Zero Coupon Convertible Bonds due in 2009 (the "Convertible Bonds") issued by the Group in the second half of 2004.

Taxation

During 2007, taxes levied on the Group amounted to approximately HK$30 million (2006: HK$20 million). According to the Income Tax Law of the PRC on Enterprises with Foreign Investment and Foreign Enterprises, 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 rate of 15% on its assessable profits arising in the PRC for the current year.

However, with the new PRC Enterprise Income Tax Law became effective on 1 January 2008, the tax rate will rise eventually to 25% by 2012. The deferred tax balances have been adjusted to reflect such tax rate increment that are expected to apply to the respective periods when the asset is realised or the liability is settled.

Net Profit

The Group's net profit in 2007 rose to HK$142 million, representing a 18% increase from HK$120 million recorded in 2006. Net profit margin for the year was 14%, 2% lower than 2006 after the inclusion of losses incurred by the Shenzhen bus body advertising business and higher provision for deferred tax in anticipation of the future tax rate increment.

Liquidity and Financial Resources

The Group continued to enjoy a strong financial position at the end of 2007, with cash and cash equivalents amounting to HK$283 million as at 31 December 2007, a slight increase from HK$257 million in 2006.

In October 2007, the Company entered into a one-year revolving credit facility agreement (the "Credit Facility") of up to HK$350 million with Clear Channel International B.V. ("CCI"), an indirect majority-owned subsidiary of the Company's controlling shareholder, Clear Channel Communications, Inc.. HK$150 million was drawn down in October 2007 to meet the partial redemption requirement of the Convertible Bonds.

The Group financed its operations and investment activities with internally generated cash flow, balanced with proceeds from the prior issue of the Convertible Bonds and the Credit Facility.

The debt-to-equity ratio, defined as a percentage of net interest borrowings over shareholders funds dropped significantly from 18% in 2006 to 12% in 2007.

Cash Flow

The Group's net cash inflow from operating activities for the year ended 31 December 2007 increased to HK$313 million from HK$211 million in 2006, mainly due to the increase in operating profit and improvement on working capital management.

Net cash outflow from investing activities during the year under review decreased to HK$222 million, compared to HK$383 million for 2006, mainly as a result of a lower level of capital expenditure on both organic growth and acquisitions in 2007. During the year, the Group also placed an approximate HK$30 million deposit with Beijing Morgan Investment Company, Limited ("BMIC") for the exclusive right to manage the advertising sales of LED screens on the outer walls of the Seven Star Morgan Centre in Beijing, and pre-paid approximately HK$71 million of forecasted shared profits.

The Group's total cash outflow from financing activities during the year amounted to HK$65 million as compared to a cash inflow of HK$127 million in 2006. This is mainly due to the partial redemption of the Convertible Bonds including the principal amount of HK$222 million and a redemption premium of HK$28 million. In order to finance the early redemption, the Group has entered into a revolving Credit Facility with CCI of up to HK$350 million and as of 31 December 2007, HK$150 million has been drawn down. During the year, the group also received a refund of a deposit previously placed with the Hong Kong High Court in respect of a law suit. The total refund was HK$107 million.

In 2007, the Group recorded a positive free cash flow of HK$116 million, compared to a negative free cash flow of HK$106 million in 2006. Free cash flow is defined as EBITDA (before equity-settled share option expenses) less cash outflow on capital expenditure, less income tax and net interest expense. The increase of free cash flow was mainly due to the increase of EBITDA and lower capital expenditure in 2007, compared to 2006.

Trade Receivable

The Group's accounts receivable balance due from third parties increased from HK$282 million as at 31 December 2006 to HK$416 million as at 31 December 2007. None of the accounts receivable was due from connected persons, as defined in the Rules Governing The Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Delays in payment from certain major customers and the higher sales generated during the second half of 2007 have both contributed to the increase in accounts receivable balance in monetary terms for both the current debts as well as balances owing for more than 180 days.

Despite the higher level of sales generated in 2007, we have achieved good progress in managing cash collection and receivables outstanding days. The Group's average accounts receivable outstanding days remained at 133 days on a time-weighted basis for both years. As at 31 December 2007, the provision for doubtful debts increased by HK$12 million to HK$28 million to cover balances for which the Group has initiated legal proceedings and to cover other contingencies. Clear Media will continuously monitor the level of trade receivables and apply measures to reduce the trade receivables level.

Due from a related party

In 2007, the amounts due from the Guangdong White Horse Advertising Company Limited ("GWH") increased slightly from HK$50 million as at 31 December 2006 to HK$53 million as at 31 December 2007.

Prepayments, Deposits and Other Receivables

As at 31 December 2007, the Group's total prepayments, deposits and other receivables decreased by 52% at HK$135 million compared to HK$280 million recorded at the end of the previous financial year. The decrease in prepayments, deposits and other receivables was mainly due to the refund of the HK$100 million deposits previously placed with the Hong Kong High Court in respect of a law suit. The deposit was subsequently refunded in January 2007 upon winning the appeal. In addition, in 2006 the Group has also pre-paid a profit guarantee to a media owner as required by the relevant contract. There was no such prepayment made this year.

Long-term Deposits

The Group's long-term deposits increased to HK$131 million as at 31 December 2007 from HK$30 million as at 31 December 2006. During the year, the Group entered into an agreement with BMIC for the exclusive right to manage the advertising sales of outdoor LED screens in Beijing. A performance guarantee of RMB30 million (equivalent to approximately HK$30 million) was paid, which, inclusive of accrued interest, shall be refundable after 5 years. In addition, RMB70 million (equivalent to approximately HK$71 million) was also paid as a prepayment of future shared profits, which will be offset against the amount of future profits accruing to BMIC from the sales of advertising time on the LED screens.

Other Payables and Accruals

The Group's total other payables and accruals as at 31 December 2007 were HK$291 million. This figure represents a 41% increase over the corresponding figure of HK$206 million as at 31 December 2006. The increase was due mainly to delay in settling of capital expenditure related payables and bus shelter rental payables. It would be inappropriate to give the turnover days against sales figure 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 2007, the Group's total assets amounted to HK$2,738 million, a 12% increase from the HK$2,434 million recorded as at 31 December 2006. The Group's total liabilities amounted to HK$586 million at the end of 2007 (31 December 2006: HK$580 million). Net assets at the end of 2007 increased by 16% year-on-year to HK$2,152 million.

Net current assets decreased from HK$651 million as at 31 December 2006 to HK$505 million as at 31 December 2007 as the Group drawn down HK$150 million from the one-year revolving Credit Facility with CCI to meet the partial redemption of the Convertible Bonds.

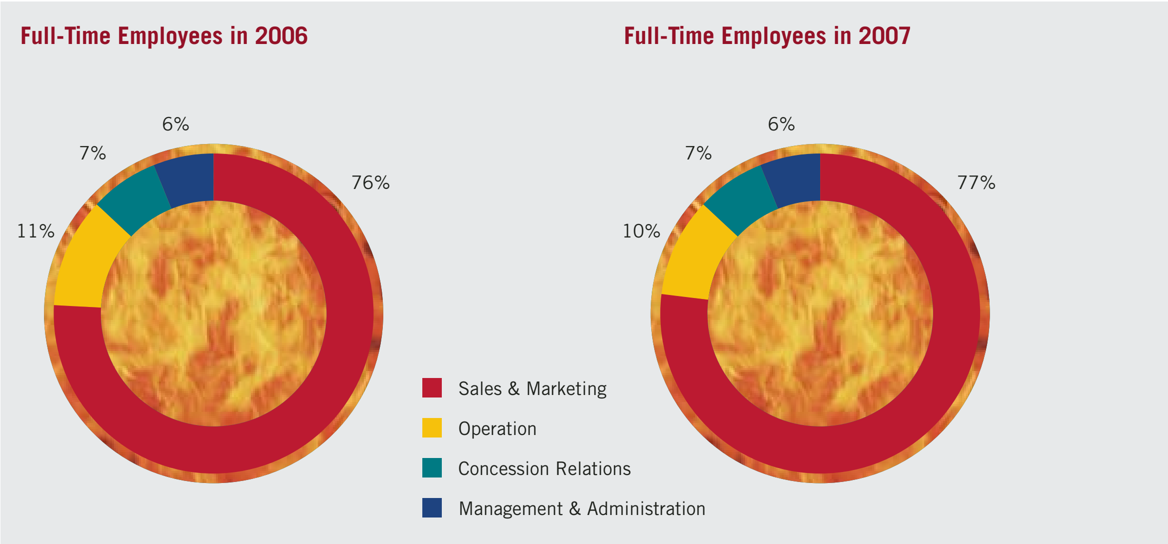
As at 31 December 2007, the Group had pledged deposits of RMB38 million (approximately HK$40 million) to banks as security for bills payable of RMB82 million (approximately HK$87 million), and the Group had pledged deposits of RMB47 million (equivalent to approximately HK$50 million) for a performance guarantee issued by a bank amounting to RMB47 million (equivalent to approximately HK$50 million) for the Group's new Shenzhen bus body advertising business. As at 31 December 2007, the Group's total cash and bank balances amounted to HK$283 million (31 December 2006: HK$257 million).

Share Capital and Shareholders Funds

For the year ended 31 December 2007, the subscription rights attaching to 1,566,000 share options were exercised at subscription prices ranging between HK$3.51 and HK$5.89 per share, resulting in the issue of 1,566,000 shares of HK$0.1 each for a total consideration, before expenses, of HK$8,189,000. The related weighted average share price at the time of exercise was HK$8.43 per share. The related transaction costs amounted to HK$10,000. As a result, the Company's issued and fully paid share capital increased to 524,368,500 shares (2006: 522,802,500 shares). Total equity for the Group as at 31 December 2007 rose to HK$2,152 million, a 16% increase over the HK$1,853 million for 2006. The Group's reserves as at 31 December 2007 totaled HK$2,065 million, a 17% increase over the corresponding figure of HK$1,769 million at the end of the previous year. The Group undertook no share repurchases during 2007.

Exposure to Foreign Exchange Risk

The Group's only investment in China remains its operating vehicle, WHA Joint Venture, which solely conducts business within the PRC. Leaving aside interest payable, repayment of foreign currency loans obtained to finance WHA Joint Venture's operations and any potential future dividend WHA Joint Venture may declare to its shareholders, the bulk of its turnover, capital investment and expenses is denominated in RMB. As at the date of this annual report, the Group had not experienced any difficulties in obtaining government approval for its necessary foreign-exchange purchases. During the year under review, the Group did not issue any financial instruments for hedging purposes.



The RMB has appreciated during the 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, there will be a translation gain as a result of the RMB appreciation. The majority of our operating assets are located in the PRC and denominated in RMB. The ongoing appreciation of the RMB has resulted in an increase in shareholders equity of approximately HK$143 million during the year (2006: HK$60 million).

Capital Expenditure

The Group remains firmly committed to strengthening its position as a major player in China's outdoor media sector. To this end, in 2007 the Group expanded its network by acquiring concession rights to build bus shelters. For the year ended 31 December 2007, the Group spent HK$199 million on the acquisition of additional bus shelters and concession rights, compared to HK$409 million in 2006. Acquisition executed in 2007 were on a smaller scale and as such the Group's capital expenditure was higher in 2006. An additional HK$4 million was spent to acquire other fixed assets (2006: HK$8 million).

Material Acquisitions and Disposals

During the year under review, the Group undertook no material acquisitions or disposals in respect of any of its subsidiaries, associates or joint ventures.

Employment, Training and Development

As at 31 December 2007, the Group had a total of 490 employees, an increase of 13% over the 433-strong workforce the Group employed as at 31 December 2006. Total staff costs for 2007 amounted to 8% of the Group's turnover (2006: 10%). The main contributor to this increase was the Group's sales and marketing division, which grew from 329 staff in 2006 to 375 staff during the year under review. This increase is consistent with the Group's stated objective of improving sales support of its expanding outdoor media network in China. Training courses and conferences aimed at improving team members' knowledge and skills were organized throughout the year. Employees of Clear Media are remunerated based on their performance, experience and prevailing industry practices, with all compensation policies and packages reviewed on a regular basis. Distributing bonuses linked to the performance of both individual employees and the Group as a whole is a primary way in which the Group recognizes value creation among its team members.

Human capital has always been our key asset for sustainable growth. We will continue to expand our sales force in 2008 to keep pace with our network's growth and to continue providing high-quality services and support to our clients.

Remuneration Policies and Benefits

The Group conducts regular reviews of its compensation policies and packages. Individual employee's salary and benefits packages are reviewed annually on the basis of individual performance, experience and prevailing industry trends. In recognizing value creation, the Group also occasionally pays bonuses that are linked to the performance levels of both the individuals and the Group as whole. Such bonuses usually account for a substantial part of the total take-home pay of the Group's sales team. The Group also participates in the employee retirement scheme operated by the relevant local government bureaus in the PRC, as well as the Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance in Hong Kong, and makes contributions for its eligible full-time employees. Additional incentives in the form of share options are often granted to senior management staff in order to ensure that their individual interests are aligned with those of the Group as a whole.

Charges of Group Assets

There was no outstanding charge on the Group's assets as of 31 December 2007 other than time deposits of RMB38 million (approximately HK$40 million) pledged as securities for bills payable of RMB82 million (approximately HK$87 million), and a performance guarantee issued by a bank of RMB47 million (approximately HK$50 million) for the Group's new Shenzhen Bus Body Advertising Business.

Commitments

As at 31 December 2007, the Group had capital commitments contracted but not provided for in relation to the construction of bus shelters amounting to HK$15 million (31 December 2006: HK$12 million).

Contingent Liabilities

During the year, 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.

OUTLOOK

In 2007, Clear Media began enjoying the fruits of the strategies that we put in place in previous years. Continued efforts to strengthen our extensive outdoor advertising network have enabled us to reap the benefits of the unprecedented opportunities afforded by the 2008 Beijing Olympics.

In light of the China GDP growth of over 11% in 2007, management is cautiously optimistic about the economic outlook of the country. In addition, the fact that major events, such as the World Expo 2010 in Shanghai and the Asian Games 2010 in Guangzhou, have chosen China as their host country will continue to fuel the growth of China's advertising market past the Olympics Year.

Core Bus Shelter Advertising

Beijing, Shanghai and Guangzhou will continue to be the Group's core growth engines. In the coming year, we will continue to boost our sales and occupancy rate by capitalizing on the opportunities presented by the Beijing Olympics. In light of the World Expo 2010, the Group is seeking more acquisition opportunities in Shanghai and will invest further in scrolling panels.

The Group will step up our presence in mid-tier cities by increasing funding to regional and district sales centers and improving customer support. We will continue to explore the market and attract clients from industries other than our traditional ones. Mid- to small-tier clients will be a point of emphasis. Our high-end pricing strategy generated rewards this year, and in 2008, we will adjust prices according to market conditions and customer demand.

Other Advertising Formats

In 2007, the Group made tremendous progress in developing new advertising formats. Our giant digital LED panels at the Beijing Morgan Centre will be ready for sale in the first half of 2008. This will showcase our customer brands and products next to the Beijing Olympic Stadium. The Group is also actively looking for other potential applications for this technology. Our cooperation with the Shenzhen Public Transport Advertising Company on bus body advertising has been well received by customers. We believe there is synergy between our core bus shelter and bus body advertising business, and the bundled advertising product should create a bigger advertising impact that can better support advertisers' activities.

The Group expects to enjoy significant growth in the coming year, and we remain dedicated to being the market leader. We will further strengthen our leading position in Beijing, Shanghai and Guangzhou, as well as diversify our network by enhancing the penetration into the mid-tier cities. We will continue to explore acquisition opportunities and new advertising formats, such as digital LED and bus body advertising, to achieve the best returns for our shareholders. We believe that our business will continue to enjoy healthy growth in the coming year. The Board will continue to closely monitor and control costs and expenses in order to further enhance the Group's operational efficiency.

FAQs

What are your key competitive advantages?

A

We combine local knowledge of China and the global expertise of our largest shareholder – Clear Channel in the United States, the world's largest outdoor advertising company. Our management team and staff are all very experienced in the outdoor advertising industry. Our nationwide network spans across 30 key cities of China, offering the convenience of a one-stop shop. We have the advantage of being a "pioneering market player" and enjoy a leading market share in the top ten cities in which we operate. We have established solid relationships with local governments and have a good reputation in the industry. A majority of our concessions have contractual periods of ten years or more. The longer we maintain our leadership role in the outdoor advertising industry, the more we are trusted by advertisers and city governments.

Why is Clear Media attractive to investors?

A

Profitability – The first thing they see is our proven track record of consistent double-digit growth and continued profitability in every year of our operation. Transparency – Because we are a publicly traded company, investors can see how we operate and know they can get answers to their questions before committing themselves. Independence – all media companies in China are state-owned, except those operating in the outdoor segment. Responsibility – we are committed to monitoring internal control and ensuring high standards of corporate governance at all times and in all areas of our operations with the objective of maximizing shareholders' long-term value. We have adopted the best practice of control policies and procedures of Clear Channel, our largest shareholder and the world's largest outdoor advertising company, also listed on the NYSE.

What has been the response to your bus shelter sales packages?

A

Our bus shelter sales packages have received enthusiastic response, particularly in Beijing and other Olympic cities. Our advance order book for 2008 is extremely strong despite the significant increase in our rate cards at the end of last year. Certain Olympic sponsors have already kick-started their Olympic marketing campaigns a year before the Games commence. We expect that as the Olympic Games draw closer, the demand for our sales packages will increase, providing a solid contribution to the Company in 2008.

How will you maintain the growth momentum after the 2008 Beijing Olympics?

A

We believe the 2008 Beijing Olympics will provide an enormous opportunity for our customers to showcase their brands and products on our nationwide network. We also believe, that the trend of a rising middle-class, tourism and consumerism in China will continue after the 2008 Beijing Olympics, leading up to the Shanghai World Expo in 2010. In light of the China GDP growth of over 11% last year, management is cautiously optimistic about the country's economic outlook. We will overcome market challenges by adopting flexible strategies in order to ensure that Clear Media maintains its leadership in China's outdoor advertising industry and achieves the best returns for shareholders.

Why did Clear Media diversify into bus body advertising in Shenzhen? What are the expansion plans for the future?

A

Our medium-term objective is to diversify into other outdoor advertising businesses in order to broaden our product line and better serve leading advertisers in this growth market. Bus body advertising is the next logical step beyond bus shelter advertising.

We believe that Shenzhen, the fourth-largest city in China with robust economic growth, is a market with immense potential. We are confident that our new outdoor operation will provide advertisers with greater impact. This agreement will further enhance our market presence in Shenzhen and pave the way for us to develop bus body advertising business in other key cities in China.

We will also continue to explore potential merger and acquisition opportunities of various advertising formats with a strategic focus. We will consider deploying digital LED technology across our bus shelter network and unipoles; and in this regard, we have been actively talking to various business partners.

BIOGRAPHIES OF DIRECTORS

Chairman of the Board
Chairman of the Nomination Committee
Non-Executive Director

Steven Yung

Mr. Yung, aged 58, has been the Chairman of the Company since 2001 and brings extensive experience from multinational companies and the media sector. Before joining Clear Media, Mr. Yung was President of ACNielsen Media International and, earlier, Regional Managing Director for ACNielsen in North Asia. Prior to that, Mr. Yung also held senior management positions with The Coca-Cola Company in the U.S. and in Asia.

Deputy Chairman
Chairman of the Remuneration Committee
Non-Executive Director

Paul Meyer

Mr. Meyer, aged 65, is currently the Global President and Chief Operating Officer of Clear Channel Outdoor Holdings, Inc. Prior to being named President of Clear Channel Outdoor's Worldwide Operations, Mr. Meyer held the positions of President and CEO of Clear Channel Outdoor's North and Latin American divisions. Prior to joining Clear Channel Outdoor in 1996, Mr. Meyer was the managing partner of Meyer, Hendricks and its predecessor law firms for over twenty years.

Mr. Meyer is the past Chairman of the Outdoor Advertising Association of America, and is on its Board of Directors and Executive Committee. He is also on the Board of Directors and the Executive Committee of the Traffic Audit Bureau in the U.S.A. and is its Secretary/Treasurer. He is a board member of a number of nonprofit organizations. Mr. Meyer's appointment was effective 31 January 2006.

Deputy Chairman and
Non-Executive Director

Peter Cosgrove

Mr. Cosgrove, aged 54, has been a Director of the Company since 2001 and has over 20 years' experience in the outdoor advertising industry. He is currently Chairman of the Outdoor Division of APN News & Media Limited, the largest outdoor advertising business in Australia and New Zealand, and Buspak Advertising (Hong Kong) Limited.

For the past ten years, Mr. Cosgrove has been a Director of Independent News & Media Plc, the largest newspaper group in Ireland, South Africa and New Zealand. In 2004, Mr. Cosgrove was appointed Director of APN News & Media Limited, a company listed on the Australian Stock Exchange. He is Chairman of GlobeCast Australia, a broadcasting business based in Australia.

Chief Executive Officer and
Executive Director

Han Zi Jing

Mr. Han, aged 52, has been with the Group since 1998. Before that, he was General Manager of Guangdong White Horse Group Corporation, a diversified company with interests ranging from property to medical equipment. Mr. Han was also Director of the Hong Kong Overseas Representative Office of China Science and Technology Association, a liaison body between the PRC Government and the international science and technology communities. Mr. Han has a Bachelor's degree and graduated from a post-graduate course at the South China Normal University. He is a brother of Mr. Han Zi Dian.

Chief Financial Officer and
Executive Director

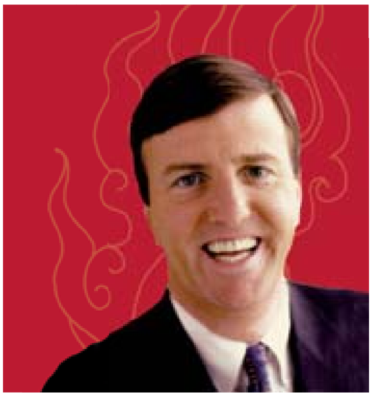
Teo Hong Kiong

Mr. Teo, aged 43, joined the Group in 1999 from PricewaterhouseCoopers. He worked in both the Singapore and Beijing offices of Pricewaterhouse Coopers where he held senior positions. He graduated from the National University of Singapore and is a Certified Public Accountant in Singapore.

Director of Business Development and
Executive Director

Zou Nan Feng

Mr. Zou, aged 55, has been with the Group since 1999. Before that, he was the Deputy General Manager of Guangdong White Horse Group Corporation. Mr. Zou graduated from the Guangdong Shaoguan Education College.



Non-Executive Director

Mark Mays

Mr. Mays, aged 44, is the Chief Executive Officer of Clear Channel Communications, Inc., a global leader in the out-of-home advertising industry with a presence in over 65 countries around the world. In addition to his executive role, Mr. Mays is active in a variety of professional and civic activities. He has taken a leadership role with the Greater San Antonio Chamber of Commerce, the United Way of San Antonio, Junior Achievement San Antonio Chapter, and the Southwest Foundation for Biomedical Research. Nationally, he has served as a Director of the Radio Board of the National Association of Broadcasters in the U.S.A, is a founding member of the HD Digital Radio Alliance, and is involved with numerous other industry organizations. Mr. Mays holds a B.A. in Economics and Mathematics from Vanderbilt University and an M.B.A. from Columbia University.

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

Non-Executive Director

Mark Thewlis

Mr. Thewlis, aged 40, is the Regional President for Clear Channel Outdoor's operations in Asia Pacific and prior to that was Senior Vice President - Operations with responsibility for a number of business units throughout Europe. Mr. Thewlis previously held the position of Director of Finance for Clear Channel International based in London.

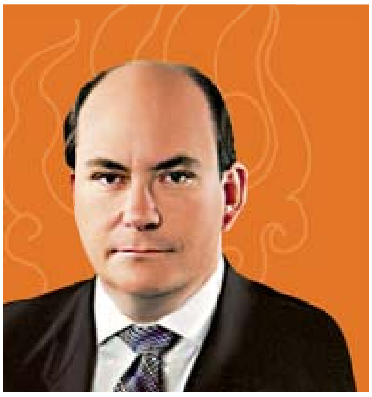
Prior to joining Clear Channel Outdoor in 2002, Mr. Thewlis was Chief Financial Officer for Adshel Street Furniture Pty Ltd in Australia — a joint venture between Clear Channel Outdoor and APN News & Media Limited. Mr. Thewlis was involved with the early development of the business, including extensive contract negotiations with local authorities, management of the annual capital expenditure programme and establishment of third-party finance facilities.

Mr. Thewlis obtained his degree in accounting from the University of Canberra in 1990. He then qualified as a Chartered Accountant in Australia and became a registered tax agent in 1994.

Non-Executive Director

Han Zi Dian

Mr. Han, aged 44, is one of the founders of the bus shelter advertising business acquired by the WHA Joint Venture in April 1998. He is also the General Manager of White Horse Advertising, one of China's leading domestic advertising agencies, and is an adjunct professor at the Design Faculty of the Guangzhou Art College. He has 20 years' experience in the advertising industry and was voted by News Weekly as one of the "Top 10 Advertising Persons from 1979-1999" in China. Mr. Han is the Vice Chairman of the China International Advertising Association. He graduated from the Design Faculty of Guangzhou Arts College. He is the brother of Mr. Han Zi Jing.

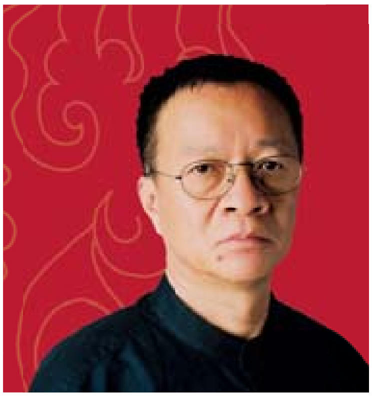


Chairman of the Audit Committee, Independent Non-Executive Director

Desmond Murray

Mr. Murray, aged 53, brings years of experience in audit and corporate advisory services. He was an audit partner in PricewaterhouseCoopers Hong Kong and most recently focused on internal auditing and corporate governance. Since withdrawing from practice at PricewaterhouseCoopers, Mr. Murray has taken on a number of non-executive directorships and acts as a business consultant to a number several smaller businesses. He has extensive experience advising boards and audit committees of companies listed in Hong Kong, China, as well as throughout the region.

Mr. Murray has been a Director of the Company since 2003.



Independent Non-Executive Director

Wang Shou Zhi

Mr. Wang, aged 61, has over 25 years in researching design theories and history since 1982, and has been a professor of design theories in the Department of Liberal Arts & Sciences in Art Center College of Design in Pasadena, California since 1988. He has been the vice dean of the Cheung Kong School of Art and Design of Shantou University and the chief consultant of the Academic Orientation Committee of Tsinghua (Qinhua) University since 2003 , and an honor professor at the Central Academy of Fine Art, Shanghai University, Nanjing Polytechnic University and some twenty other universities in China. He is also a lecturer at the Southern California Institute of Architecture, California Institute of the Arts, Otis Institute of Art & Design, and the University of Southern California. Mr. Wang has acted as Chief Advisor to China's Industrial Design Association, National Advertising Association, National Interior Design Association, and the National Graphic Design Association. He obtained his postgraduate degree from the Graduate School of Wuhan University.

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

Independent Non-Executive Director

Leonie Ki SBS, JP

Ms. Ki, aged 60, has over 30 years of experience in integrated communication and marketing services. She was Founder and Chairman of Grey Hong Kong Ltd. and Grey China Advertising Ltd. Currently, Ms. Ki serves as Managing Director of New World China Enterprises Projects Ltd, Director of Kunming New World First Bus Services Ltd. in the PRC and Independent Non-executive Director of Sa Sa International Holdings Limited. She is also a member of Court and Council of Lingnan University of Hong Kong as well as member of the CPPCC of the Yunnan Province in the PRC.

Ms. Ki has been a Director of the Company since 2004.

CORPORATE GOVERNANCE REPORT

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

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board regularly reviews the Group's corporate governance guidelines and developments. It is our belief that during the year just ended the Group has complied with the relevant recommendations as laid down in the Code on Corporate Governance Practices (the "Code") and the requirements of the "Corporate Governance Report" as set out in Appendix 23 of the Listing Rules. The Board has also reviewed the Group's corporate governance practices and is satisfied that the Group has been in full compliance with all the code provisions of the Code.

THE BOARD

Member Attendance of Board and Committee Meetings for the Year 2007:

	Number of meetings attended and held				
	Board Meetings	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Capital Expenditure Committee**
EXECUTIVE DIRECTORS					
Mr. Han Zi Jing	4/4				
Mr. Teo Hong Kiong	4/4				4/4
Mr. Zou Nan Feng	3/4				
NON-EXECUTIVE DIRECTORS					
Mr. Steven Yung	4/4			1/1	
Mr. Paul Meyer	3/4				
Mr. Peter Cosgrove	4/4	4/4	3/3	1/1	
Mr. Mark Mays	1/4				
Mr. Mark Thewlis	4/4				4/4
(resigned as alternate Director to Mark Mays, Paul Meyer and Jonathan Bevan, and appointed as non-executive Director on 2 November 07)					
Mr. Han Zi Dian	1/4				
Mr. Zhang Huai Jun (alternate to Han Zi Dian)	3/4				4/4
Mr. Jonathan Bevan	4/4		3/3		4/4
(resigned as non-executive Director and re-designated as alternate Director to Mark Mays, Paul Meyer and Mark Thewlis on 2 November 07)					
INDEPENDENT NON-EXECUTIVE DIRECTORS					
Mr. Desmond Murray	4/4	4/4	3/3	1/1	
Mr. Wang Shou Zhi	4/4	4/4	3/3	1/1	
Ms. Leonie Ki Man Fung	4/4	4/4	3/3	1/1	

As of the date of this report, the Board comprised 12 members. There are three Executive Directors, including the Chief Executive Officer (the "CEO"); six non-executive Directors, including the Chairman; and three independent non-executive Directors. Detailed biographies outlining each Director's range of specialist experience and suitability for the successful long-term management of the Group can be found on page 36.

CHAIRMAN AND CEO

The Group insists on a clear division of responsibilities among its top management. To this end, the Group adopts a dual leadership structure in which the role of the Chairman is kept separate from that of the CEO. Ultimately, the Chairman is responsible for overseeing all Board functions in a non-executive capacity, while the CEO, the executive Directors and the senior management team are jointly responsible for the day-to-day management of the Group's businesses.

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

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

The Board has arranged Directors' and Officers' Liability Insurance for all Directors and officers of the Company against any legal liability arising from the performance of their duties.

BOARD PROCEEDINGS

The Board meets at least four times each year at approximately quarterly intervals to discuss the Group's overall strategy, operations and financial performance. The Board also ensures that its members are supplied, in a timely manner, all necessary information in a form and of a quality appropriate to enable the Board to discharge its duties. All Board meetings adhere to a formal agenda in which a schedule of matters is specifically addressed to the Board for its decision. Specific topics discussed at these quarterly Board meetings include overall strategy, major acquisitions and disposals, annual budgets, interim and annual results, recommendations on Directors' appointment(s) or reappointment(s), approval of major capital projects, dividend policies, and other significant operational and financial matters. All quarterly Board meetings are scheduled one year in advance in order to ensure maximum attendance by the Directors. All Board members have access to the advice and services of the Group's Company Secretary. If necessary, Directors also have recourse to external professional advice at the Group's expense. During the intervals between Board meetings, individual Directors are kept apprised of all major changes that may affect the Group's businesses.

The minutes of Board meetings are prepared by the Company Secretary with details of the matters considered by the Board and the decisions reached, including any concerns raised by Directors or dissenting views expressed. The draft minutes are circulated to all Directors for their comments within a reasonable time after the meeting, and the final minutes are adopted in the next meeting. Some Board decisions are made via written resolutions authorized by all Directors. Minutes of the Board meetings are maintained by the Company Secretary and available for inspection by all Directors at the Company's registered office.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Shareholders of the Company in general meeting, or the Board upon recommendation of the Nomination Committee of the Company, can appoint any person as a Director of the Company at any time. Directors who are appointed by the Board must retire at the first annual general meeting after their appointments, but they are eligible for re-election at that general meeting, and such election is separate from the normal retirement of Directors by rotation. In accordance with the Group's Bye-laws and related Board resolutions, one-third of Board members who have served the longest on the Board, including the Chairman and CEO, are required to retire by rotation at each Annual General Meeting. Directors are eligible for re-election at the same Annual General Meeting.

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

ROLES OF THE BOARD

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

BOARD COMMITTEES

The Board has established four Committees to oversee particular aspects of the Company's affairs. The main roles and responsibilities of these Committees, including the authority delegated to them by the Board, are published on the Group's website at www.clear-media.net. The independent views of the different Committees and their recommendations not only ensure proper control of the Group but also the continual achievement of the high corporate governance standards expected of a listed company. The chairman of each Committee reports the outcome of the Committee's meetings to the Board for further discussion and approval.

Board of Directors			
Nomination Committee	Remuneration Committee	Audit Committee	Capital Expenditure Committee

AUDIT COMMITTEE

The main roles and responsibilities of the Audit Committee are set out by the Board with clearly defined written terms of reference. The Committee consists of four non-executive Directors, with the majority of them being independent non-executive Directors. The Audit Committee is chaired by an independent non-executive Director, Mr. Desmond Murray, a retired audit partner from PricewaterhouseCoopers (Hong Kong), who possesses extensive experience in, and knowledge of, finance and accounting. All members of this Committee have the relevant industry and financial experience necessary to advise on Board strategies and other related matters. None of the Committee members is a partner or former partner of Ernst and Young, the Company's external auditors. The Chief Financial Officer, the internal auditor, and representatives of the external auditors of the Company are expected to attend meetings of the Committee. At the discretion of the Committee, other people may also be invited to the meetings.

MEMBERS OF THE AUDIT COMMITTEE

Desmond Murray, *Independent Non-Executive Director (Chairman)*
Peter Cosgrove, *Non-Executive Director*
Wang Shou Zhi, *Independent Non-Executive Director*
Leonie Ki Man Fung, *Independent Non-Executive Director*

Under its Terms of Reference, the Audit Committee's functions are
- to decide on the appointment and terms of engagement of the external auditors;
- to review and monitor financial reports and the judgements contained in them; and
- to review financial and internal controls, and accounting policies and practices, with our management and internal and external auditors.

The Audit Committee met four times in 2007.

Every year, the Chairman of the Audit Committee meets with the Group's external auditors to discuss the annual audit plan before the annual audit commences. The meetings of the Audit Committee are attended by members of the Committee and, when necessary, the external auditors and internal auditors.

Apart from considering the issues arising from the audit, the Committee also discusses matters raised by the auditors. In 2007, external auditors made presentations to the Audit Committee on the implications of the introduction of new accounting standards in Hong Kong. The Committee also regularly reviews the effectiveness of the Company's financial controls, internal control systems, and risk management system. The Audit Committee reviewed and approved the annual internal audit plan on a risk-assessment basis, in line with the Group's business risks. The Audit Committee subsequently reported its recommendations to the Board for further review and approval. All issues reported by internal auditors are monitored closely by the Group's senior management until such time as appropriate measures can be taken to address and resolve the issues in question. The Chairman of the Committee summarizes the activities of the Committee and highlights issues arising therefrom to the Board after each Audit Committee meeting.

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

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

	2007	2006
	HK$'000	HK$'000
Audit fees	**1,380**	1,249
Non-audit fees	**371**	308

The Audit Committee has concluded that it is satisfied with the findings of its review of the audit and non-audit service fees, process and effectiveness, and independence and objectivity of Ernst & Young. The Audit Committee will therefore recommend to the Board that Ernst & Young be re-appointed as the Group's external auditors at the Annual General Meeting in 2008.

REMUNERATION COMMITTEE

The main roles and responsibilities of the Remuneration Committee are set out by the Board with clearly defined written terms of reference. The Committee is responsible for the formulation of the Group's remuneration policies and for the approval of remuneration packages for all Directors. Specific areas covered by the Remuneration Committee's reviews include the granting of share options and the annual review of remuneration packages. The Remuneration Committee currently has five non-executive Directors, with a majority of independent non-executive Directors.

The Remuneration Committee met three times in 2007 to review and approve the Directors' remuneration packages.

MEMBERS OF THE REMUNERATION COMMITTEE

Paul Meyer, *Non-Executive Director* (appointed as Chairman of Remuneration Committee on 2 November 2007)
Jonathan Bevan, *Alternate Non-Executive Director* (resigned as Chairman of Remuneration Committee on 2 November 2007)
Peter Cosgrove, *Non-Executive Director*
Desmond Murray, *Independent Non-Executive Director*
Wang Shou Zhi, *Independent Non-Executive Director*
Leonie Ki Man Fung, *Independent Non-Executive Director*

REMUNERATION POLICY

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

EXECUTIVE DIRECTORS' REMUNERATION: BASIC SALARY

The Remuneration Committee annually reviews and approves the basic salary of all executive Directors of the Group. Details of each executive Director's salary are in "Notes to Financial Statements" on page 87.

SHARE OPTIONS

The Remuneration Committee is also entrusted with approving all grants of share options under the Group's approved share options scheme for executive Directors. Such share options are granted based on each employee's performance and the achievement of certain goals that are consistent with the Group's objective of maximizing long-term value for its shareholders. Details of the share options granted to executive Directors and the management team to date are published on page 60 of the "Report of the Directors."

NON-EXECUTIVE DIRECTORS' REMUNERATION

All fees paid to non-executive Directors for their services to the Group are subject to annual review and approval by the Remuneration Committee. The Group also offers its non-executive Directors reimbursement of invoices for out-of-pocket expenses incurred by them while discharging their duties as Directors, such as attending meetings on behalf of the Group. Full details of all such fees paid to non-executive Directors during 2007 can be found on pages 86 to 88 of the "Notes to Financial Statements". The non-executive Directors, together with the other Directors of the Company, are subject to retirement by rotation and re-election in accordance with the Company's Bye-laws at each annual general meeting.

NOMINATION COMMITTEE

The main roles and responsibilities of the Nomination Committee are set out by the Board with clearly defined written terms of reference. The Nomination Committee reports to the Board and makes recommendations regarding the appointment of Directors, its evaluation of the Board's composition, and the management of Board succession with references endorsed by the Board itself. The Nomination Committee currently has five non-executive Directors, with a majority of independent non-executive Directors.

MEMBERS OF THE NOMINATION COMMITTEE

Steven Yung, *Non-Executive Director (Chairman)*
Peter Cosgrove, *Non-Executive Director*
Wang Shou Zhi, *Independent Non-Executive Director*
Desmond Murray, *Independent Non-Executive Director*
Leonie Ki Man Fung, *Independent Non-Executive Director*

The Nomination Committee adopts certain criteria and procedures in the nomination of new Directors. The criteria include a candidate's professional background, especially advertising, financial and commercial experience, and track record with other listed companies. The Nomination Committee also considers information on candidates available from various sources, including the database of the Institute of Directors in Hong Kong, as well as recommendations from the management team and other knowledgeable individuals. Candidates who satisfy all of the relevant criteria are then short-listed by the Chairman and the Secretary of the Nomination Committee before their nominations are proposed to the Nomination Committee. The Nomination Committee subsequently meets to select the final candidate and submit its recommendation to the Board for approval. The Nomination Committee met once in 2007 to discuss and recommend the nomination of a non-executive Director and other issues.

CAPITAL EXPENDITURE COMMITTEE

The Capital Expenditure Committee is in charge of reviewing and recommending new projects involving capital expenditures greater than HK$10,000,000 to the Board for its approval in order to ensure more efficient usage of the Group's capital resources. The members of this Committee include the Group's Chief Financial Officer, Chief Operating Officer, a non-executive Director and an alternate non-executive Director with relevant international operational experience.

MEMBERS OF THE CAPITAL EXPENDITURE COMMITTEE

Mark Thewlis, *Non-Executive Director*
Jonathan Bevan, *Alternate Non-Executive Director*
Teo Hong Kiong, *Chief Financial Officer, Executive Director*
Zhang Huai Jun, *Chief Operating Officer and Alternate Non-Executive Director*

The Capital Expenditure Committee met four times in 2007 to review new projects and subsequently made recommendations to the Board for its approval.

INTERNAL CONTROL AND INTERNAL AUDIT

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

The Group's internal control systems are designed to provide reasonable protection of Clear Media's assets, and to safeguard these assets against unauthorized use or disposition by ensuring that all such transactions are executed in accordance with management's authorization. The systems also ensure that accounting records are sufficiently accurate for the preparation of financial information used for operational and reporting purposes. The Group has adopted comprehensive procedures with duly assigned levels of authority in areas of financial, operational and compliance controls, and risk management to ensure that its assets and resources remain secure at all times.

The role of the Audit Committee is, through discussion with management and other consultants, and the use of the internal audit function, to review the effectiveness of the internal control systems, including financial, operational and compliance controls, and risk management functions, and to report to the Board any significant risks and issues.

In 2007, the Board approved a 3-year rotational internal audit plan covering several different departments. The objective of this plan is to reduce potential risks and improve operational efficiency. The Group subsequently outsourced the completion of this work to a qualified consultant. The Group's internal auditors report their findings and make their recommendations directly to the Audit Committee on a regular basis and have the right to consult the Audit Committee without first referring to the management. The Audit Committee reports the progress of the work plan and related findings to the Board at each meeting during the year.

The Company effectively became a subsidiary of Clear Channel Outdoor Holdings, Inc. ("CCO") and its controlling shareholder Clear Channel Communications, Inc. ("CCU") in 2005, resulting in the consolidation of Clear Media in CCO's and CCU's financial results. CCO and CCU are listed companies on the New York Stock Exchange and are subject to certain rules in accounting, disclosure and internal control procedures, including the rules set out in the Sarbanes-Oxley Act (SOX). The Group conducted an audit regarding its compliance with the requirements under the SOX in 2007 by its internal auditors and external auditors, and we are pleased to report that the Group is in compliance with the rules and requirements stipulated in SOX.

CODE OF CONDUCT AND BUSINESS ETHICS

The Directors of the Group have a duty and responsibility to act honestly and with due diligence and care when carrying out their duties on behalf of the Group. All Directors have been provided with the latest version of the "Guidance on the Disclosure of Price Sensitive Information" published by Hong Kong Exchanges and Clearing Limited. The Group also provides all its Directors with copies of the "Guidelines for Directors" published by the Hong Kong Institute of Directors, as well as detailed updates on the Listing Rules as prepared by the Group's lawyers.

SOCIAL RESPONSIBILITY AND SUSTAINABILITY

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

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted strict procedures that require all Directors to confirm that their securities transactions are fully compliant with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. In 2007, all Directors confirmed their compliance with the Model Code. Specified employees who are likely to be in possession of unpublished, price-sensitive information related to the Group and its activities must also comply with guidelines as exacting as those set out in the Model Code. No non-compliance report was received from any such employee during 2007.

DIRECTORS' INTERESTS

Full details of individual Director's interests in the shares and share options of the Company are set out on page 60 of the "Report of the Directors."

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR ACCOUNTS

Directors' and the auditors' responsibilities to shareholders are included on page 64 of the "Independent Auditors' Report".

OPEN COMMUNICATION

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

COMMUNICATIONS WITH SHAREHOLDERS

Effective communication with shareholders has always been one of Clear Media's priorities. The various channels by which the Group communicates with its shareholders include interim and annual reports, the Company's website, and general investor meetings held either face-to-face or via telephone conference calls. The Group reports to its shareholders twice a year and maintains a regular dialogue with investors. Interim and annual results are announced as early as possible to keep shareholders informed of the Group's performance and operations in a timely manner. The publication of the Group's financial results on a semi-annual basis enhances transparency regarding its performance and ensures that details of new developments affecting the Group are made available in a timely manner. The Group typically announces its interim and annual results no later than 3 months after the end of the relevant periods. An Annual General Meeting will be held no later than 5 months after the financial year-end, and all shareholders are encouraged to attend the Annual General Meeting to discuss the progress of Clear Media's businesses.

SHAREHOLDERS' RIGHTS

The Group's Bye-laws state that shareholders holding not less than one-tenth of the Group's paid-up capital carrying voting rights shall at all times have the right to request the Board to call a special meeting to discuss specified business transactions. To request such a meeting, individuals must send a written notice to the Group's registered address at least 21 days before the proposed date of the meeting. This procedure also applies to any proposals to be tabled at shareholders' meetings for adoption.

VOTING RIGHTS

All shares in Clear Media are ordinary shares. The total number of outstanding shares issued at the date of this report was 524,368,500. All shareholders whose shares are registered in the Group's register of shareholders before the record date published in the Group's shareholders' meeting notice are entitled to vote at the meetings. Voting normally takes the form of a show of hands or, in the case of related-party transactions, a taking of a poll. Results of shareholders' meetings are reported to the public via announcements submitted to the Hong Kong Stock Exchange as necessary, and are also uploaded to the Group's website.

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

INVESTOR RELATIONS

Clear Media regards open communication with both existing and potential investors as being vital to its sustained success. To this end, the Group insists on full, honest, equal and timely disclosure of all essential information regarding its business to the investment community.

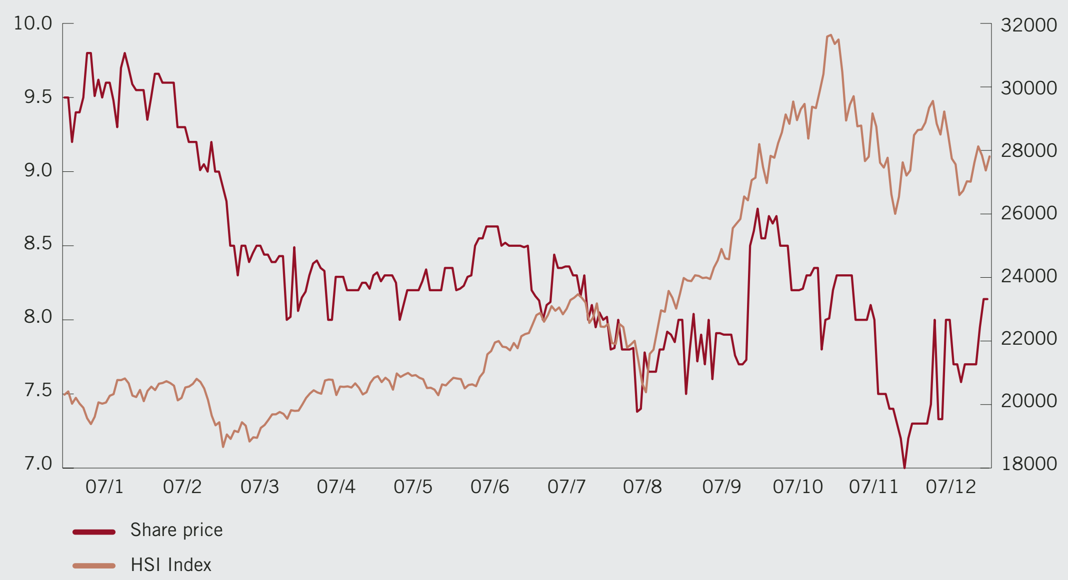
We believe that as a result of the Group's commitment to transparent communications, Clear Media receives wide coverage amongst the institutional investment community, with key local and international research houses regularly publishing reports on the Group and its activities. The Group is determined to develop closer ties with the investment community, and our senior management team regularly attends investor conferences organized by securities houses in Hong Kong, China and overseas.

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

FINANCIAL CALENDAR 2008

Results Announcement 2007	31 January
Annual General Meeting	22 May
Interim Results Announcement	July/August
Financial Year End	31 December

Share Price Performance



(Source: Bloomberg)

45.9 million shares were traded on HKEx in 2007. The highest trading price for the share was HK$9.80 on 10 January 2007 and the lowest was HK$7.00 on 27 November 2007.

REPORT OF THE DIRECTORS

The Directors of Clear Media Limited (the "Company") are pleased to present their report together with the audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 15 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2007 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 66 to 119.

The Directors do not recommend the payment of any dividend in respect of the year.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 126. This summary does not form part of the audited financial statements.

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

FIVE YEAR FINANCIAL SUMMARY

	Year ended 31 December				
	2007	2006	2005	2004	2003
	HK$'000	HK$'000	HK$'000	HK$'000 Restated	HK$'000 Restated
Results					
Profit attributable to:					
— Equity holders of the parent	**141,584**	120,043	105,155	87,828	78,534
— Minority interests	**13,248**	9,189	8,822	10,268	8,450
Assets and liabilities					
Total assets	**2,737,970**	2,433,574	2,062,710	1,944,800	1,624,054
Total liabilities	**(585,603)**	(580,448)	(509,245)	(544,043)	(325,715)
Total equity	**2,152,367**	1,853,126	1,553,465	1,400,757	1,298,339

Note: Profit attributable to equity holders for the year ended 31st December 2004 and 2003 have been restated as a result of the prior year adjustments in respect of the adoption of Hong Kong Financial Reporting Standard 2 "Share-based Payments" issued by the Hong Kong Institute of Certified Public Accountants. Total assets and liabilities as at 31 December 2004 have been restated as a result of the prior year adjustments in respect of the adoption of Hong Kong Accounting Standard 32 "Financial Instruments: Disclosure and Presentation".

PROPERTY, PLANT AND EQUIPMENT AND CONCESSION RIGHTS

Details of movements in the property, plant and equipment and concession rights of the Group for the year ended 31 December 2007 are set out in notes 14 and 16 to the financial statements, respectively.

SHARE CAPITAL, SHARE OPTIONS AND CONVERTIBLE BONDS

Details of movements in the Company's convertible bonds, share capital and share options during the year together with the reasons therefor, and details of the Company's share option schemes are set out in notes 23, 25 and 26 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 27 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2007, the Company's share premium account, contributed surplus and retained profits accounts available for cash distribution and/or distribution in specie amounted to HK$1,264,749,000 (2006: HK$1,243,079,000). In accordance with the Bermuda Companies Act 1981, the Company's contributed surplus may be distributed in certain circumstances.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company's shares were listed on the Stock Exchange on 19 December 2001. Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the year and up to the date of this report.

CHARITABLE CONTRIBUTIONS

During the year, the Group did not make any charitable contributions (2006: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for less than 30% of the Group's turnover for the year. Payment to the Group's five largest suppliers who provide goods and services which are specific to the Group's businesses and which are required on a regular basis to enable the Group to continue to supply or service its customers accounted for less than 30% of the Group's total payment to suppliers for the year.

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note 31 to the financial statements also constituted connected transactions under the Listing Rules, required to be disclosed in accordance with Main Board: Chapter 14A of the Listing Rules. The following transactions between certain connected parties (as defined in the Listing Rules) and the Company have been entered into and/or are ongoing for which relevant announcements, if necessary, had been made by the Company in accordance with the requirements of the Listing Rules. The Group entered into the following continuing connected transactions during the year ended 31 December 2007:

1. Continuing connected transactions

(a) On 11 May 2004, the WHA Joint Venture, a 80% indirect non-wholly owned subsidiary of the Company, entered into maintenance services agreements with certain connected persons of the Company for a term of 3 years. These connected persons included the White Horse Companies. At the Special General Meeting convened on 28 May 2004, the independent shareholders approved the annual cap amounts of the transactions under the maintenance services agreements for the years 2004, 2005 and 2006.

On 20 April 2007, the WHA Joint Venture terminated the maintenance services agreements signed on 11 May 2004 and entered into the new Maintenance Services Agreements with the White Horse Companies on substantially the same terms as the old agreements, for a fixed term until 31 December 2008. Pursuant to the Maintenance Services Agreements, the WHA Joint Venture outsources to the White Horse Companies, the provision of maintenance and other related services in respect of bus shelters operated by the WHA Joint Venture in the Tianjin, Kunming, Fuzhou, Xiamen and Haerbin in the PRC. The scope of maintenance services include:

- cleaning, repairing and maintaining the bus shelters;
- liaising with relevant local governmental agencies with respect to approvals incidental to the installation of bus shelters or taxi-rank shelters;
- facilitating the operation of bus shelter advertisements including procuring electricity supply and other related arrangements;
- assisting in applying to local governmental authorities for approval in respect of the content of posters to be displayed; and
- posting and changing of advertising posters in display panels.

The term of the Maintenance Services Agreements is from 20 April 2007 to 31 December 2008.

The White Horse Companies are connected persons of the Company because Mr. Han Zi Dian, one of the Company's Directors:

(i) controls the composition of a majority of the board of Directors of the White Horse Companies; and

(ii) is able to indirectly exercise influence over the management (as legal representative of some of the White Horse Companies).

Therefore, the Maintenance Services Agreements constitute continuing connected transactions of the Company under the Listing Rules.

Under the Maintenance Services Agreements, the WHA Joint Venture pays a maintenance fee consisting of a pre-determined cost element and an incentive payment to the White Horse Companies for the services provided. The same basis for calculating payment of the maintenance fee is applicable to other third party maintenance services providers. The pre-determined cost element is set by the WHA Joint Venture based on what it considers, having regard to the number of bus shelters under management, to be an efficient and reasonable cost structure. The structure of the pre-determined cost element contains a fixed maintenance cost of RMB100 per bus shelter unit per month and a base flat-rate cost which varies from city to city, depending on, amongst other things, the local costs and the Company's presence in that area. The incentive payment is made at the WHA Joint Venture's sole discretion and is awarded to those White Horse Companies that have met certain quality and performance criteria set by the WHA Joint Venture, such as the state of cleanliness and the general condition of the bus shelters and whether any complaints were received.

The maximum aggregate annual value for each financial year under the Maintenance Services Agreements will be RMB4,000,000 (approximately HK$4,125,000, based on the average exchange rate of Year 2007). Such maximum aggregate annual value is negotiated on an arm's length basis and takes into account the prevailing market rates for such services and historical transactions between the Group and the White Horse Companies for the provision of maintenance services. The terms of the Maintenance Services Agreements are no less favourable than those offered to the Group by independent third parties.

(b) On 11 May 2004, the WHA Joint Venture and Guangdong White Horse Advertising Company Limited ("GWH") entered into a framework agreement which sets out the terms of the advertising commission arrangement (described below) between the WHA Joint Venture and GWH for a fixed term of three years. At the Special General Meeting convened on 28 May 2004, the Independent Shareholders approved the annual cap amounts of the transactions under the framework agreement for the years 2004, 2005 and 2006.

On 5 March 2007, the WHA Joint Venture terminated the above-mentioned framework agreement and entered into a new three-year framework agreement with GWH for the years 2007, 2008 and 2009 on substantially the same terms as the previous framework agreement. The Framework Agreement provides that GWH may, with the consent of the WHA Joint Venture, assign part or all of the said agreement to an affiliated company or to such other company over which Mr. Han Zi Dian may exercise influence over the management and day-to-day operations. The assignee will assume the obligations and rights of GWH under the Framework Agreement and the applicable annual caps for the transactions under the Framework Agreement will remain unchanged.

The WHA Joint Venture is an indirect 80%-owned subsidiary of the Company. GWH is a connected person of the Company because Mr. Han Zi Dian, one of the Company's Directors, is able to exercise influence over the management and day-to-day operations as director and general manager of GWH and controls the composition of a majority of the board of Directors of GWH from his indirect interest of 14.2% in GWH (through his direct 29% interest in White Horse Advertising Limited, which in turn is a shareholder of GWH, having a 49% interest). Therefore, the Framework Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

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

All sales contracts entered into by the WHA Joint Venture, including those contracts booked through GWH, are based on its standard terms and conditions and its standard price list, which are also applicable to sales contracts with other third party advertising agencies. The amount of advertising commission payable to GWH for procuring the sales contracts is based on the overall industry practice of roughly 15% of the value of the gross sales as a general reference point.

The approved annual caps for the gross value of sales from GWH for the financial years ending on 31 December 2007, 2008 and 2009 were HK$150 million, HK$210 million and HK$232 million, respectively. The approved annual caps for the advertising commission payable to White Horse Advertising for each of these financial years were HK$22.5 million, HK$31.5 million and HK$34.8 million, respectively.

(c) On 19 April 2006, WHA Joint Venture and GWH entered into a creative services agreement pursuant to which GWH agreed to provide to the WHA Joint Venture creative design services for posters, sales and marketing materials and company profiles. The total consideration for 2007 is approximately RMB3,000,000 (equivalent to approximately HK$3,094,000). Under the agreement, WHA Joint Venture shall pay to GWH the fees for such services on or before the 25th day of each calendar month. The term of the creative services agreement is from 19 April 2006 to 31 December 2007. There transactions were entered into on terms no less favourable than those available to or from independent third parties.

(d) On 9 January 2006, China Outdoor Media Investment (Hong Kong) Company Limited ("China Outdoor Media (HK)"), a wholly-owned subsidiary of the Company and Hainan White Horse signed an agreement to amend the Joint Venture Agreement, extending the term of China Outdoor Media (HK)'s entitlement of 90% of the after-tax profits of the WHA Joint Venture, an indirect wholly-owned subsidiary of the Company, for a further two years to the end of the fiscal year 2007. From the fiscal year 2008 and onwards, China Outdoor Media (HK) will be entitled to 80% of the after-tax profits of the WHA Joint Venture. The other terms of the Joint Venture Agreement remain unchanged. In consideration of the above, China Outdoor Media (HK) agreed to make a one-off payment of HK$500,000 to Hainan White Horse. This amount is determined with reference to the amount payable upon the exercise of the option currently held by China Outdoor Media (HK) to purchase the remaining 20% shareholding in the WHA Joint Venture when the relevant PRC laws permit China Outdoor Media (HK) to have more than an 80% shareholding in the WHA Joint Venture. This payment constitutes a de minimis connected transaction exempt from announcement and independent shareholders' approval under the Listing Rules because Hainan White Horse is a connected person of the Company by virtue of it being a substantial shareholder of the WHA Joint Venture.

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

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

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

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

The independent non-executive Directors further confirmed that:

(a) the maintenance fees payable by the Group to the White Horse Companies in relation to the Maintenance Services Agreements did not exceed RMB4 million during the year; and

(b) the value of gross sales from GWH and the advertising commission payable by the Group to GWH in relation to the advertising commission arrangement did not exceed HK$150 million and HK$22.5 million during the year, respectively.

The auditors of the Group have reviewed the connected transactions and confirmed to the Directors that:

(a) the transactions have received the approval of the board of Directors;

(b) the transactions were entered into in accordance with the pricing policies as stated in the Company's financial statements;

(c) the transactions were entered into in accordance with the relevant agreements governing those transactions or if there are no such agreements, on terms no less favourable than those available to or from independent third parties; and

(d) have not exceeded the caps set out in the respective paragraphs above.

DIRECTORS

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

Executive Directors:

Han Zi Jing
Teo Hong Kiong
Zou Nan Feng

Non-executive Directors:

Steven Yung
Peter Cosgrove
Mark Mays
Paul Meyer
Mark Thewlis (appointed as non-executive Director and resigned as alternate Director to Mark Mays, Paul Meyer and Jonathan Bevan on 2 November 2007)
Han Zi Dian
Zhang Huai Jun (alternate Director to Han Zi Dian)
Jonathan Bevan (resigned and re-designated as alternate Director to Mark Mays, Paul Meyer and Mark Thewlis on 2 November 2007)

Independent non-executive Directors:

Leonie Ki Man Fung
Wang Shou Zhi
Desmond Murray

On 2 November 2007, Mr. Jonathan Bevan resigned as a non-executive Director of the Company and has been re-designated as alternate Director of each of Mr. Paul Meyer, Mr. Mark Mays and Mr. Mark Thewlis. On the same day, Mr. Mark Thewlis resigned as alternate Director of each of Mr. Paul Meyer, Mr. Mark Mays and Mr. Jonathan Bevan and has been appointed as a non-executive Director of the Company.

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 36 to 39 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from 30 November 2001, which will automatically continue thereafter until terminated by not less than three months' notice in writing served by either party to the other.

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

DIRECTORS' REMUNERATION

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

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 31 to the financial statements, no Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries, was a party during or at the end of the year.

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

As at 31 December 2007, the interests and short positions of the Directors, the Chief Executive or their associates in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

A. Long positions in ordinary shares of the Company as at 31 December 2007:

	Number of shares held, capacity and nature of interest					
Name of Director	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	% of the Company's issued share capital
Han Zi Jing	–	–	7,700,000	–	7,700,000	1.47%

Note: The 7,700,000 shares are held by Outdoor Media China, Inc. ("OMC"), a company incorporated in Western Samoa of Offshore Chambers. As at 31 December 2007, Mr. Han Zi Jing held approximately 98% of the issued share capital of Golden Profits Consultants Limited, which is the beneficial holder of 100% of the shares in OMC. The effective interest of Mr. Han in OMC is therefore 98%.

Long positions in share options of the Company:

Name of director	Number of options directly beneficially owned
Steven Yung	2,650,000
Peter Cosgrove	1,875,000
Han Zi Jing	9,400,000
Teo Hong Kiong	2,000,000
Zou Nan Feng	2,266,000
Zhang Huai Jun	1,991,000
	20,182,000

B. Long positions in the shares of Clear Channel Communications, Inc. as at 31 December 2007:

Clear Channel Communications, Inc. (Note 1)

	Number of shares held, capacity and nature of interest: shares					
Name of Director	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	% of issued share capital
Mark Mays	803,160	16,738	1,022,293 (Note 2)	146,267 (Note 3)	1,988,458	0.3792
Paul Meyer	21,874	–	–	–	21,874	0.0044
Jonathan Bevan	1,500	–	–	–	1,500	0.0003
Mark Thewlis	400	–	–	–	400	0.00008

Notes:

1. Clear Channel Communications, Inc. is the ultimate holding company of the Company.
2. These are held through MPM Partners, Ltd, a limited partnership organised in the state of Texas, USA, where Mark Mays is the general partner and which is 28.64% owned by trusts which beneficiaries are Mark May's children, 51.06% owned by Mark Mays and 20.30% owned by his spouse.
3. Aggregate number of shares held by the trusts for which Mark Mays is the trustee or a co-trustee. Of the shares held by these trusts, the children of Mark Mays are the beneficiaries of approximately 36,964 shares and Mark Mays is the beneficiary of approximately 11,250 shares.

C. Long positions in the shares of Clear Channel Outdoor Holdings, Inc. as 31 December 2007:

Clear Channel Outdoor Holdings, Inc. (Note 1)

	Number of shares held, capacity and nature of interest: shares					
Name of Director	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	% of issued share capital
Mark Mays	16,667	–	–	–	16,667	0.005
Paul Meyer	40,000	–	–	–	40,000	0.011
Jonathan Bevan	19,458	–	–	–	19,458	0.005
Mark Thewlis	10,708	–	–	–	10,708	0.003

Note:

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

D. Right to acquire shares in Clear Channel Communications, Inc. as at 31 December 2007:

Name of Director	Date of grant	Number of outstanding options as at 31 December 2007	Option period	Subscription price per share of Clear Channel Communications, Inc.
Mark Mays	29/02/2000	78,335	28/02/2005 – 28/02/2010	US$63.79
	12/02/2001	259,319	12/02/2006 – 12/02/2011	US$55.54
	12/02/2001	1,799	12/02/2006 – 12/02/2011	US$55.54
	14/12/2001	261,119	14/12/2006 – 14/12/2011	US$44.31
	19/02/2003	235,006	19/02/2008 – 19/02/2013	US$35.06
	19/02/2004	156,671	31/12/2004 – 19/02/2009	US$42.63
	12/01/2005	217,684	12/01/2010 – 12/01/2015	US$30.31
	16/02/2005	47,001	16/02/2010 – 16/02/2015	US$32.88

E. Right to acquire shares in Clear Channel Outdoor Holdings, Inc. as at 31 December 2007:

Name of Director	Date of grant	Number of outstanding options as at 31 December 2007	Option period	Subscription price per share of Clear Channel Outdoor Holdings, Inc.
Mark Mays	11/11/2005	100,000	11/11/2010 – 11/11/2015	US$18.00
	23/05/2007	12,500	23/05/2008 – 23/05/2017	US$29.03
	23/05/2007	12,500	23/05/2009 – 23/05/2017	US$29.03
	23/05/2007	12,500	23/05/2010 – 23/05/2017	US$29.03
	23/05/2007	12,500	23/05/2011 – 23/05/2017	US$29.03
Paul Meyer	11/11/2005	30,741	02/12/2006 – 02/12/2008	US$33.02
	11/11/2005	17,566	14/12/2004 – 14/12/2008	US$26.35
	11/11/2005	17,567	14/12/2005 – 14/12/2008	US$26.35
	11/11/2005	114,183	19/02/2004 – 19/02/2009	US$25.35
	11/11/2005	30,742	12/02/2006 – 12/02/2008	US$33.02
	11/11/2005	35,133	14/12/2006 – 14/12/2008	US$26.35
	11/11/2005	35,133	19/02/2008 – 19/02/2010	US$20.85
	11/11/2005	91,250	11/11/2008 – 11/11/2012	US$18.00
	11/11/2005	91,250	11/11/2009 – 11/11/2012	US$18.00
	11/11/2005	182,500	11/11/2010 – 11/11/2012	US$18.00
Jonathan Bevan	12/02/2001	1,756	12/02/2006 – 12/02/2008	US$33.02
	25/07/2001	2,635	25/07/2005 – 25/07/2008	US$31.88
	25/07/2001	2,635	25/07/2006 – 25/07/2008	US$31.88
	14/12/2001	1,756	14/12/2005 – 14/12/2008	US$26.35
	14/12/2001	1,757	14/12/2006 – 14/12/2008	US$26.35
	19/02/2003	2,195	19/12/2006 – 19/02/2010	US$20.85
	19/02/2003	2,196	19/02/2007 – 19/02/2010	US$20.85
	19/02/2003	4,392	19/02/2008 – 19/02/2010	US$20.85
	19/02/2004	8,783	31/12/2004 – 19/02/2009	US$25.35
	12/01/2005	3,293	12/01/2008 – 12/01/2012	US$17.89

E. Right to acquire shares in Clear Channel Outdoor Holdings, Inc. as at 31 December 2007: (continued)

Name of Director	Date of grant	Number of outstanding options as at 31 December 2007	Option period	Subscription price per share of Clear Channel Outdoor Holdings, Inc.
	12/01/2005	3,294	12/01/2009 – 12/01/2012	US$17.89
	12/01/2005	6,588	12/01/2010 – 12/01/2012	US$17.89
	13/02/2006	3,125	13/02/2009 – 13/02/2013	US$19.85
	13/02/2006	3,125	13/02/2010 – 13/02/2013	US$19.85
	13/02/2006	6,250	13/02/2011 – 13/02/2013	US$19.85
	23/05/2007	6,625	23/05/2008 – 23/05/2017	US$29.03
	23/05/2007	6,625	23/05/2009 – 23/05/2017	US$29.03
	23/05/2007	6,625	23/05/2010 – 23/05/2017	US$29.03
	23/05/2007	6,625	23/05/2011 – 23/05/2017	US$29.03
Mark Thewlis	12/02/2001	1,756	12/02/2006 – 12/02/2008	US$33.02
	14/12/2001	219	14/12/2004 – 14/12/2008	US$26.35
	14/12/2001	220	14/12/2005 – 14/12/2008	US$26.35
	14/12/2001	439	14/12/2006 – 14/12/2008	US$26.35
	19/02/2003	1,097	19/02/2006 – 19/02/2010	US$20.85
	19/02/2003	1,097	19/02/2007 – 19/02/2010	US$20.85
	19/02/2003	2,197	19/02/2008 – 19/02/2010	US$20.85
	19/02/2003	1,756	19/02/2007 – 19/02/2009	US$25.35
	13/02/2006	6,250	13/02/2009 – 13/02/2013	US$19.85
	13/02/2006	6,250	13/02/2010 – 13/02/2013	US$19.85
	13/02/2006	12,500	13/02/2011 – 13/02/2013	US$19.85
	23/05/2007	6,625	23/05/2008 – 23/05/2017	US$29.03
	23/05/2007	6,625	23/05/2009 – 23/05/2017	US$29.03
	23/05/2007	6,625	23/05/2010 – 23/05/2017	US$29.03
	23/05/2007	6,625	23/05/2011 – 23/05/2017	US$29.03
Teo Hong Kiong	11/11/2005	2,500	11/11/2010 – 11/11/2015	US$18.00

Save as disclosed above, none of the Directors nor the Chief Executive had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' rights to acquire shares

Save as disclosed in the section "Directors' and Chief Executive's interests and short positions in shares and underlying shares" above and in the section "Share option schemes" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any Director, or his or her respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Share option schemes

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the Group's operations. Under the Scheme, the Directors may, at their discretion, invite any employees, Directors or consultants of any company in the Group to acquire options. The Scheme became effective on 28 November 2001 and, unless otherwise cancelled or amended, will remain in force for seven years from that date.

The maximum number of shares in respect of which options may be granted under the Scheme and under any other share option scheme of the Company pursuant to which options may from time to time be granted to Directors, consultants, and/or employees of any company in the Group, shall initially not exceed 10% of the relevant class of securities of the Company in issue excluding, for this purpose, shares issued on the exercise of options under the Scheme and any other share option scheme of the Company. Upon the grant of options for shares up to 10% of the relevant class of securities of the Company and subject to the approval of the shareholders of the Company in general meetings, the maximum number of shares to be issued under this scheme when aggregated with securities to be issued under any other share option scheme of the Group, may be increased by the board of Directors provided that the number of shares to be issued upon the exercise of all outstanding options does not exceed 30% of the relevant class of securities in issue from time to time.

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

An option may be exercised in accordance with the terms of the Scheme at any time during the option period (and not more than seven years after the date of grant). The option period will be determined by the board of Directors and communicated to each grantee. The board of Directors may provide restrictions on the period during which the options may be exercised. There are no performance targets which must be achieved before any of the options can be exercised except for the share options granted on 28 May 2003, 19 November 2003 and 29 June 2007. Share options granted on 28 May 2003 and 19 November 2003 have become fully vested at the end of the third year after the respective grant dates while those granted on 29 June 2007 will not become vested until the end of the third year after the grant date unless the Company has achieved an average annual earnings per share growth of 5% each year for the first three full financial years after the grant date. However, the board of Directors retains discretion to accelerate the vesting of fixed term options in the event that certain performance targets are met.

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

As at 31 December 2007, the number of shares issuable under share options granted under the Scheme was 18,148,000 which represented approximately 3.5% of the Company's shares in issue as at that date. The maximum number of shares issuable under share options may be granted to each eligible participant in the Scheme within any 12-month period up to the date of the latest grant, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

On 28 November 2001, the Company also adopted a pre-IPO share option scheme (the "Pre-IPO share option scheme") conditionally as described in the Company's prospectus dated 10 December 2001. The principal terms of the Pre-IPO share option scheme are substantially the same as the terms of the Scheme except that:

(a) Employees, Directors and consultants of the Group who have contributed substantially to the growth of the Group and to the initial public offering or full-time employees and Directors of the Group are eligible to participate in the Pre-IPO share option scheme;

(b) The subscription price for the shares under the Pre-IPO share option scheme shall be equal to the offer price; and

(c) The Pre-IPO share option scheme will remain in force for a period commencing on the date on which the Pre-IPO share option scheme is conditionally adopted by the shareholders of the Company and ending on the day immediately prior to 19 December 2001, after which period no further options will be granted but in all other respects the provisions of the Pre-IPO share option scheme shall remain in full force and effect.

As at 31 December 2007, the number of shares issuable under share options granted under the Pre-IPO share option scheme was 6,934,000, which represented approximately 1.3% of the Company's shares in issue as at that date. The maximum number of shares issuable under share options to each eligible participant in the Pre-IPO share option scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The share options granted under the Pre-IPO share option scheme and the Scheme for a consideration of HK$1.00 per grant are set out below:

		Number of share options								Price of the Company's shares***			
Name or category of participant	Type of share option scheme	At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options*	Exercise period	Exercise price per share**	At grant date of options	Immediately before the exercise date	At exercise date of options
										HK$	HK$	HK$	HK$
Director													
Steven Yung	The Scheme	1,250,000	–	–	–	–	1,250,000	29/06/2002	30/06/2005 to 29/06/2009	5.51	5.3	–	–
	The Scheme	1,400,000	–	–	–	–	1,400,000	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.5	–	–
		2,650,000	–	–	–	–	2,650,000						
Peter Cosgrove	Pre-IPO share option scheme	1,250,000	–	–	–	–	1,250,000	28/11/2001	29/11/2004 to 28/11/2008	5.89	–	–	–
	The Scheme	625,000	–	–	–	–	625,000	29/06/2002	30/06/2005 to 29/06/2009	5.51	5.3	–	–
		1,875,000	–	–	–	–	1,875,000						

Name or category of participant	Type of share option scheme	Number of share options: At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options*	Exercise period	Exercise price per share**	Price of the Company's shares***: At grant date of options	Immediately before the exercise date	At exercise date of options
										HK$	HK$	HK$	HK$
Han Zi Jing	Pre-IPO share option scheme	3,334,000	–	–	–	–	3,334,000	28/11/2001	29/11/2004 to 28/11/2008	5.89	–	–	–
	The Scheme	1,666,000	–	–	–	–	1,666,000	29/06/2002	30/06/2005 to 29/06/2009	5.51	5.3	–	–
	The Scheme	1,900,000	–	–	–	–	1,900,000	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.5	–	–
	The Scheme	1,000,000	–	–	–	–	1,000,000	19/11/2003	20/11/2006 to 19/11/2010	5.35	5.35	–	–
	The Scheme	–	1,500,000	–	–	–	1,500,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
		7,900,000	1,500,000	–	–	–	9,400,000						
Teo Hong Kiong	Pre-IPO share option scheme	1,200,000	–	–	–	–	1,200,000	28/11/2001	29/11/2004 to 28/11/2008	5.89	–	–	–
	The Scheme	–	800,000	–	–	–	800,000	29/06/2007	30/06/2010 to 28/06/2014	8.53	8.50	–	–
		1,200,000	800,000	–	–	–	2,000,000						
Zou Nan Feng	Pre-IPO share option scheme	800,000	–	–	–	–	800,000	28/11/2001	29/11/2004 to 28/11/2008	5.89	–	–	–
	The Scheme	400,000	–	–	–	–	400,000	29/06/2002	30/06/2005 to 29/06/2009	5.51	5.3	–	–
	The Scheme	666,000	–	–	–	–	666,000	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.5	–	–
	The Scheme	–	400,000	–	–	–	400,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
		1,866,000	400,000	–	–	–	2,266,000						
Zhang Huai Jun	Pre-IPO share option scheme	350,000	–	–	–	–	350,000	28/11/2001	29/11/2004 to 28/11/2008	5.89	–	–	–
	The Scheme	175,000	–	–	–	–	175,000	29/06/2002	30/06/2005 to 29/06/2009	5.51	5.3	–	–
	The Scheme	666,000	–	–	–	–	666,000	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.5	–	–
	The Scheme	–	800,000	–	–	–	800,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
		1,191,000	800,000	–	–	–	1,991,000						

Name or category of participant	Type of share option scheme	Number of share options: At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options*	Exercise period	Price of the Company's shares***: Exercise price per share**	At grant date of options	Immediately before the exercise date	At exercise date of options
										HK$	HK$	HK$	HK$
Others													
Members of senior management and other employees of the Group	Pre-IPO share option scheme	800,000	–	(800,000)	–	–	–	28/11/2001	29/11/2004 to 28/11/2008	5.89	–	8.33	8.22
	The Scheme	400,000	–	(400,000)	–	–	–	29/06/2002	30/06/2005 to 29/06/2009	5.51	5.3	8.15	8.16
	The Scheme	366,000	–	(366,000)	–	–	–	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.5	9.20	9.20
	The Scheme	1,900,000	–	–	–	–	1,900,000	19/11/2003	20/11/2006 to 19/11/2010	5.35	5.35	–	–
	The Scheme	–	3,000,000	–	–	–	3,000,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
		3,466,000	3,000,000	(1,566,000)	–	–	4,900,000						
In aggregate	Pre-IPO share option scheme	7,734,000	–	(800,000)	–	–	6,934,000						
	The Scheme	4,516,000	–	(400,000)	–	–	4,116,000						
	The Scheme	4,998,000	–	(366,000)	–	–	4,632,000						
	The Scheme	2,900,000	–	–	–	–	2,900,000						
	The Scheme	–	6,500,000	–	–	–	6,500,000						
		20,148,000	6,500,000	(1,566,000)	–	–	25,082,000						

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

(i) For the share options granted under the Pre-IPO share option scheme, 33.3% of the options granted have become vested at the end of the first full financial year (the "Period") after the grant date as the Company achieved a compounded 20% growth in its earnings before interest, tax, depreciation and amortisation (the "EBITDA") during the Period. The remaining 66.7% of the options granted have become vested at the end of the second full financial year after the grant date as the Company achieves a compounded annual growth rate of 20% in its EBITDA during the first two full financial years after the grant date.

(ii) For the share options granted on 28 May 2003 and 19 November 2003 which have become vested at the end of the third year after the respective grant dates while those granted on 29 June 2007 will not become vested until the end of the third year after the grant date unless the Company has achieved an average annual earnings per share growth of 5% each year for the first three full financial years after the grant date.

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

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

During the year, 6,500,000 share options were granted by the Company.

Apart from the foregoing, at no time during the year ended 31 December 2007 was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or any of their respective spouse or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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

As at 31 December 2007, the following interests and short positions of 5% or more in the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Number of shares held	Percentage of the Company's issued share capital
Clear Channel KNR Neth Antilles NV	271,579,500	51.79%
Julius Baer Investment Management LLC	41,903,352	7.99%
ZAM Europe L. P.	40,169,000	7.66%

Save as disclosed above, as at 31 December 2007, no person or corporation, other than the Directors and Chief Executive of the Company, whose interests are set out in the section "Directors' and Chief Executive's interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

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

CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company complied with the code provisions of the Code of Corporate Governance Practices, as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by the annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

MATERIAL LEGAL PROCEEDINGS

As at 31 December 2007, the Company was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Company as far as the board of Directors was aware of.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Steven Yung
Chairman of the Board

Hong Kong
30 January 2008

INDEPENDENT AUDITORS' REPORT

To the shareholders
Clear Media Limited
(Incorporated in Bermuda with limited liability)

We have audited the financial statements of Clear Media Limited set out on pages 66 to 119, which comprise the consolidated and company balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

Hong Kong
30 January 2008

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
REVENUE	6	**997,310**	775,980
Cost of sales		**(605,470)**	(450,178)
Gross profit		**391,840**	325,802
Other income	6	**12,061**	13,618
Selling and distribution costs		**(88,864)**	(84,886)
Administrative expenses		**(113,051)**	(87,548)
Finance costs	10	**(17,638)**	(17,739)
PROFIT BEFORE TAX	7	**184,348**	149,247
Tax	11	**(29,516)**	(20,015)
PROFIT FOR THE YEAR		**154,832**	129,232
Attributable to:			
Equity holders of the parent		**141,584**	120,043
Minority interests		**13,248**	9,189
		154,832	129,232
EARNINGS PER SHARE ATTRIBUTABLE TO ORIDINARY EQUITY HOLDERS OF THE PARENT			
Basic	13	**27.02 cents**	23.43 cents
Diluted	13	**26.66 cents**	22.85 cents

CONSOLIDATED BALANCE SHEET

31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**147,698**	132,040
Concession rights	16	**1,481,669**	1,372,393
Long-term deposits	17	**130,895**	30,000
Total non-current assets		**1,760,262**	1,534,433
CURRENT ASSETS			
Trade receivables	18	**416,001**	282,167
Prepayments, deposits and other receivables	19	**135,085**	280,372
Due from a related party	20	**52,901**	49,708
Pledged deposits	21	**90,265**	29,534
Cash and cash equivalents	21	**283,456**	257,360
Total current assets		**977,708**	899,141
CURRENT LIABILITIES			
Other payables and accruals		**291,479**	206,122
Deferred income		**10,432**	8,786
Interest-bearing bank and other borrowings	22	**151,642**	19,906
Tax payable		**18,904**	13,211
Total current liabilities		**472,457**	248,025
NET CURRENT ASSETS		**505,251**	651,116
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,265,513**	2,185,549
NON-CURRENT LIABILITIES			
Convertible bonds	23	**99,512**	326,607
Net deferred tax liabilities	24	**13,634**	5,816
Total non-current liabilities		**113,146**	332,423
Net assets		**2,152,367**	1,853,126
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	25	**52,437**	52,280
Equity component of convertible bonds	23	**3,105**	10,763
Reserves	27(a)	**2,065,385**	1,769,017
		2,120,927	1,832,060
Minority interests		**31,440**	21,066
Total equity		**2,152,367**	1,853,126

Steven Yung
Director

Han Zi Jing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2007

		Attributable to equity holders of the parent									
		Issued capital	Share premium account	Equity component of convertible bonds	Share option reserve	Contributed surplus	Exchange fluctuation reserve	Retained profits	Total	Minority interests	Total equity
	Notes	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2006		50,161	644,427	10,763	17,850	351,007	31,060	435,087	1,540,355	13,110	1,553,465
Exchange realignment		–	–	–	–	–	60,387	–	60,387	(1,233)	59,154
Total income and expense for the year recognised directly in equity		–	–	–	–	–	60,387	–	60,387	(1,233)	59,154
Profit for the year		–	–	–	–	–	–	120,043	120,043	9,189	129,232
Total income and expense for the year		–	–	–	–	–	60,387	120,043	180,430	7,956	188,386
Issue of shares	25	2,119	114,141	–	(9,005)	–	–	–	107,255	–	107,255
Share issue expenses	25	–	(30)	–	–	–	–	–	(30)	–	(30)
Equity-settled share option arrangements		–	–	–	4,050	–	–	–	4,050	–	4,050
At 31 December 2006		52,280	758,538	10,763	12,895	351,007	91,447	555,130	1,832,060	21,066	1,853,126
At 1 January 2007		52,280	758,538	10,763	12,895	351,007	91,447	555,130	1,832,060	21,066	1,853,126
Exchange realignment		–	–	–	–	–	142,762	–	142,762	(2,874)	139,888
Total income and expense for the year recognised directly in equity		–	–	–	–	–	142,762	–	142,762	(2,874)	139,888
Profit for the year		–	–	–	–	–	–	141,584	141,584	13,248	154,832
Total income and expense for the year		–	–	–	–	–	142,762	141,584	284,346	10,374	294,720
Redemption of convertible bonds		–	–	(7,658)	–	–	–	–	(7,658)	–	(7,658)
Issue of shares	25	157	8,515	–	(483)	–	–	–	8,189	–	8,189
Share issue expenses	25	–	(10)	–	–	–	–	–	(10)	–	(10)
Equity-settled share option arrangements		–	–	–	4,000	–	–	–	4,000	–	4,000
At 31 December 2007		52,437	767,043	3,105	16,412	351,007	234,209	696,714	2,120,927	31,440	2,152,367

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**184,348**	149,247
Adjustments for:			
Loss on disposal of concession rights	7	**223**	2,410
(Gain)/loss on disposal of items of property, plant and equipment	7	**(17)**	5
Depreciation of owned assets, excluding point-of-sale	7	**6,656**	6,542
Amortisation of concession rights and depreciation of point-of-sale	7	**178,868**	145,463
Foreign exchange losses, net	7	**104**	71
Interest on bank loans and other borrowings	10	**2,383**	196
Provision for convertible bonds redemption interest	10	**15,255**	17,543
Equity-settled share option expenses		**4,000**	4,050
Interest income	6	**(12,061)**	(13,618)
		379,759	311,909
Increase in long-term deposits		**(100,895)**	(30,000)
Increase in trade receivables		**(133,834)**	(46,493)
Decrease in prepayments, deposits and other receivables		**99,262**	572
Increase in an amount due from a related party		**(3,193)**	(23,134)
Increase in other payables and accruals		**87,449**	16,167
Increase/(decrease) in deferred income		**1,646**	(3,765)
Cash generated from operations		**330,194**	225,256
Interest paid		**(945)**	–
Income taxes paid		**(16,005)**	(14,027)
Net cash inflow from operating activities		**313,244**	211,229
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment, excluding point-of-sale and construction in progress	28(a)	**(4,226)**	(7,903)
Proceeds from disposal of property, plant and equipment		**22**	–
Additions to concession rights	28(b)	**(224,608)**	(383,251)
Interest received		**7,238**	7,793
Net cash outflow from investing activities		**(221,574)**	(383,361)

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Net cash outflow from investing activities		**(221,574)**	(383,361)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**8,189**	107,255
Share issue expenses		**(10)**	(30)
Cash paid for redemption of convertible bond		**(250,008)**	–
New bank loans		**–**	19,906
Deposit returned by/(paid to) the Hong Kong High Court	19	**106,996**	(400)
Repayment of bank loans		**(19,906)**	–
Increase in the loan from a related party		**150,000**	–
(Increase)/decrease in pledged deposits		**(60,731)**	265
Net cash (outflow)/inflow from financing activities		**(65,470)**	126,996
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**26,200**	(45,136)
Cash and cash equivalents at beginning of year		**257,360**	302,567
Effect of foreign exchange rate changes, net		**(104)**	(71)
CASH AND CASH EQUIVALENTS AT END OF YEAR	28(c)	**283,456**	257,360
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**283,456**	257,360

BALANCE SHEET

31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	15	**1,360,783**	1,303,727
Total non-current assets		**1,360,783**	1,303,727
CURRENT ASSETS			
Prepayments, deposits and other receivables		**139,049**	164,349
Cash and cash equivalents		**68,508**	153,908
Total current assets		**207,557**	318,257
CURRENT LIABILITIES			
Other payables and accruals		**–**	18
Interest-bearing bank and other borrowing		**151,642**	–
Total current liabilities		**151,642**	18
NET CURRENT ASSETS		**55,915**	318,239
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,416,698**	1,621,966
NON-CURRENT LIABILITIES			
Convertible bonds	23	**99,512**	326,607
Total non-current liabilities		**99,512**	326,607
Net assets		**1,317,186**	1,295,359
EQUITY			
Issued capital	25	**52,437**	52,280
Equity component of convertible bonds	27(b)	**3,105**	10,763
Reserves	27(b)	**1,261,644**	1,232,316
Total equity		**1,317,186**	1,295,359

Steven Yung
Director

Han Zi Jing
Director

NOTES TO FINANCIAL STATEMENTS

31 December 2007

1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. Details of the principal activities of the Company's subsidiaries are set out in note 15 to the financial statements. There were no significant changes in the nature of the subsidiaries' principal activities during the year.

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, 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 Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as "Group") for the year ended 31 December 2007. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKFRS 7	*Financial Instruments: Disclosures*
HKAS 1 Amendment	*Capital Disclosures*
HK(IFRIC)-Int 8	*Scope of HKFRS 2*
HK(IFRIC)-Int 9	*Reassessment of Embedded Derivatives*
HK(IFRIC)-Int 10	*Interim Financial Reporting and Impairment*

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 *Financial Instruments: Disclosures*

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 *Presentation of Financial Statements – Capital disclosures*

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in note 33 to the financial statements.

(c) HK(IFRIC)-Int 8 *Scope of HKFRS 2*

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has only issued equity instruments to its employees in accordance with the Company's share option scheme, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives*

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group's existing policy of accounting for derivatives complies with the requirements of the interpretation, the interpretation has had no effect on these financial statements.

(e) HK(IFRIC)-Int 10 *Interim Financial Reporting and Impairment*

The Group has adopted this interpretation as of 1 January 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets , the interpretation has had no impact on the financial position or results of operations of the Group.

2.3 IMPACT OF 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.

HKFRS 8	Operating Segments[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions[2]
HK(IFRIC)-Int 12	Service Concession Arrangements[4]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[3]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 March 2007
3 Effective for annual periods beginning on or after 1 July 2008
4 Effective for annual periods beginning on or after 1 January 2008

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint ventures (continued)

A joint venture is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

Related parties

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

(a) the party directly, or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets other than goodwill

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

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

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

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

Leasehold improvements	5 years
Furniture and equipment	5 years
Motor vehicles	5 years
Point-of-sale	10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

Point-of-sale represents advertising light boxes installed in shopping malls and other public areas. Expenditure incurred after point-of-sale has been put into operation, such as repairs and maintenance, is normally charged to the income statement in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of point-of-sale, the expenditure is capitalised as an additional cost of such point-of-sale.

Construction in progress is stated at cost less any impairment losses, which includes the cost of construction and other direct costs attributable to the construction of bus shelters, unipoles and point-of-sale. No provision for depreciation is made for construction in progress until such time as the assets are completed and available for use. Construction in progress is transferred to concession rights or property, plant and equipment when it is capable of producing income on a commercial basis.

Concession rights

Concession rights are stated at cost less accumulated amortisation and any impairment losses. Concession rights represent the cost of acquiring operating rights for the placement of advertisements in bus shelters, unipoles and bus bodies in the People's Republic of China ("PRC") and include any directly attributable costs of bringing bus shelters, unipoles and bus bodies to their present condition and location for their intended use.

Expenditure incurred after bus shelters, unipoles and bus bodies have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of bus shelters, unipoles and bus bodies, the expenditure is capitalised as an additional cost of the concession rights.

Concession rights are amortised on a straight-line and individual basis over the period of the rights, which range from 5 to 20 years. The average operating period is 10 years.

Operating leases

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss and loans and receivables as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to it and assesses whether an embedded derivative is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that could otherwise be required under the contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on investments held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any dividends on interests earned on these financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; a discounted cash flow analysis; and option pricing models.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities at amortised cost (including interest-bearing loans and borrowings)

Financial liabilities including trade and other payables and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the convertible bonds are first recognised.

Derecognition of financial liabilities

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

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

Cash and cash equivalents

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) rental revenue from outdoor advertising spaces, including point-of-sale, on a time proportion basis over the terms of the agreements; and

(b) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Deferred income

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

Employee benefits

Share-based payment transactions

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

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black-Scholes model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

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

The Group has adopted the transitional provisions of HKFRS 2 in respect of equity-settled awards and has applied HKFRS 2 only to equity-settled awards granted after 7 November 2002 that had not vested by 1 January 2005 and to those granted on or after 1 January 2005.

Pension schemes and other retirement benefits

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

According to the relevant PRC regulations, Hainan White Horse Advertising Media Investment Company Limited (the "WHA Joint Venture"), commencing from 1 July 2001, is required to participate in the employee retirement scheme operated by the relevant local government bureau in the PRC and to make contributions for its eligible employees. The contributions to be borne by the Group are calculated at certain percentage of the annual average salary announced by the Social Labour Insurance Administration Bureau.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowing spending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the overseas subsidiary is not the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of the entity is translated into the presentation currency of the Company (i.e., Hong Kong dollars) at the exchange rates ruling at the balance sheet date and, the income statement is translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in a separate component of equity, the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiary is translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiary which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING ESTIMATES

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

Estimated impairment of property, plant and equipment

The Group tests annually whether property, plant and equipment have suffered any impairment in accordance with the accounting policy stated in note 3. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future revenue and discount rates. No impairment was provided during the year.

5. SEGMENT INFORMATION

Segment information is required by HKAS 14 "Segment Reporting" to be presented by way of two segment formats: (i) on a primary segment reporting basis, which the Group has determined to be by business segment; and (ii) on a secondary segment reporting basis, which the Group has determined to be by geographical segment.

Outdoor media sales is the only major business segment of the Group, and comprises the display of advertisements on bus shelters, unipoles, advertising light boxes in airport, bus bodies and point-of-sale. Accordingly, no further business segment information is provided.

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

6. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the contract value for the display of advertisements on bus shelters, unipoles, advertising light boxes in airport, bus bodies and point-of-sale, net of commission and discounts, in the PRC.

An analysis of revenue and other income is as follows:

	2007	2006
	HK$'000	HK$'000
Revenue		
Rental revenue from outdoor advertising spaces	997,310	775,980
Other income		
Interest income	12,061	13,618

7. PROFIT BEFORE TAX

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

	2007	2006
	HK$'000	HK$'000
Cost of services provided	186,260	133,647
Operating lease rentals on bus shelters, unipoles, point-of-sale and bus body operations	240,342	171,068
Amortisation of concession rights and depreciation of point-of-sale	178,868	145,463
Cost of sales	605,470	450,178
Impairment of accounts receivable	27,814	12,137
Auditors' remuneration	1,380	1,249
Depreciation of owned assets, excluding point-of-sale	6,656	6,542
(Gain)/loss on disposal of items of property, plant and equipment	(17)	5
Loss on disposal of concession rights	223	2,410
Operating lease rentals on buildings	14,740	13,148
Employee benefits expense (including directors' remuneration (note 8))		
Wages and salaries	79,184	76,309
Equity-settled share option expenses	4,000	4,050
Pension scheme contributions	141	149
Less: Forfeited contributions	–	–
Net pension scheme contributions	141	149
	83,325	80,508
Foreign exchange losses, net	104	71
Interest income	(12,061)	(13,618)

8. DIRECTORS' REMUNERATION

The remuneration of the directors of the Company for the year, disclosed pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Section 161 of the Hong Kong Companies Ordinance, is analysed as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Fees:	**1,856**	1,154
Other emoluments:		
Salaries, allowances and benefits in kind	**9,405**	9,640
Performance related bonuses	**–**	168
Employee share option benefits	**2,149**	1,719
Pension scheme contributions	**46**	62
	11,600	11,589
	13,456	12,743

(a) Independent non-executive directors

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

	2007	2006
	HK$'000	HK$'000
Ms. Leonie Ki Man Fung	**126**	126
Mr. Wang Shou Zhi	**126**	126
Mr. Desmond Murray	**249**	249
	501	501

There were no other emoluments payable to the independent non-executive directors during the year (2006: Nil).

8. DIRECTORS' REMUNERATION (continued)

(b) Executive directors and non-executive directors

	Fees	Salaries allowances and benefits in kind	Performance related bonuses	Employee share option benefits	Pension scheme contributions	Total emoluments
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2007						
Executive directors:						
Mr. Han Zi Jing	375	3,012	–	921	12	4,320
Mr. Teo Hong Kiong	250	2,256	–	491	12	3,009
Mr. Zou Nan Feng	100	1,078	–	246	10	1,434
	725	6,346	–	1,658	34	8,763
Non-executive directors:						
Mr. Steven Yung	–	1,000	–	–	12	1,012
Mr. Peter Cosgrove	252	500	–	–	–	752
Mr. Mark Mays	126	–	–	–	–	126
Mr. Paul Meyer	126	–	–	–	–	126
Mr. Mark Thewlis	–	–	–	–	–	–
Mr. Jonathan Bevan	126	–	–	–	–	126
Mr. Han Zi Dian	–	80	–	–	–	80
Mr. Zhang Huai Jun	–	1,479	–	491	–	1,970
	1,355	9,405	–	2,149	46	12,955
2006						
Executive directors:						
Mr. Han Zi Jing	–	2,949	–	966	12	3,927
Mr. Teo Hong Kiong	–	2,443	–	123	12	2,578
Mr. Zou Nan Feng	–	1,268	84	122	10	1,484
	–	6,660	84	1,211	34	7,989
Non-executive directors:						
Mr. Steven Yung	–	1,000	–	257	–	1,257
Mr. Peter Cosgrove	252	500	–	129	–	881
Mr. Mark Mays	32	–	–	–	–	32
Mr. Paul Meyer	126	–	–	–	–	126
Mr. Roger Parry	11	–	–	–	–	11
Mr. Jonathan Bevan	95	–	–	–	–	95
Mr. Han Zi Dian	–	83	–	–	–	83
Ms. Chin Oi Ling Lenna	11	–	–	–	–	11
Mr. Zhang Huai Jun	–	1,397	84	122	28	1,631
Mr. Mark Thewlis	126	–	–	–	–	126
	653	9,640	168	1,719	62	12,242

8. DIRECTORS' REMUNERATION (continued)

(b) Executive directors and non-executive directors (continued)

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2006: Nil).

During the year, no performance related bonuses paid to or receivable by the directors (2006: HK$168,000). No directors waived or agreed to waive any remuneration during the year (2006: Nil). In addition, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as a compensation for loss of office (2006: Nil).

During the year, certain directors were granted share options, in respect of their services to the Group, under the share option schemes of the Company, further details of which are set out in note 26 to the financial statements. The fair value of such options, which has been amortised to the income statement, was determined as at the date of the grant and included in the above directors' remuneration disclosures. No share options were granted to the directors in 2006.

9. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during included four (2006: five) directors, detail of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining one non-directors, highest paid employees for the year are as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**1,090**	–
Performance related bonuses	**–**	–
Employee share option benefits	**246**	–
Pension scheme contributions	**–**	–
	1,336	–

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

	Number of employees	
	2007	2006
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**–**	–
	1	–

During the year, share options were granted to a non-director, highest paid employee in respect of his service to the Group, further details of which are set out in note 26 to the financial statements. The fair value of such options, which has been recognised to the income statement over the vesting period, was determined as at the date of the grant and the amount included in the financial statements for the current year is included in the above non-director, highest paid employees' remuneration disclosures.

10. FINANCE COSTS

	Group	
	2007	2006
	HK$'000	HK$'000
Interest on bank loans and other borrowings wholly repayable within five years	**2,383**	196
Other finance cost:		
Provision for convertible bonds redemption interest	**15,255**	17,543
	17,638	17,739

11. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the PRC in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group	
	2007	2006
	HK$'000	HK$'000
Group:		
Current – Hong Kong profits tax	**–**	69
Current – PRC corporate income tax	**21,698**	16,959
Deferred tax (note 24)		
– Current year	**3,852**	2,987
– Attributable to changes in tax rate	**3,966**	–
	7,818	2,987
Total tax charge for the year	**29,516**	20,015

11. TAX (continued)

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

	Group	
	2007	2006
	HK$'000	HK$'000
Profit before tax	**184,348**	149,247
Calculated at a tax rate of 15.0% (2006: 15.0%)	**27,652**	22,387
Higher income tax rate for Hong Kong at 17.5% (2006: 17.5%)	**366**	255
Income not subject to tax	**(8,428)**	(8,873)
Expenses not deductible for tax	**2,942**	4,883
Tax losses utilised from previous periods	**–**	(2,100)
Tax loss not recognised	**3,018**	3,463
Adjustments in respect of change in tax rate	**3,966**	–
Tax charge at the Group's effective rate of 16.0% (2006: 13.4%)	**29,516**	20,015

According to the Income Tax Law of the PRC on Enterprises with Foreign Investment and Foreign Enterprises, Hainan White Horse Advertising Media Investment Company Limited (the "WHA Joint Venture"), a subsidiary of the Company established in the Hainan Special Economic Zone of the PRC, was subject to a corporate income tax at a rate of 15% on its assessable profits arising in the PRC for the current year. However, with the new PRC Enterprise Income Tax Law becoming effective on 1 January 2008, the tax rate will increase eventually to 25% in 2012. The deferred tax balances have been adjusted to reflect the tax rates that are expected to apply in the respective periods when the asset is realised or the liability is settled.

12. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The consolidated profit attributable to equity holders of the parent of the Company for the year ended 31 December 2007 includes a profit of HK$17,306,000 (2006: HK$14,935,000) which has been dealt with in the financial statements of the Company (note 27 (b)).

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

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds if applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all the dilutive potential ordinary shares into ordinary shares.

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

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

	2007	2006
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**141,584**	120,043
Provision for convertible bonds interests	**5,060***	17,543*
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	**146,644**	137,586

	Number of shares	
	2007	2006
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**523,900,467**	512,419,155
Effect of dilution – weighted average number of ordinary shares:		
Share options	**7,222,915**	12,962,955
Convertible bonds	**9,389,671***	32,550,861*
	540,513,053	557,932,971

* Since the diluted earnings per share amount increased when taking the convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic earnings per share for the year and are ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amount of the year is based on the profit for the year of HK$141,584,000 (2006: HK$120,043,000) and the weighted average number of ordinary shares in issue during the year of 531,123,382 (2006: 525,382,110).

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements	Furniture and equipment	Motor vehicles	Point-of-sale	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2007						
At 31 December 2006 and at 1 January 2007:						
Cost	11,801	18,331	22,958	33,195	98,231	184,516
Accumulated depreciation	(10,374)	(12,903)	(13,307)	(15,892)	–	(52,476)
Net carrying amount	1,427	5,428	9,651	17,303	98,231	132,040
At 1 January 2007, net of accumulated depreciation	1,427	5,428	9,651	17,303	98,231	132,040
Additions	837	3,057	332	–	85,657	89,883
Disposals	–	(5)	–	–	–	(5)
Depreciation provided during the year	(669)	(2,649)	(3,338)	(3,429)	–	(10,085)
Transfers	–	–	–	–	(70,665)	(70,665)
Exchange realignment	110	312	631	1,130	4,347	6,530
At 31 December 2007, net of accumulated depreciation	1,705	6,143	7,276	15,004	117,570	147,698
At 31 December 2007:						
Cost	13,484	21,204	24,694	35,616	117,570	212,568
Accumulated depreciation	(11,779)	(15,061)	(17,418)	(20,612)	–	(64,870)
Net carrying amount	1,705	6,143	7,276	15,004	117,570	147,698

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	Leasehold improvements	Furniture and equipment	Motor vehicles	Point-of- sale	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2006						
At 1 January 2006:						
Cost	11,337	18,899	16,815	32,059	35,805	114,915
Accumulated depreciation	(9,464)	(12,709)	(10,255)	(12,137)	–	(44,565)
Net carrying amount	1,873	6,190	6,560	19,922	35,805	70,350
At 1 January 2006, net of accumulated depreciation	1,873	6,190	6,560	19,922	35,805	70,350
Additions	86	2,028	5,789	–	107,908	115,811
Disposals	–	(5)	–	–	–	(5)
Depreciation provided during the year	(585)	(2,967)	(2,990)	(3,253)	–	(9,795)
Transfers	–	–	–	–	(46,751)	(46,751)
Exchange realignment	53	182	292	634	1,269	2,430
At 31 December 2006, net of accumulated depreciation	1,427	5,428	9,651	17,303	98,231	132,040
At 31 December 2006:						
Cost	11,801	18,331	22,958	33,195	98,231	184,516
Accumulated depreciation	(10,374)	(12,903)	(13,307)	(15,892)	–	(52,476)
Net carrying amount	1,427	5,428	9,651	17,303	98,231	132,040

15. INTERESTS IN SUBSIDIARIES

	Company	
	2007	2006
	HK$'000	HK$'000
Unlisted shares, at cost	**487,273**	487,273
Due from subsidiaries	**873,510**	816,454
	1,360,783	1,303,727

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment, except for loans to subsidiaries which amounted to HK$682,000,000 (2006: HK$644,000,000) and bear interest at a rate of 5% per annum. The carrying amounts of these accounts due from subsidiaries approximately to their fair values.

Particulars of the subsidiaries are as follows:

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

Note:

The WHA Joint Venture was established in the PRC on 24 March 1998 as a Sino-foreign equity joint venture in the PRC with a tenure of 30 years. Under the terms of the original joint venture agreement, China Outdoor Media (HK), Ming Wai Holdings Limited ("Ming Wai"), a wholly-owned subsidiary of Clear Channel Outdoor, Inc. ("CCO"), which is a shareholder of the Company, and Hainan White Horse Advertising Co., Ltd. ("Hainan White Horse") were the joint venture partners of the WHA Joint Venture. China Outdoor Media (HK), Ming Wai and Hainan White Horse were entitled to 90%, 5% and 5%, respectively, of the profits of the WHA Joint Venture.

Pursuant to the Group reorganisation which took place before the listing of the Company on the Stock Exchange, Ming Wai transferred its 5% interest in the WHA Joint Venture to China Outdoor Media (HK). Accordingly, the minority interest of the WHA Joint Venture represented the capital contributed by Hainan White Horse and its 5% share of the profits and losses of the WHA Joint Venture.

China Outdoor Media (HK) and Hainan White Horse entered into a revised joint venture agreement on 6 April 2001. According to the revised joint venture agreement, the WHA Joint Venture changed its legal structure from a Sino-foreign equity joint venture to a Sino-foreign co-operative joint venture. The registered capital of the WHA Joint Venture increased from HK$100,000,000 to US$60,000,000 with Hainan White Horse and China Outdoor Media (HK) sharing 20% and 80% interests in the WHA Joint Venture, respectively. The revised joint venture agreement was approved by the State Foreign Economic and Trade Commission of Hainan Province on 27 June 2001. According to the agreement entered into by China Outdoor Media (HK) and Hainan White Horse on 3 September 2001, their shares in the profits and losses of the WHA Joint Venture for the period from 1 January 2001 to 30 June 2001 were 95% and 5%, respectively. For the fiscal years 2001 to 2005 (both years inclusive), China Outdoor Media (HK) would be entitled to 90% of the after-tax profits of the WHA Joint Venture. For the fiscal year 2006 and onwards, China Outdoor Media (HK) would only be entitled to 80% of the after-tax profits of the WHA Joint Venture.

On 9 January 2006, the Company and Hainan White Horse signed an agreement to amend the relevant clause in the joint venture agreement, extending the term of the Company's entitlement of 90% of the after-tax profits of the WHA Joint Venture at a consideration of HK$500,000. The Company will be entitled to 90% of the after-tax profits of the WHA Joint Venture for the fiscal years 2006 and 2007, and for the fiscal year 2008 and onwards, the Company will be entitled to 80% of the after-tax profits of the WHA Joint Venture.

16. CONCESSION RIGHTS

	Group
	HK$'000
31 December 2007	
Cost at 1 January 2007, net of accumulated amortisation	1,372,393
Additions	113,523
Transfer from construction in progress	70,665
Disposals	(223)
Amortisation during the year	(175,439)
Exchange realignment	100,750
At 31 December 2007	1,481,669
At 31 December 2007:	
Cost	2,448,268
Accumulated amortisation	(966,599)
Net carrying amount	1,481,669
31 December 2006	
At 1 January 2006:	
Cost	1,710,479
Accumulated amortisation	(577,659)
Net carrying amount	1,132,820
Cost at 1 January 2006, net of accumulated amortisation	1,132,820
Additions	300,901
Transfer from construction in progress	46,751
Disposals	(2,410)
Amortisation during the year	(142,210)
Exchange realignment	36,541
At 31 December 2006	1,372,393
At 31 December 2006 and at 1 January 2007:	
Cost	2,109,308
Accumulated amortisation	(736,915)
Net carrying amount	1,372,393

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 on-going maintenance of the bus shelters and pays annual fixed rental fees to the entities authorised by local governmental agencies. In exchange, the Group has the exclusive rights to sell advertising space on these bus shelters during the term of the concessions.

The Group's bus shelter concession contracts have initial terms of five to fifteen years. As at 31 December 2007, the weighted average remaining term of the concession rights currently held by the Group was approximately nine years. In terms of renewal rights, approximately 69% of the concession rights held by the Group, based on the total number of bus shelters granted to the Group, grant the Group the right of first refusal 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 expiration. During the year, the Group has successfully extended approximately 16% of our bus shelter concessions, based on the total number of bus shelters granted to the Group.

17. LONG-TERM DEPOSITS

A long-term deposit amounting to HK$30,000,000 (31 December 2006: HK$30,000,000) has been placed with an independent third party in connection with the acquisition of the rights to place advertisements on certain outdoor advertising media. This long-term deposit carries interest at a interest rate of 7% per annum. The deposit is to be refunded to the Group on 29 June 2009. The carrying amount of the long-term deposit approximates to its fair value.

In addition, the Group has signed an agreement on 2 April 2007 with Beijing Morgan Investment Company, Limited ("BMIC") for the management of the advertising sales of outdoor giant LED screens in Beijing. The Group paid a performance guarantee of RMB30 million (approximately equivalent to HK$30 million) to BMIC, which, inclusive of accrued interest, shall be refundable after 5 years. In addition, an amount of RMB70 million (approximately equivalent to HK$71 million) has also been paid as a prepayment of shared profits. This amount will be offset against the amount of future profits accruing to BMIC from the sales of advertising time on the LED screens.

18. TRADE RECEIVABLES

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 for a period of 90 days extending up to 180 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Current to 90 days	**200,945**	149,167
91 days to 180 days	**111,568**	78,636
Over 180 days	**131,935**	70,785
	444,448	298,588
Less: Provision for impairment of trade receivables	**(28,447)**	(16,421)
Total trade receivables, net	**416,001**	282,167

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

	Group	
	2007	2006
	HK$'000	HK$'000
At 1 January	**16,421**	10,346
Impairment losses recognised (note 7)	**27,814**	12,137
Amount written off as uncollectible	**(15,788)**	(6,062)
	28,447	16,421

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance for the year ended 31 December 2006 included approximately an amount of HK$100,400,000 paid to the Hong Kong High Court in respect of a legal claim. The deposit, together with interest amounting to HK$7 million was subsequently refunded in January 2007 upon the winning of the final appeal.

None of the above assets in either due or impaired. The financial assets included in the above balances relate to the receivables for which there was no recent history of default.

20. DUE FROM A RELATED PARTY

	Group	
	2007	2006
	HK$'000	HK$'000
Guangdong White Horse Advertising Company Limited ("GWH")	**52,901**	49,708

The balance with the related party is unsecured, interest-free and is repayable on demand.

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

At the balance sheet date, the cash and bank balances and pledged deposits of the Group denominated in Renminbi ("RMB") amounted to HK$303,594,000 (2006: HK$131,211,000). 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.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months 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 credit worthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate their fair values.

As at 31 December 2007, the Group had no pledged deposits to secure a short-term bank loan (2006: RMB10,000,000 (equivalent to approximately HK$9,953,000)).

As at 31 December 2007, the Group had pledged deposits of RMB37,524,000 (equivalent to approximately HK$40,073,000) (2006: RMB19,673,000 (equivalent to approximately HK$19,581,000)) to banks as a security for bills payable of RMB81,898,000 (equivalent to approximately HK$87,461,000) (2006: RMB25,809,000 (equivalent to approximately HK$25,688,000)).

As at 31 December 2007, the Group had pledged deposits of RMB47,000,000 (equivalent to approximately HK$50,192,000) for a performance guarantee issued by a bank of RMB47,000,000 (equivalent to approximately HK$50,192,000) for the Group's new Shenzhen bus body advertising business.

22. INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 31 December 2006, the Group's short-term bank loan of RMB20,000,000 (equivalent to approximately HK$19,906,000), which was secured by time deposits of RMB10,000,000 (equivalent to approximately HK$9,953,000), was repayable within one year and subject to an effective interest rate of 5.58% per annum.

On 16 October 2007, the Company has entered into a short-term revolving credit facility agreement of up to HK$350 million with Clear Channel International B.V., an indirect majority owned subsidiary of the Company's controlling shareholder, Clear Channel Communications, Inc. (the "Credit Facility"). The Credit Facility bears interest at 5.88% per annum and was used for the repayment of the Company's existing debts including the partial redemption of its HK$312,000,000 Zero Coupon Convertible Bonds due 2009, as well as for other general corporate purposes. The terms of the Credit Facility are benchmarked against market terms and the loan is made on an unsecured basis.

As at 31 December 2007, the Company has utilised HK$150 million of the Credit Facility. The loan is repayable on demand of the lender after 13 April 2008.

23. CONVERTIBLE BONDS

		Group and Company	
		2007	2006
	Notes	**HK$'000**	HK$'000
Nominal value of convertible bonds due 2009	(i)	**312,000**	312,000
Less: Direct transaction costs	(ii)	**(11,793)**	(11,793)
		300,207	300,207
Equity component	(iii)	**(10,763)**	(10,763)
Liability component at the issuance date	(iii)	**289,444**	289,444
Interest expense		**52,418**	37,163
		341,862	326,607
Redemption interest paid during the year	(iv)	**(28,008)**	–
Redemption	(iv)	**(214,342)**	–
Liability component at 31 December		**99,512**	326,607

23. CONVERTIBLE BONDS (continued)

(i) On 25 October 2004, the Company issued HK$312,000,000 Zero Coupon Convertible Bonds due 2009, which were listed on the Stock Exchange of Hong Kong. Each bond will, at the option of the holder, be convertible on and after 26 November 2004 up to and including 28 September 2009 into fully paid ordinary shares with a par value of HK$0.10 each of the Company at an initial conversion price of HK$9.585 per share. Unless previously redeemed, converted or purchased and cancelled, the bonds will be redeemed at 121.899% of their principal amount on 27 October 2009. The net proceeds from the issue of the bonds are used for general corporate and working capital purposes, including financing possible strategic acquisitions.

(ii) The transactions costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components.

(iii) The fair value of the liability component of the convertible notes was determined, upon issuance, using the prevailing market interest rate for a similar debt without a conversion option of 4.8% and is carried as a long-term liability. The remainder of the proceeds were allocated to the conversion option that is recognised and included in shareholders' equity in other reserves.

(iv) The convertible bonds carry a right for the bondholders to redeem the convertible bonds on 27 October 2007 at 112.616% of the principal amount. On 27 October 2007, bondholders exercised rights to redeem the convertible bonds in principal amount of HK$222 million. The total redemption amount was HK$250,007,520 including the principal amount of HK$222 million and interest of HK$28,007,520.

The movement of the liability component and equity component of the convertible bonds for the year is set out below:

	Liability component	Equity component	Total
	HK$'000	HK$'000	HK$'000
At 1 January 2006	309,064	10,763	319,827
Interest expense during the year	17,543	–	17,543
As at 31 December 2006	326,607	10,763	337,370
At 1 January 2007	326,607	10,763	337,370
Interest expense during the year	15,255	–	15,255
Interest paid during the year	(28,008)	–	(28,008)
Redemption	(214,342)	(7,658)	(222,000)
As at 31 December 2007	99,512	3,105	102,617

24. DEFERRED TAX

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

Deferred tax liabilities

	Group	
	Depreciation and amortisation allowance in excess of related depreciation and amortisation and other temporary differences	Depreciation and amortisation allowance in excess of related depreciation and amortisation and other temporary differences
	2007	2006
	HK$'000	HK$'000
At 1 January	**(10,764)**	(5,590)
Deferred tax charged to the income statement during the year (note 11)	**(9,717)**	(5,174)
At 31 December	**(20,481)**	(10,764)

Deferred tax assets

	Group	
	Losses available for offset against future taxable profit and other temporary differences	Losses available for offset against future taxable profit and other temporary differences
	2007	2006
	HK$'000	HK$'000
At 1 January	**4,948**	2,761
Deferred tax credited to the income statement during the year (note 11)	**1,899**	2,187
At 31 December	**6,847**	4,948
Net deferred tax liabilities at 31 December	**(13,634)**	(5,816)

The Group has tax losses arising in Hong Kong of HK$12,836,303 that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been fully recognised in respect of these losses as they have arisen mainly in the Company that has been loss-making for some time.

25. SHARE CAPITAL

	2007	2006
	HK$'000	HK$'000
Shares		
Authorised:		
1,000,000,000 ordinary shares of HK$0.10 each	**100,000**	100,000
Issued and fully paid:		
524,368,500 ordinary shares (2006: 522,802,500) of HK$0.10 each (2006: HK$0.10)	**52,437**	52,280

During the year ended 31 December 2007, the subscription rights attaching to 1,566,000 share options were exercised at subscription prices ranging from HK$3.51 to HK$5.89 per share, resulting in the issue of 1,566,000 shares of HK$0.1 each for a total consideration, before expenses, of HK$8,189,000. The related weighted average share price at the time of exercise was HK$8.43 per share. The related transaction costs amounted to HK$10,000.

A summary of the transactions during the year with reference to the above movements in the Company's issued share capital is as follows:

	Number of shares in issue	**Issued share capital**	**Share premium account**	**Total**
		HK$'000	**HK$'000**	**HK$'000**
At 1 January 2007	522,802,500	52,280	758,538	810,818
Share options exercised	1,566,000	157	8,515	8,672
Share issue expenses	–	–	(10)	(10)
At 31 December 2007	524,368,500	52,437	767,043	819,480

26. SHARE OPTION SCHEMES

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the Group's operations. Under the Scheme, the directors may, at their discretion, invite any employees, directors or consultants of any company in the Group to acquire options. The Scheme became effective on 28 November 2001 and, unless otherwise cancelled or amended, will remain in force for seven years from that date.

The maximum number of shares in respect of which options may be granted under the Scheme and under any other share option scheme of the Company pursuant to which options may from time to time be granted to directors, consultants, and/or employees of any company in the Group, shall initially not exceed 10% of the relevant class of securities of the Company in issue as at the date of approval of the relevant scheme excluding, for this purpose, shares issued on the exercise of options under the Scheme and any other share option scheme of the Company. Upon the grant of options for shares up to 10% of the relevant class of securities of the Company and subject to the approval of the shareholders of the Company in general meetings, the maximum number of shares to be issued under this Scheme when aggregated with securities to be issued under any other share option scheme of the Group, may be increased by the board of directors provided that the number of shares to be issued upon the exercise of all outstanding options does not exceed 30% of the relevant class of securities in issue from time to time.

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

An option may be exercised in accordance with the terms of the Scheme at any time during the option period and not more than seven years after the date of grant. The option period will be determined by the board of directors and communicated to each grantee. The board of directors may provide restrictions on the period during which the options may be exercised. There are no performance targets which must be achieved before any of the options can be exercised except for the share options granted on 28 May 2003, 19 November 2003 and 29 June 2007. Share options granted on 28 May 2003 and 19 November 2003 have become vested at the end of the third year after the respective grant dates while those granted on 29 June 2007 will not become vested until the end of the third year after the grant date unless the Company has achieved an average annual earnings per share growth of 5% each year for the first three full financial years after the grant date. However, the board of directors retains discretion to accelerate the vesting of fixed term options in the event that certain performance targets are met.

26. SHARE OPTION SCHEMES (continued)

In addition, on 28 November 2001, the Company adopted a Pre-IPO share option scheme conditionally as described in the Company's prospectus dated 10 December 2001. The principal terms of the Pre-IPO share option scheme are substantially the same as the terms of the Scheme except that:

(a) Employees, directors and consultants of the Group who have contributed substantially to the growth of the Group and to the initial public offering or full-time employees and directors of the Group are eligible to participate in the Pre-IPO share option scheme;

(b) The subscription price for the shares under the Pre-IPO share option scheme shall be equal to the offer price; and

(c) The Pre-IPO share option scheme would remain in force for a period commencing on the date on which the Pre-IPO share option scheme was conditionally adopted by the shareholders of the Company and ending on the day immediately prior to 19 December 2001, after which period no further options will be granted but in all other respects the provisions of the Pre-IPO share options scheme shall remain in full force and effect.

The movements in the number of share options to subscribe for shares in the Company during the year were shown in next page.

26. SHARE OPTION SCHEMES (continued)

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

		Number of share options									Price of the Company's shares***		
Name or category of participant	Type of share option scheme	At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options*	Exercise period	Exercise price per share**	At grant date of options	Immediately before the exercise date	At exercise date of options
										HK$ per share	HK$ per share	HK$ per share	HK$ per share
Director													
Steven Yung	The Scheme	1,250,000	–	–	–	–	1,250,000	29/06/2002	30/06/2005 to 29/06/2009	5.51	5.3	–	–
	The Scheme	1,400,000	–	–	–	–	1,400,000	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.5	–	–
		2,650,000	–	–	–	–	2,650,000						
Peter Cosgrove	Pre-IPO share option scheme	1,250,000	–	–	–	–	1,250,000	28/11/2001	29/11/2004 to 28/11/2008	5.89	–	–	–
	The Scheme	625,000	–	–	–	–	625,000	29/06/2002	30/06/2005 to 29/06/2009	5.51	5.3	–	–
		1,875,000	–	–	–	–	1,875,000						

26. SHARE OPTION SCHEMES (continued)

The following share options were outstanding under the Scheme during the year: (continued)

Name or category of participant	Type of share option scheme	Number of share options: At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options*	Exercise period	Exercise price per share**	Price of the Company's shares***: At grant date of options	Immediately before the exercise date	At exercise date of options
										HK$ per share	HK$ per share	HK$ per share	HK$ per share
Director (continued)													
Han Zi Jing	Pre-IPO share option scheme	3,334,000	–	–	–	–	3,334,000	28/11/2001	29/11/2004 to 28/11/2008	5.89	–	–	–
	The Scheme	1,666,000	–	–	–	–	1,666,000	29/06/2002	30/06/2005 to 29/06/2009	5.51	5.3	–	–
	The Scheme	1,900,000	–	–	–	–	1,900,000	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.5	–	–
	The Scheme	1,000,000	–	–	–	–	1,000,000	19/11/2003	20/11/2006 to 19/11/2010	5.35	5.35	–	–
	The Scheme	–	1,500,000	–	–	–	1,500,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
		7,900,000	1,500,000	–	–	–	9,400,000						
Teo Hong Kiong	Pre-IPO share option scheme	1,200,000	–	–	–	–	1,200,000	28/11/2001	29/11/2004 to 28/11/2008	5.89	–	–	–
	The Scheme	–	800,000	–	–	–	800,000	29/06/2007	30/06/2010 to 28/06/2014	8.53	8.50	–	–
		1,200,000	800,000	–	–	–	2,000,000						

26. SHARE OPTION SCHEMES (continued)

The following share options were outstanding under the Scheme during the year: (continued)

Name or category of participant	Type of share option scheme	Number of share options: At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options*	Exercise period	Exercise price per share**	Price of the Company's shares***: At grant date of options	Immediately before the exercise date	At exercise date of options
										HK$ per share	HK$ per share	HK$ per share	HK$ per share
Director (continued)													
Zou Nan Feng	Pre-IPO share option scheme	800,000	–	–	–	–	800,000	28/11/2001	29/11/2004 to 28/11/2008	5.89	–	–	–
	The Scheme	400,000	–	–	–	–	400,000	29/06/2002	30/06/2005 to 29/06/2009	5.51	5.3	–	–
	The Scheme	666,000	–	–	–	–	666,000	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.5	–	–
	The Scheme	–	400,000	–	–	–	400,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
		1,866,000	400,000	–	–	–	2,266,000						
Zhang Huai Jun	Pre-IPO share option scheme	350,000	–	–	–	–	350,000	28/11/2001	29/11/2004 to 28/11/2008	5.89	–	–	–
	The Scheme	175,000	–	–	–	–	175,000	29/06/2002	30/06/2005 to 29/06/2009	5.51	5.3	–	–
	The Scheme	666,000	–	–	–	–	666,000	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.5	–	–
	The Scheme	–	800,000	–	–	–	800,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
		1,191,000	800,000	–	–	–	1,991,000						

26. SHARE OPTION SCHEMES (continued)

The following share options were outstanding under the Scheme during the year: (continued)

Name or category of participant	Type of share option scheme	Number of share options: At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options*	Exercise period	Exercise price per share**	Price of the Company's shares***: At grant date of options	Immediately before the exercise date	At exercise date of options
										HK$ per share	HK$ per share	HK$ per share	HK$ per share
Others													
Members of senior management and other employees of the Group	Pre-IPO share option scheme	800,000	–	(800,000)	–	–	–	28/11/2001	29/11/2004 to 28/11/2008	5.89	–	8.33	8.22
	The Scheme	400,000	–	(400,000)	–	–	–	29/06/2002	30/06/2005 to 29/06/2009	5.51	5.3	8.15	8.16
	The Scheme	366,000	–	(366,000)	–	–	–	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.5	9.20	9.20
	The Scheme	1,900,000	–	–	–	–	1,900,000	19/11/2003	20/11/2006 to 19/11/2010	5.35	5.35	–	–
	The Scheme	–	3,000,000	–	–	–	3,000,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
		3,466,000	3,000,000	(1,566,000)	–	–	4,900,000						

26. SHARE OPTION SCHEMES (continued)

The following share options were outstanding under the Scheme during the year: (continued)

Name or category of participant	Type of share option scheme	Number of share options: At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options*	Exercise period	Exercise price per share**	Price of the Company's shares***: At grant date of options	Immediately before the exercise date	At exercise date of options
										HK$ per share	HK$ per share	HK$ per share	HK$ per share
In aggregate	Pre-IPO share option scheme	7,734,000	–	(800,000)	–	–	6,934,000						
	The Scheme	4,516,000	–	(400,000)	–	–	4,116,000						
	The Scheme	4,998,000	–	(366,000)	–	–	4,632,000						
	The Scheme	2,900,000	–	–	–	–	2,900,000						
	The Scheme	–	6,500,000	–	–	–	6,500,000						
		20,148,000	6,500,000	(1,566,000)	–	–	25,082,000						

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

(i) for the share options granted under the Pre-IPO share option scheme, 33.3% of the options granted have become vested at the end of the first full financial year (the "Period") after the grant date as the Company achieved a compounded 20% growth in its earnings before interest, tax, depreciation and amortisation (the "EBITDA") during the Period. The remaining 66.7% of the options granted have become vested at the end of the second full financial year after the grant date as the Company achieved a compounded annual growth rate of 20% in its EBITDA during the first two full financial years after the grant date.

(ii) for the share options granted on 28 May 2003 and 19 November 2003 which have become vested at the end of the third year after the respective grant dates while those granted on 29 June 2007 will not become vested until the end of the third year after the grant date unless the Company has achieved an average annual earnings per share growth of 5% each year for the first three full financial years after the grant date.

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

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

The Group granted 6,500,000 shares of share options to directors and employees on 29 June 2007. The fair value of options granted determined using the Black-Scholes valuation model was HK$23,900,000 (year ended 31 December 2006: HK$Nil). The significant inputs into the model were share price of HK$8.5 at the grant date, exercise price of HK$8.53, volatility of 38.7%, expected dividend yield of Nil%, an expected option life of 5.5 years and an annual risk free interest rate of 4.5%. The expected option life is based on the historical data in the past three years and is not necessarily indicative of the exercise patterns that may occur. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the past three years. The volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

At the balance sheet date, the Company had 25,082,000 share options outstanding. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 25,082,000 additional ordinary shares of HK$0.10 each in the Company and proceeds, before relevant share issue expenses, of approximately HK$150,739,000.

27. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 68 of the financial statements.

The contributed surplus of the Group represents the difference between the nominal value of share capital of the subsidiaries acquired pursuant to the Group Reorganisation on 28 November 2001, over the nominal value of the shares in the Company issued in exchange therefore.

(b) Company

	Share option reserve	Share premium account	Contributed surplus	Equity component of convertible bonds	Retained profits/ (accumulated losses)	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2006 (as restated)	17,850	644,427	449,773	10,763	(3,825)	1,118,988
Issue of shares	(9,005)	114,141	–	–	–	105,136
Share issue expenses	–	(30)	–	–	–	(30)
Equity-settled share option arrangements	4,050	–	–	–	–	4,050
Profit for the year	–	–	–	–	14,935	14,935
At 31 December 2006	12,895	758,538	449,773	10,763	11,110	1,243,079
Redemption of convertible bonds	–	–	–	(7,658)	–	(7,658)
Issue of shares	(483)	8,515	–	–	–	8,032
Share issue expenses	–	(10)	–	–	–	(10)
Equity-settled share option arrangement	4,000	–	–	–	–	4,000
Profit for the year	–	–	–	–	17,306	17,306
At 31 December 2007	16,412	767,043	449,773	3,105	28,416	1,264,749

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

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

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in note 3 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

28. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Property, plant and equipment

During the current year, the Group paid HK$4,226,000 (2006: HK$7,903,000) to acquire property, plant and equipment excluding point-of-sale and construction in progress.

(b) Concession rights

During the current year, the Group paid HK$199,180,000 to acquire concession rights and to settle the outstanding liability for the acquisition of concession rights brought forward from the prior year of HK$25,428,000.

During the prior year, the Group paid HK$323,440,000 to acquire concession rights and to settle the outstanding liability for the acquisition of concession rights brought forward from the year before of HK$59,811,000.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts:

	Group	
	2007	2006
	HK$'000	HK$'000
Cash on hand and balances with banks	**283,456**	257,360

29. COMMITMENTS

(a) Capital commitments

	Group	
	2007	2006
	HK$'000	HK$'000
Contracted, but not provided for:		
The construction of shelters for which concession rights are held	**14,837**	11,564

29. COMMITMENTS (continued)

(b) Commitments under operating leases

The Group leases certain of its office buildings and concession rights under operating lease arrangements. Leases for office buildings are negotiated for terms ranging from 1 to 9 years, and those for concession rights are negotiated for terms ranging from 5 to 15 years.

At 31 December 2007, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Within one year	**219,180**	187,048
In the second to fifth year, inclusive	**714,206**	645,722
After five years	**531,427**	576,165
	1,464,813	1,408,935

(c) The Group has entered into a media rental contract under which the Group has committed to pay to a media owner a minimum guaranteed payment calculated based on the arrangements as stipulated in the respective contract. As at 31 December 2007, the amount of the total minimum guaranteed payment under the above contract is analysed as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Within one year	**50,171**	–
In the second to fifth year, inclusive	**175,905**	210,707
	226,076	210,707

In addition to the minimum guaranteed payment, the contract also contains a profit sharing arrangement whereby operating profit exceeding certain threshold as stipulated in the contract will be shared between the two parties at pre-agreed ratio.

30. CONTINGENT LIABILITIES

The Company nor any of its subsidiaries is 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.

31. RELATED PARTY TRANSACTIONS

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

	Notes	**2007** HK$'000	2006 HK$'000
Agency commission paid to GWH, a company in which a director of the Company has an ability to exercise direct or indirect influence over the management	(i)	**10,533**	17,391
Sales to GWH	(ii)	**61,811**	98,548
Bus shelter maintenance and display fees payable to companies in which a director of the Company has an ability to exercise management influence	(iii)	**3,727**	3,635
Creative services fees payable to GWH	(iv)	**3,094**	2,931

Notes:

(i) The agency commission paid to GWH was based on the standard percentage of gross rental revenue for outdoor advertising spaces payable to other major third party agencies used by the Group. On 11 May 2004, the WHA Joint Venture entered into a framework agreement for a fixed term of three years, which formalised the terms and conditions in the advertising commission agreement between the two parties. On 5 March 2007, the WHA Joint Venture terminated the framework agreement and entered into a new three-year framework agreement with GWH for the years 2007, 2008 and 2009 on substantially the same terms as the previous agreement. GWH is a related party of the Company because of one of the directors of the Company, Mr. Han Zi Dian, is able to exercise influence over the management and day-to-day operations as director and general manager of GWH and controls the composition of a majority of the board of directors of GWH from an indirect interest of 14.2% in GWH.

(ii) The sales to GWH were made according to published prices and conditions similar to those offered to the major customers of the Group.

(iii) On 11 May 2004, the WHA Joint Venture, entered into maintenance services agreements with the White Horse Companies, a related parties of the company for a term of 3 years. On 20 April 2007, the WHA Joint Venture terminated the maintenance services agreements signed on 11 May 2004 and entered into the new Maintenance Services Agreements with the White Horse Companies on substantially the same terms as the old agreements, for a fixed term until 31 December 2008. The White Horse Companies are related parties of the Company because Mr. Han Zi Dian, one of the Company's directors: (i) controls the composition of a majority of the board of directors of the White Horse Companies; and (ii) is able to indirectly exercise influence over the management (as legal representative of some of the White Horse Companies).

31. RELATED PARTY TRANSACTIONS (continued)

Pursuant to the Maintenance Services Agreements, the WHA Joint Venture outsources to the White Horse Companies, the provision of maintenance and other related services in respect of bus shelters operated by the WHA Joint Venture in the Tianjin, Kunming, Fuzhou, Xiamen and Haerbin in the PRC. The scope of maintenance services include:

- cleaning, repairing and maintaining the bus shelters;
- liaising with relevant local governmental agencies with respect to approvals incidental to the installation of bus shelters or taxi-rank shelters;
- facilitating the operation of bus shelter advertisements including procuring electricity supply and other related arrangements;
- assisting in applying to local governmental authorities for approval in respect of the content of posters to be displayed; and
- posting and changing of advertising posters in display panels.

Under the Maintenance Services Agreements, the WHA Joint Venture pays a maintenance fee consisting of a pre-determined cost element and an incentive payment to the White Horse Companies for the services provided. The same basis for calculating payment of the maintenance fee is applicable to other third party maintenance services providers. The terms of the Maintenance S ervices Agreements are no less favourable than those offered to the Group by independent third parties.

(iv) The WHA Joint Venture entered into a creative services agreement on 19 April 2006 with GWH, whereby GWH agreed to provide poster design service, the design of sales, marketing materials and company profiles and other related creative services to the Group. These transactions were entered into on terms no less favourable than those available to or from independent third parties.

Other than the above, the Group entered into an option agreement as follows:

On 9 January 2006, China Outdoor Media (HK) and Hainan White Horse signed an agreement to amend the Joint Venture Agreement, extending the term of entitlement of China Outdoor Media (HK)'s entitlement of 90% of the after-tax profits of the WHA Joint Venture for a further two years to the end of the fiscal year 2007. From the fiscal year 2008 and onwards, China Outdoor Media (HK) will be entitled to 80% of the after-tax profits of the WHA Joint Venture. The other terms of the Joint Venture Agreement remain unchanged. In consideration of the above, China Outdoor Media (HK) agreed to make a one-off payment of HK$500,000 to Hainan White Horse. This amount is determined with reference to the amount payable upon the exercise of the option currently held by China Outdoor Media (HK) to purchase the remaining 20% shareholding in the WHA Joint Venture when the relevant PRC laws permit China Outdoor Media (HK) to have more than 80% of shareholding in the WHA Joint Venture. This payment constitutes a connected transaction under the Listing Rules because Hainan White Horse is a connected person of the Company by virtue of it being a substantial shareholder of the WHA Joint Venture, a subsidiary of the Company.

31. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with a related party

On 16 October 2007, the Company has entered into a short-term revolving credit facility agreement of up to HK$350 million with Clear Channel International B.V., an indirect majority owned subsidiary of the Company's controlling shareholder, Clear Channel Communications, Inc. (the "Credit Facility"). The Credit Facility bears interest at 5.88% per annum and was used for the repayment of the Company's existing debts including the partial redemption of its HK$312,000,000 Zero Coupon Convertible Bonds due 2009, as well as for other general corporate purposes. The terms of the Credit Facility are benchmarked against market terms and the loan is made on an unsecured basis.

As at 31 December 2007, the Company has utilised HK$150 million of the Credit Facility. The loan is repayable on demand of the lender after 13 April 2008.

In addition, the Group had outstanding receivables from GWH of HK$52,901,000 (2006: HK$49,708,000), as at the balance sheet date. The balance is unsecured, interest-fee and has no fixed terms of repayment.

(c) Compensation of key management personnel of the Group:

	2007	2006
	HK$'000	HK$'000
Short term employee benefits	**9,405**	9,808
Equity-settled share option expenses	**2,149**	1,719
Pension scheme contributions	**46**	62
Total compensation paid to key management personnel	**11,600**	11,589

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

2007

Financial assets

	Loans and receivables	
	2007	2006
	HK$'000	HK$'000
Trade receivables	**416,001**	282,167
Due from a related party	**52,901**	49,708
Pledged deposits	**90,265**	29,534
Cash and cash equivalents	**283,456**	257,360
	842,623	618,769

Financial liabilities

	Financial liabilities at amortised cost	
	2007	2006
	HK$'000	HK$'000
Bills payables	**87,461**	25,688
Convertible bonds	**99,512**	326,607
Interest-bearing bank and other borrowings	**151,642**	19,906
	338,615	372,201

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans and overdrafts, convertible bonds, other interest-bearing loans, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and bill payables, which arise directly from its operations.

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

Foreign currency risk

The Group's only investment in China remains its operating vehicle, WHA Joint Venture, which solely conducts business within the PRC. Leaving aside interest payable, repayment of foreign currency loans obtained to finance WHA Joint Venture's operations and any potential future dividend WHA Joint Venture may declare to its shareholders, the bulk of its turnover, capital investment and expenses is denominated in RMB. As at the date of this annual report, the Group had not experienced any difficulties in obtaining government approval for its necessary foreign-exchange purchases. During the year under review, the Group did not issue any financial instruments for hedging purposes.

The RMB has appreciated during the 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, there will be a translation gain as a result of the RMB appreciation. The majority of our operating assets are located in the PRC and denominated in RMB.

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

	Increase/ (decrease) in RMB rate	**Increase/ (decrease) in net profit**
	%	HK$'000
2007		
If Hong Kong dollar weakens against RMB	5%	13,967
If Hong Kong dollar strengthens against RMB	(5%)	(2,814)
2006		
If Hong Kong dollar weakens against RMB	5%	11,366
If Hong Kong dollar strengthens against RMB	(5%)	(3,123)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of 90 days extending up to 180 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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

Liquidity risk

The Group continued to enjoy a strong financial position at the end of 2007, with cash and cash equivalents amounting to HK$283 million as at 31 December 2007, a slight increase from HK$257 million in 2006.

On 16 October 2007, the Company entered into a short-term revolving credit facility agreement (the "Credit Facility") of up to HK$350 million with Clear Channel International B.V., an indirect majority-owned subsidiary of the Company's controlling shareholder, Clear Channel Communications, Inc.. HK$150 million was drawn down in October 2007 to meet the partial redemption requirement of the Convertible Bonds.

The Group financed its operations and investment activities with internally generated cash flow, balanced with proceeds from the prior issue of the Convertible Bonds and the Credit Facility.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, was as follows:

Group

	2007				
	On demand	**Less than 3 months**	**3 to less than 12 months**	**1 to 5 years**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Convertible bonds	**–**	**–**	**–**	**99,512**	**99,512**
Interest-bearing bank and other borrowings	**–**	**–**	**151,642**	**–**	**151,642**
Other payables	**–**	**–**	**205,594**	**–**	**205,594**
	–	**–**	**357,236**	**99,512**	**456,748**

	2006				
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Convertible bonds	–	–	–	326,607	326,607
Interest-bearing bank and other borrowings	–	–	19,906	–	19,906
Other payables	–	–	126,335	–	126,335
	–	–	146,241	326,607	472,848

Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2007 and 31 December 2006.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. The Group's policy is to maintain a stable gearing ratio. Net debt includes interest-bearing bank and other borrowings, bills and other payables, accruals, less cash and cash equivalents. Capital includes convertible bonds and equity attributable to equity holders of the parent. The gearing ratios as at the balance sheet dates were as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Interest-bearing bank and other borrowings	**151,642**	19,906
Other payables and accruals	**291,479**	206,122
Less:		
Pledged deposits	**(90,265)**	(29,534)
Cash and cash equivalents	**(283,456)**	(257,360)
Net debt	**69,400**	(60,866)
Convertible bonds, the liability component	**99,512**	326,607
Equity attributable to equity holders	**2,120,927**	1,832,060
Total capital	**2,220,439**	2,158,667
Capital and net debt	**2,289,839**	2,097,801
Gearing ratio	**3%**	N/A

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 January 2008.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Clear Media Limited (the "Company") will be held at 2:30 p.m. at Boardroom II, Level 5, Four Seasons Hotel, Hong Kong on 22 May 2008 (Thursday), for the following purposes:

As ordinary business:

1. To receive and consider the audited financial statements and the Reports of the Directors and of the Auditors for the year ended 31 December 2007.

2. To re-elect retiring Directors who retire by rotation and to authorize the Board of Directors to fix the Directors' remuneration.

3. To appoint auditors and to authorize the Board of Directors to fix their remuneration.

And as Special Business, to consider and, if thought fit, to pass the following as ordinary resolutions:

4. "**THAT**:

   (a) subject to paragraphs (b) and (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase shares of HK$0.10 each in the capital of the Company ("Shares") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or any other stock exchange recognized for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange in accordance with all applicable laws including the Hong Kong Code on Share Repurchases and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as amended from time to time be and is hereby generally and unconditionally approved;

   (b) the aggregate nominal amount of Shares which may be purchased or agreed conditionally or unconditionally to be purchased by the Directors pursuant to the approval in paragraph (a) above shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution, and the said approval shall be limited accordingly; and

(c) for the purposes of this Resolution:

"***Relevant Period***" means the period from the passing of this Resolution until the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiry of the period within which the next annual general meeting of the Company is required by the Company's bye-laws (the "Bye-laws") or the Companies Ordinance to be held; and

(iii) the revocation or variation of the authority given to the Directors under this Resolution by ordinary resolution of the Company's shareholders in general meeting."

5. "**THAT**:

(a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional Shares and to make or grant offers, agreements and options which might require the exercise of such powers be and are hereby generally and unconditionally approved;

(b) the approval in paragraph (a) shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph 5(a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), (ii) the exercise of options granted under any share option scheme adopted by the Company or (iii) any script dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Bye-laws of the Company, shall not exceed the aggregate of 20 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this Resolution:

"***Relevant Period***" means the period from the passing of this Resolution until the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiry of the period within which the next annual general meeting of the Company is required by the Bye-laws or the Companies Ordinance to be held; and

(iii) the revocation or variation of the authority given to the Directors under this Resolution by ordinary resolution of the Company's shareholders in general meeting; and

"***Rights Issue***" means an offer of shares open for a period fixed by the Directors to holders of Shares on the register of members on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical restrictions or obligations under the laws of, or the requirements of, any recognized regulatory body or any stock exchange in any territory applicable to the Company) and an offer, allotment or issue of shares by way of rights shall be construed accordingly."

6. "**THAT** subject to the passing of Resolutions 4 and 5 set out in this notice of Annual General Meeting, the aggregate nominal amount of shares which are to be purchased by the Company pursuant to the authority granted to the Directors under Resolution 4 set out in this notice of Annual General Meeting shall be added to the aggregate nominal amount of share capital that may be allotted or agreed to be allotted by the Directors pursuant to Resolution 5 set out in this notice of Annual General Meeting."

By Order of the Board
Lisa Cheong
Company Secretary

Hong Kong, 7 March 2008

Principal Place of Business in Hong Kong:
3205 Windsor House
311 Gloucester Road
Causeway Bay
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the above Annual General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy needs not be a member of the Company.

2. In order to be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the above Annual General Meeting. Completion and return of a form of proxy will not preclude a member from attending and voting in person if he is subsequently able to be present.

3. In relation to the Ordinary Resolution set out in item 4 of the Notice, the Directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate or for the benefit of the shareholders. The Explanatory Statement containing the information necessary to enable the shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own Shares, as required by the Listing Rules will be set out in a separate circular from the Company to be enclosed with the 2007 Annual Report.

4. In relation to the Ordinary Resolution set out in item 5 of the Notice, the Directors wish to state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from the shareholders as a general mandate for the purposes of Section 57B of the Companies Ordinance and the Listing Rules.

5. For the purposes of holding the Annual General Meeting of the Company on 22 May 2008 (Thursday), the Register of Members of the Company will be closed from 20 May 2008 (Tuesday) to 22 May 2008 (Thursday) both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant shares certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 19 May 2008 (Monday)."

GLOSSARY

accounts payable	Money owed to vendors.
accounts receivable	Money owed by customers.
accounts receivable turnover	The ratio of net credit sales to average accounts receivable, a measure of how quickly customers pay their bills.
average accounts receivable outstanding days	The weighted average number of days for which the balance owing by customer is outstanding.
bus shelter	Refers to a bus shelter, taxi stand or road sign. These three are grouped together because their operational requirements, and the marketing and sales efforts for them, are essentially the same.
concession rights	Bus shelter concessions are granted by entities authorised by local governmental agencies in China which have control over the construction and management of bus shelters. Companies granted concession rights pay an annual fixed rental fee to these entities.
debt to equity ratio	The ratio of a company's net debts to its equity attributable to equity holders of the parent. (net debts/equity attributable to equity holders of the parent) x 100%
display panel	An advertising display unit within a bus shelter upon which the same advertisement is posted on both sides.
EBITDA	Earnings before interest, tax, depreciation or amortisation.
EBITDA margin	Equal to EBITDA divided by turnover. EBITDA margin measures the extent to which cash operating expenses use up revenue.
frequency	An industry-accepted method of judging the potential effectiveness of a medium. Frequency reflects the average number of times an individual is exposed to an advertising message during a specific period of time.
Group	Clear Media Limited and its subsidiaries.
IRR	Internal Rate of Return (also called dollar-weighted rate of return). The present value of future cash flows plus the final market value of an investment or business opportunity equal the current market price of the investment or opportunity.
liquidity	current assets/current liabilities.
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
media	Advertising outlets for advertising – including radio, outdoor, television, Internet, magazines, newspapers and direct mail.

GLOSSARY

medium	The industry term used to describe one of the media advertising outlets, e.g. "television is usually the most expensive advertising medium" or, where the context requires, an individual product offered in respect of such media.
outdoor advertising	One of the advertising media that communicates to people when they are outside their homes, and includes advertising on billboards, advertising on and in public transportation vehicles and terminals, advertising panels in airports and malls, and advertising on street furniture.
point-of-sale	A form of advertising at retail locations that is designed to reduce or eliminate the time between a consumer's awareness of advertising and his decision to make a purchase, e.g. putting the offer right next to the product so purchase decisions (and sales) can be made immediately. Advertisers distinguish point-of-sale advertising in their promotional budget.
Reach	An industry-accepted term which describes the potential effectiveness of a media advertising schedule by reflecting the number of different people who hear or see a commercial campaign.
return on asset	(net profits attributable to the shareholders/average assets) x 100%
return on equity	(net profits attributable to the shareholders/total equity) x 100%
SAIC	State Administration for Industry and Commerce
street furniture/street furniture displays	Includes such forms of outdoor advertising as bus shelters, taxi stands, road signs, phone kiosks, information and newspaper stands, public toilets, free-standing information panels, benches and street lights.
transit	Advertising displays affixed to moving vehicles or positioned in the common areas of transit stations, terminals and airports.
unipoles	Large-format advertising displays intended for viewing at extended distances, generally more than 50 feet. Unipole displays include, but are not limited to, 30-sheet posters, 8-sheet posters, vinyl-wrapped posters, bulletins, wall murals, and stadia or arena signage.
12-sheet equivalent	One actual 12-sheet panel, or two 6-sheet panels, or three 4-sheet panels.

FINANCIAL SUMMARY

	2007	2006	2005	2004	2003
RESULTS (HK$'000)					
Revenue	**997,310**	775,980	675,372	538,434	488,175
EBITDA	**375,449**	305,376	286,383	235,352*	205,444*
EBIT	**189,925**	153,368	149,893	120,076*	102,549*
Profit attributable to the equity holders of the parent	**141,584**	120,043	105,155	87,828*	78,534*
CONSOLIDATED BALANCE SHEET DATA (HK$'000)					
Current assets	**977,708**	899,141	859,540	759,088	710,832
Current liabilities	**472,457**	248,025	197,352	251,779	325,715
Equity attributable to equity holders of the parent	**2,120,927**	1,832,060	1,540,355	1,395,536*	1,288,373
CASH FLOW DATA (HK$'000)					
Operating cashflow	**330,194**	225,256	233,327	212,453	157,765
FINANCIAL RATIOS					
Return on equity (%)	**7.2**	7.1	7.2	6.5*	6.3*
Current ratio (times)	**2.07**	3.63	4.36	3.01	2.18
EBITDA margin (%)	**37.6**	39.4	42.4	43.7*	42.1*
Net profit margin (%)	**14.2**	15.5	15.6	16.3*	16.1*

* Figures restated with application of new accounting standards.

CORPORATE INFORMATION

Business Area
Outdoor Media

Directors
Executive Directors:
Han Zi Jing (Chief Executive Officer)
Teo Hong Kiong (Chief Financial Officer)
Zou Nan Feng

Non-Executive Directors:
Steven Yung (Chairman of the Board)
Paul Meyer
Peter Cosgrove
Mark Mays
Mark Thewlis
Han Zi Dian
Zhang Huai Jun (alternate to Han Zi Dian)
Jonathan Bevan (alternate to Mark Mays, Paul Meyer, Mark Thewlis)

Independent Non-Executive Directors:
Desmond Murray
Leonie Ki Man Fung
Wang Shou Zhi

Qualified Accountant
Alan Chan, CPA, FCCA

Company Secretary
Lisa Cheong

Head Office
Room 3205
32/F Windsor House
311 Gloucester Road
Causeway Bay
Hong Kong

Registered Office
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Legal Advisors
Hong Kong and United States Law
Freshfields Bruckhaus Deringer

PRC Law
King & Wood PRC Lawyers

Bermuda Law
Conyers Dill & Pearman

Auditors
Ernst & Young

Principal Bankers
HSBC
Shanghai Pudong Development Bank

Principal Share Registrar
Butterfield Corporate
Services Limited
11 Rosebank Centre
Bermudiana Road
Hamilton Bermuda

Hong Kong Share Registrar
Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Authorized Representatives
Steven Yung
Lisa Cheong

Investor Relations Contact
Lisa Cheong

PR Consultant
iPR Ogilvy Ltd

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

NOTES

A Chinese version of this Annual Report is available from the Company upon request.
如有需要，可向本公司索取本年報之中文版本。

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Clear Media Limited
Room 3205, 32/F, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong
Tel: (852) 2960 1229 Fax: (852) 2235 3911