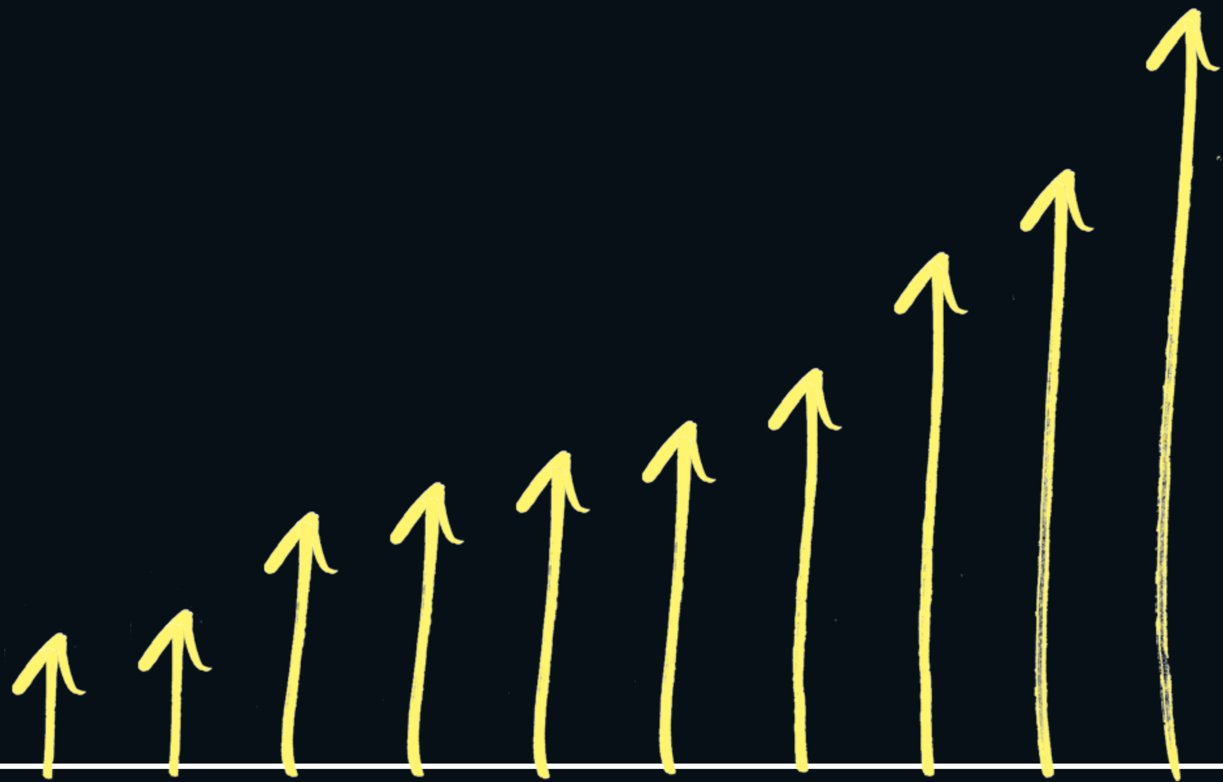
Taking our success story into the future



Annual Report 2008

CLEAR MEDIA LIMITED
白馬戶外媒體有限公司

Stock Code: 100

Clear Media Limited (SEHK:100) is a leading outdoor media company in China. We are listed on the main board of The Stock Exchange of Hong Kong Limited 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 standardised, 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.

Our original business plan remains the foundation for our phenomenal growth in the past decade — standardised 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.

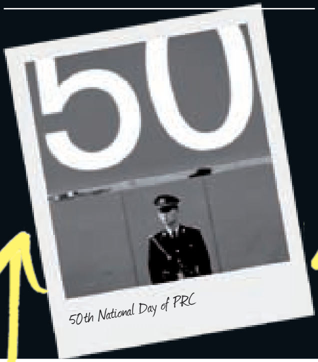
Contents

Our Track Record

1999

Turnover +112%

EBITDA	73m
EBIT	36m
Net Profit	27m



50th National Day of PRC

2000

Turnover +53%

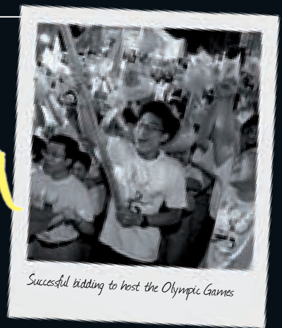
EBITDA	111m
EBIT	61m
Net Profit	42m


The great development of Western China

2001

Turnover +37%

EBITDA	154m
EBIT	86m
Net Profit	59m


Successful bidding to host the Olympic Games

2002

Turnover +20%

EBITDA	180m
EBIT	86m
Net Profit	71m

Successful bidding to host the World Expo 2010

2003

Turnover +14%

EBITDA	205m
EBIT	103m
Net Profit	79m


SARS outbreak

2004

Turnover +10%

EBITDA	235m
EBIT	120m
Net Profit	88m

Lenovo acquires IBM's PC business

The currents of history are like waves – constantly moving up and down. The key is to move with them. Since 1999, we have enjoyed good times and weathered bad times... but however powerful the currents, we have prevailed year after year. We look to the future with a confidence borne of the past.

2005

Turnover

+25%

EBITDA	286m
EBIT	150m
Net Profit	105m

Coca-Cola sells its 1 billionth standard case of Coke

2006

Turnover

+15%

EBITDA	305m
EBIT	153m
Net Profit	120m

Yan Zi and Zheng Jie become Women's Doubles Champions at the Australian Open and Wimbledon

2007

Turnover

+29%

EBITDA	375m
EBIT	190m
Net Profit	142m

The 2000th KFC shop in China opens in Chongqing

2008

Turnover

+26%

EBITDA	456m
EBIT	242m
Net Profit	166m

China hosts its first Olympic Games

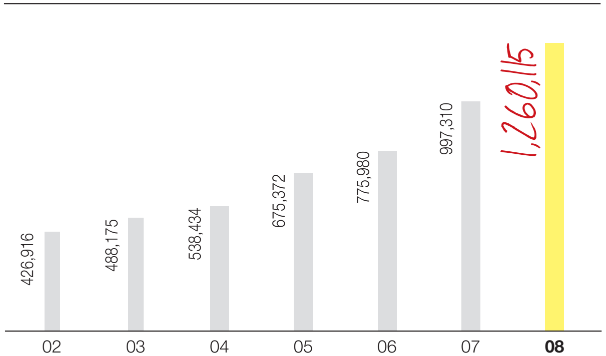
We look to the Future

with a confidence borne of the past.

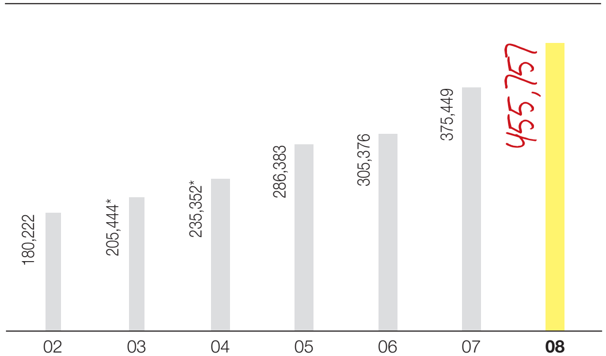
Financial Highlights

	2008	2007
Full Year Results (HK$'000)		
Turnover	**1,260,115**	997,310
EBITDA	**455,757**	375,449
Operating profit	**242,342**	189,925
Net profit	**166,067**	141,584
Basic EPS (HK cents)	**31.67**	27.02
Balance Sheet Data (HK$'000)		
Cash and cash equivalents	**209,631**	283,456
Total assets	**2,959,055**	2,737,970
Total liabilities	**485,193**	585,603
Equity attributable to equity holders of the parent	**2,428,163**	2,120,927
Cash Flow Data (HK$'000)		
Cash generated from operations	**439,024**	330,194
Free cash flow	**179,580**	115,522
Financial Ratios		
Current ratio	**2.26 times**	2.07 times
EBITDA margin	**36.2%**	37.6%
Net profit margin	**13.2%**	14.2%
Debt-to-equity ratio	**2.3%**	12%
Return on equity	**7.3%**	7.2%

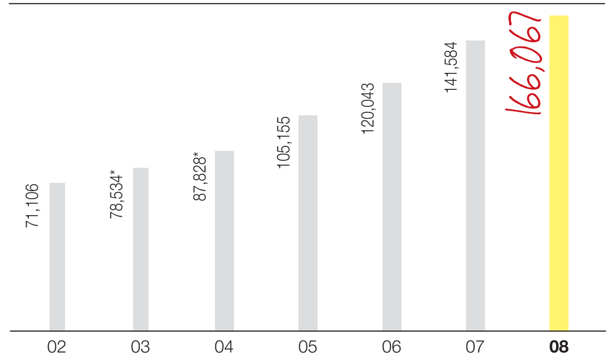
Turnover (HK$'000)



EBIDTA (HK$'000)

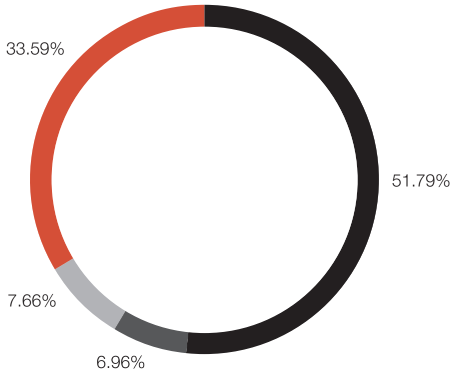


Net Profit (HK$'000)



* restated with application of new accounting standards

Fact Sheet at a Glance



Shareholder Information as at 31 December 2008

Clear Channel KNR Netherlands Antilles NV	51.79%
Artio Global Management LLC (formerly Julius Baer Investment Management LLC)	6.96%
ZAM Europe L. P.	7.66%
The Public	33.59%

Nominal Value: HK$0.10 per share

Listing: Main Board of The Stock Exchange of Hong Kong Limited

Listing Date: 19 December 2001

Ordinary Shares

• Shares outstanding as at 31 December 2008	524,368,500 shares

Market Capitalization

• as at HK$1.00 per share (based on closing price on 31 December 2008)	HK$524 million

Stock Code

• Hong Kong Stock Exchange	100
• Reuters	0100.HK
• Bloomberg	100 HK

Financial Year End 31 December

Chairman's Statement

Dear Fellow Shareholders,

I am pleased to join Clear Media and become a member of the outdoor advertising industry at one of the most exciting times in China.

On behalf of the Board, I would like to express our sincerest gratitude to Mr. Steven Yung for his valuable contribution during his tenure as chairman of the Board in the past years.

Throughout the last eleven years, Clear Media has proven itself as one of the undisputed leaders in the outdoor advertising market in China. As our report card shows, Clear Media has delivered another record year of double-digit growth – eleven years in a row of consistent and sustainable results anchored on a proven business model.

2009 will be a year with tremendous challenges and opportunities. I look forward to working with my team here at Clear Media as well as Clear Channel management, to continue strengthening Clear Media's competitive franchise and building the best outdoor media company in the world's largest consumer market; and to drive long-term shareholder value.

Faithfully yours,

Jingsheng Huang
Chairman
Clear Media Limited

We delivered in the past and
we'll deliver
in the
Future

CEO's Report

In 2008, Clear Media Limited (the "Company") and its subsidiaries (the "Group") reported solid growth in its full-year results with sales increasing by 26% year-on-year to HK$1,260 million, attributable to our successful business strategies with regard to the Beijing Olympics. Sales of our core bus-shelter-advertising business also increased by 26%, driven by a 19% increase in average sale price ("ASP") and a 9% increase in the average number of panels available for sale. Given the uncertainties of the global economy, we restructured our non-core businesses at the end of 2008. Excluding the impact of the restructuring charges, net profit grew by 27% on a normalised basis. On a consolidated basis, net profit grew by 17% to HK$166 million.

Revenue increased by 26% to HK$1,260 million

The crackdown on the outdoor advertising market by the Beijing government in 2008 (bus shelters being one of the few media to remain unaffected) led to a substantial increase in demand for bus shelter advertising panels. The Olympic impact also boosted our sales performance. Revenue from Beijing for the year was HK$311 million, an increase of 62% compared to 2007. We expect Beijing will continue to contribute steadily to the Group's revenue in 2009.

The Group's results in the first three quarters of 2008 were extraordinary and the best in our history. Just as we were anticipating enormous growth for the full year, the financial tsunami swept through the world and dealt a heavy blow to many advertisers in China in the last quarter of the year. In addition, the tainted-milk scandal in China also affected a few of our major clients. Coupled with the general cutback in advertising spend after the Olympic Games, the Group's performance in the last quarter fell short of our expectations, and therefore affected our full year results in 2008.

In view of uncertainties in global economic conditions, we took steps to restructure our non-core operations at the end of 2008, enabling us to concentrate our resources on our core bus-shelter and bus-body businesses.

Competition in the industry remained intense as small- to medium-sized players adopted aggressive pricing strategies in some cities. In addition, some local governments imposed tighter regulations for the advertising industry and a large portion of certain outdoor-advertising formats was dismantled as a result. We believe these policies will be beneficial to the overall outdoor advertising industry in the PRC, leading to further market consolidation and enabling the Group to strengthen its leading position.

Net profit before restructuring charge grew by 27%

Turnover from Shanghai rose by 11% to HK$147 million, as we achieved our target of raising the occupancy rate for 2008 thanks to the continued adoption of flexible sales strategies. In preparation for the 2010 World Expo, the Shanghai government has taken steps to impose tighter control over the outdoor media market. In this connection, we are working closely with the government to offer full cooperation under the official policies and initiatives.

The Group's operation in Guangzhou enjoyed stable progress during the year, reporting a 6% increase in total revenue to HK$180 million, underpinned by a 9% increase in ASP. While new bus-shelter panels were acquired during the year, our occupancy rate experienced a slight setback due to the lead time required to absorb the new panels added during the year and tougher competition in the city.

The Group's mid-tier cities performed strongly with a 23% year-on-year growth in sales, and accounting for 44% of our total turnover, on the back of outstanding results delivered by the district sales centres. Hangzhou, Nanjing, Shenyang and Chengdu, in particular, provided a major boost to the Group's overall results.

With an addition of 3,500 bus shelters during 2008, the total number of the Group's bus shelters currently stands at 32,700, providing a solid base for revenue contribution in 2009.

Our bus-body-advertising business in Shenzhen also reported stable progress with a 41% increase in sales, and achieved breakeven during the year.

Looking ahead, 2009 will be a challenging year. In light of the uncertainties in the global economy, we will cautiously review our business strategies and objectives on a continual basis, and we have formulated a number of measures for 2009, as follows:

Revenue from Beijing grew by

62%

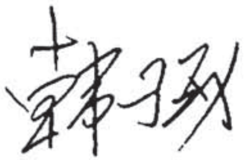
11 Consecutive years

of double-digit growth

Firstly, we began our sales preparation for our major clients in October 2008 and tailor-made business proposals with an aim to weather the challenging economy with them. Secondly, we have been very proactive in securing business in the first quarter of 2009 – history tells us that our business performance in the first quarter sets the tone for the entire year. Currently, our order book has reached approximately 40% of our full year target, softer than the order-book status around the same time in 2008, but exceeding our expectations. Because of this, we remain cautiously optimistic about our full-year performance in 2009. Thirdly, in order to tackle the challenges caused by the deteriorating economic and industry environment, we will impose stringent controls over our capital expenditure plans and overhead costs. We will also exercise more rigorous risk management to ensure sound financial conditions.

During the past eleven years, the Group has had numerous challenges and opportunities. Thanks to the support of our brilliant teams and our loyal customers, we have been able to overcome obstacles and move forward, standing at the forefront of the outdoor market with a truly remarkable track record of growth for eleven consecutive years. We are now presented with another opportunity to reset our pace, fine-tune our goals, and position ourselves for the next growth cycle, underpinned by major events such as the 2010 World Expo in Shanghai.

The Group is ready to tackle any future challenges with confidence; and will seize every business opportunity in 2009.



Han Zi Jing
Chief Executive Officer
Clear Media Limited

Next growth cycle underpinned by
2010 Shanghai World Expo

Industry Overview

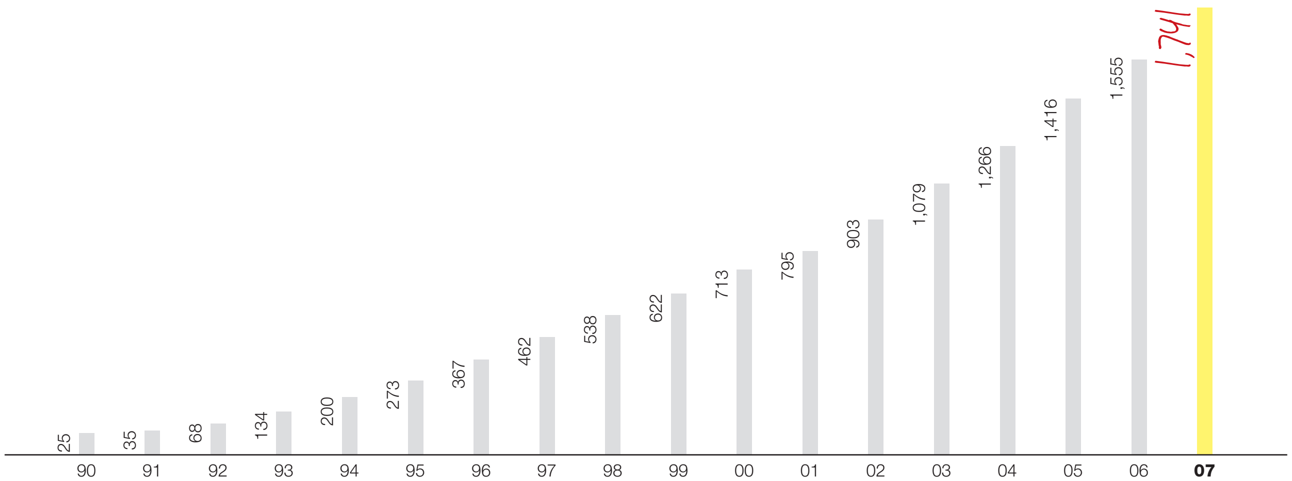
The PRC's advertising industry consistently showed double-digit growth in 2008 as China's high-speed economic growth continued. China's advertising expenditure per capita, on the other hand, remains low at a fraction of that in Japan or the United States, indicating a positive long-term growth prospect of the outdoor advertising industry in China.

According to the PRC State Administration for Industry and Commerce, television remains the dominant advertising medium in China, followed by print and outdoor. Nonetheless, there has been diversion of advertising expenditure from traditional to new media including the outdoor segment as advertisers are increasingly aware of its cost-effectiveness.

From the beginning of the year through to the 2008 Beijing Olympics in August, all major advertisers incurred very high level of advertising spend and concentrated their advertising budgets in a bid to further enhance their brand profiles and to reinforce their presence in the flourishing Chinese consumer market. We began to take proactive measures and commenced active negotiations with our clients as early as 2006 and 2007, which contributed to our outstanding results in the first three quarters of 2008.

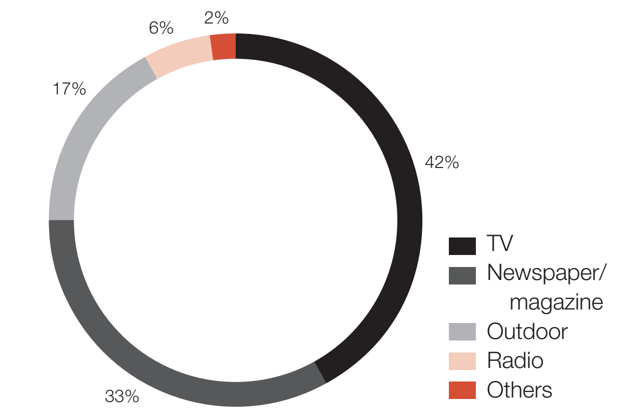
During the post-Olympic months in 2008, some advertisers have become more cost-conscious amidst the deterioration in global economic conditions and the tainted milk scandal in China. The Group's performance has therefore been negatively impacted in the last quarter of 2008. In view of the uncertainty in global economic conditions, we have taken steps to restructure our non-core operations at the end of 2008, allowing us to concentrate our resources on the core bus shelter and bus body businesses.

Advertising Expenditure Growth in China (RMB100 Million)



(SAIC: 2008)

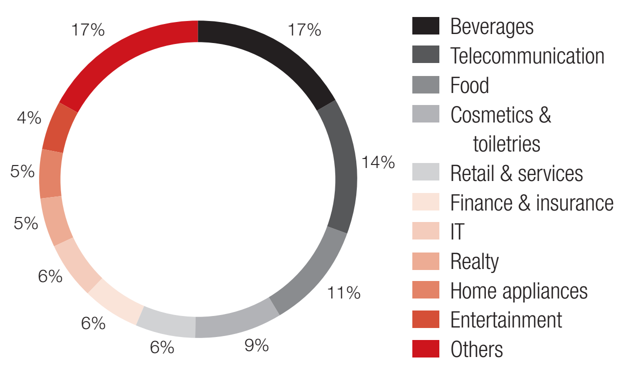
Media Mix in China



(SAIC: 2008, Company estimates)

Competition in the industry remained intense as small- to medium-sized players adopted aggressive pricing strategies in certain cities. In addition, some local governments have been imposing tighter regulation on the advertising industry, and as a result, a large portion of certain outdoor advertising formats displayed in public have been dismantled. We believe these policies will be beneficial to the overall outdoor advertising industry in the PRC, leading to further market consolidation and enabling the Group to strengthen its leading position.

Clear Media's Client Mix 2008 (by industry)



Operations Review

Core Bus Shelter Advertising Business

As at 31 December 2008, Clear Media operated the most extensive standardised bus shelters advertising network in China, with a total of over 32,000 12-sheet equivalent panels in 30 major cities across China. The turnover of our core bus shelter advertising business increased by 26% to HK$1,147 million for the year ended 31 December 2008 from HK$910 million in the previous year.

The strong growth was driven by a 19% increase in average sale price ("ASP"), and a 9% increase in average panels available for sale to 29,296 panels (2007: 26,873 panels). Overall, the occupancy rate for 2008 declined slightly to 59% from 60% in the previous year mainly due to the lead time required to absorb the new panels added during the year and the shelters relocation required during the Olympics preparation period.

Beijing, in particular, has contributed to 50% of our total sales increment. Higher advertising expenditure and larger orders by our customers in preparation for the 2008 Beijing Olympics both contributed to the sales increment.

Key Cities

In 2008, total sales generated by the top three cities – Beijing, Shanghai and Guangzhou – increased by 29% to HK$638 million (2007: HK$494 million) and accounted for 56% of our total sales from our core bus shelter business (2007: 54%).

Revenue contribution from top three key cities increased by 29%

Beijing

During the Olympics year of 2008, Beijing attracted the world's attention and advertising spend grew significantly. Sales revenue from Beijing for the year ended 31 December 2008 increased by 62% to HK$311 million (2007: HK$191 million) mainly due to a 66% increase in ASP. Average number of panels available for sale increased by 2% although occupancy rate dropped to 56% (2007: 58%) as a result of the road construction and bus shelters relocation required during the Olympics preparation period.

Shanghai

Sales revenue from Shanghai for the year ended 31 December 2008 rose by 11% to HK$147 million (2007: HK$132 million), mainly due to a 5% increase in ASP and an improvement in occupancy rate to 49% (2007: 47%). The average number of panels increased slightly by 1%. In preparation for the 2010 World Expo, the Shanghai government has taken steps to impose tighter control over the outdoor media market. Some of the policies, including the temporary suspension of approval of new advertising posters, have caused a small impact on our performance.

Guangzhou

Sales revenue from Guangzhou increased by 6% to HK$180 million (2007: HK$171 million), mainly due to a 9% increase in ASP and a 10% increase in the average number of panels. The average occupancy rate, however, dropped to 64% (2007: 72%), mainly due to the lead time required to absorb the new panels inventory added during the year, tougher competition in the city and an increased number of panels donated to the local government to promote the city during the second half of 2008.

Mid-Tier Cities

During the year, revenue from mid-tier cities rose by 23% to HK$509 million (2007: HK$416 million). The Group's strategy of setting up more district sales centres to better serve local customers and cultivate new advertisers continued to pay off, boosting sales particularly in Hangzhou, Nanjing, Shenyang and Chengdu. ASP for all mid-tier cities increased by 13%. The average number of panels available for sale increased by 13%, mainly due to the 5-year leasing arrangement between the Group and a local operator to operate around 1,100 bus shelters in Shenzhen. With the new inventory added during the year, the average occupancy rate of all mid-tier cities decreased slightly to 60% (2007: 61%).

City Highlights: Contribution of Top Ten Cities to Bus Shelter Advertising Revenue (2008)

City	% of Turnover
Beijing	27
Guangzhou	16
Shanghai	13
Chengdu	8
Shenzhen	6
Hangzhou	5
Nanjing	4
Xi'an	3
Wuhan	2
Shenyang	2

Over
32,000
bus shelter panels
across 30 cities

Shenzhen Bus Body Advertising Business

Since early 2007, we began to lease, operate and manage the bus body advertising business over 3,100 buses in Shenzhen, which accounts for nearly 70% of the market share in this category of advertising space in Shenzhen ("Shenzhen Bus Body Advertising Business"). Sales from this business venture amounted to HK$84 million for the year ended 31 December 2008, a 41% increase compared to HK$60 million in the previous year. The operation broke even for the year ended 31 December 2008, compared to a start-up loss of HK$6 million in 2007.

Other Advertising Formats

During 2008, the Group's business in other advertising formats, including airport advertising, point-of-sale and unipoles, generated a total of HK$29 million in sales revenue (2007: HK$27 million).

In light of changes in market conditions, the Group has undergone a restructuring of its non-core businesses and terminated its entire point-of-sale advertising business and its unipole operations along the Beijing-Shijiazhuang and Shanghai-Nanjing highways by the end of 2008. As a result, a one-time non-cash restructuring charge of approximately HK$14 million was incurred in the second half of 2008. The charge is included as part of the other expenses in the Consolidated Income Statement.

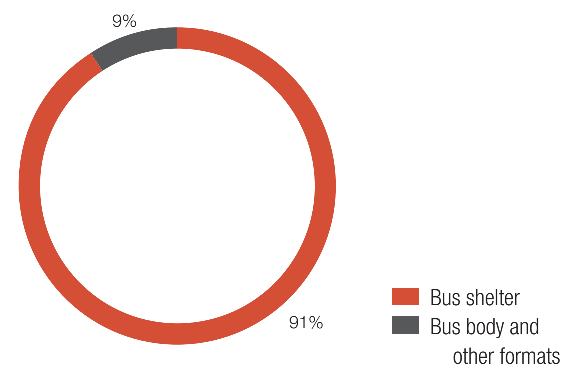
Management believes that this restructuring will allow the Group to concentrate on its core bus shelter and bus body businesses.

Beijing Bashi

In March 2008, the Group entered into the share subscription agreement with Beijing Bashi Media Company Limited ("Beijing Bashi") (the "Share Subscription Agreement") to invest between RMB250 million (approximately HK$285 million) and RMB650 million (approximately HK$740 million) in exchange for a minority interest in Beijing Bashi. The Group viewed the transaction as an opportunity to further expand its bus body advertising operations by locking in the intention on the part of both Beijing Bashi and the Group to cooperate and setting out grounds for further negotiations. However, the key terms of the transaction, including the definite total consideration to be paid, the actual terms of co-operation and how the Group will be compensated, are subject to further negotiation within the contemplation of the Share Subscription Agreement.

The Group and Beijing Bashi have further entered into a business cooperation agreement whereby the Group will be entitled to participate in the operation and management of the bus body advertising business of Beijing Bashi. Beijing Bashi has also undertaken that, during the term of such business cooperation agreement, it will not commence any new cooperation on bus body advertising with any other third parties whilst the Group has undertaken that, during the term of the business cooperation agreement, any bus body advertising which it may commence in the future in the PRC will be carried out in the form of cooperation with Beijing Bashi.

Turnover by Operation in 2008



If the Group fails to complete the transaction contemplated under the Share Subscription Agreement due to reasons attributable to it, the RMB10 million (approximately HK$11 million) deposit paid by it will be forfeited, under which circumstances the Share Subscription Agreement shall automatically be terminated, and Beijing Bashi shall have no rights of specific performance against the Group. If the Group fails to complete the transaction contemplated under the Share Subscription Agreement due to reasons not attributable to it, the entire amount of the RMB10 million (approximately HK$11 million) deposit shall be refunded to the Group.

The Share Subscription Agreement shall be completed within 180 days from the date the transaction is approved by the China Securities Regulatory Commission of the PRC which, as at 31 December 2008, is still outstanding.

Financial Review

Turnover

The Group's turnover increased by 26% to HK$1,260 million for the year ended 31 December 2008, from HK$997 million in the previous year. Our turnover was wholly generated from the operations in mainland China and our core bus shelter advertising business continued to be the key growth driver. Total sales from bus shelter advertising increased by 26% to HK$1,147 million year-on-year from HK$910 million in 2007.

The Group's Shenzhen Bus Body Advertising Business generated HK$84 million in revenue for the year ended 31 December 2008, an increase of 41% from HK$60 million in the previous year. Contributions from other advertising formats including airport, point-of-sale and unipoles, increased to HK$29 million year-on-year from HK$27 million.

Expenses

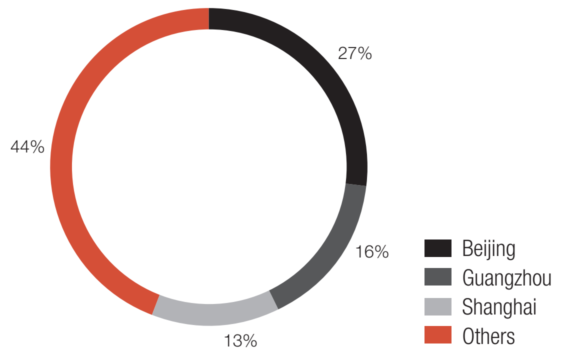
During the year under review, the Group's direct operating costs, which included rental, maintenance, electricity, and sales and cultural levies, rose by 26% year-on-year, from HK$427 million to HK$536 million, as a result of increased sales activities.

Total direct operating costs remained steady at 43% of total sales for the year ended 31 December 2008. Rental expenses increased by 24%, mainly due to the new panels added during the year and the newly leased shelters from a local operator in Shenzhen. As a percentage of sales, however, rental expenses remained stable at 24% year-on-year. Electricity expenses, maintenance expenses and sales and cultural levies have also remained at 4%, 7% and 8%, respectively, of total sales.

Amortisation charges incurred for the bus shelter and other advertising formats increased by 16%, to HK$207 million (2007: HK$179 million), following the further expansion of our bus shelter network. As a percentage of total sales, however, amortisation expenses represented 16% of total sales, compared to 18% in the previous year.

Total selling, general and administrative expenses, excluding depreciation and amortisation, for the year ended 31 December 2008 increased by 37% to HK$268 million from HK$195 million in the prior year. This was mainly due to higher salaries and welfare costs benefits and an increase in the number of sales staff employed for the new district sales centres. Selling, general and administrative expenses for 2008 also included HK$8 million of amortisation of share options granted in June 2007 (2007: HK$4 million); and a one-time non-cash restructuring charge of HK$14 million related to the termination of the Group's non-core businesses including its point-of-sale and unipole operations.

Turnover by Geographical Location in 2008



EBITDA

The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") for the year ended 31 December 2008 increased by 21% to HK$456 million from HK$375 million in the previous year. EBITDA margin, however, decreased from 38% to 36% year-on-year mainly due to the one-time non-cash restructuring charges incurred during the year.

EBIT

In the year under review, the Group's EBIT grew to HK$242 million, a 28% increase compared to HK$190 million in the previous year. EBIT margin remained stable at 19% on a year-on-year basis.

Finance Costs

Finance costs amounted to HK$15 million during the year (2007: HK$18 million). The decrease was mainly due to a lower interest incurred on the HK$312 million Zero Coupon Convertible Bonds due 2009 (the "Convertible Bonds") which were fully redeemed in September 2008.

Taxation

For the year 2008, taxes levied on the Group amounted to HK$48 million (2007: HK$30 million). According to the new PRC Enterprise Income Tax Law effective 1 January 2008, Hainan White Horse Advertising Media Investment Company Limited (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 18% (2007: 15%) on its assessable profits arising in the PRC for the year ended 31 December 2008.

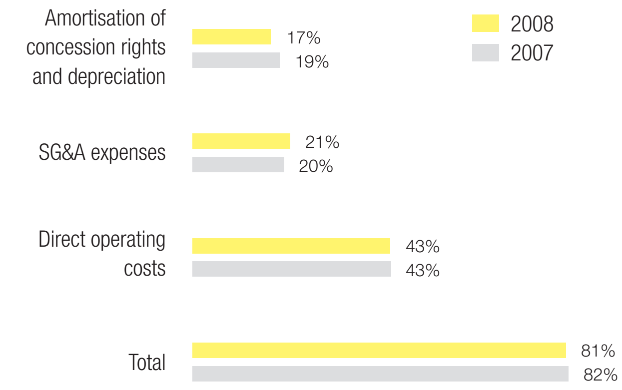
Under the new PRC Enterprise Income Tax Law, the corporate income tax rate applicable to the WHA Joint Venture will rise gradually from 15% in 2007 to 25% by 2012. The deferred tax balances have been adjusted accordingly to reflect the tax rate increment applicable to the respective periods when the assets are realised or the liabilities are settled.

Net Profit

Net profit for the year ended 31 December 2008 increased by 17% to HK$166 million from HK$142 million recorded in 2007. Excluding the impact of the one-time non-cash restructuring charge of HK$14 million related to the termination of the Group's non-core operations, net profit increased by 27%. Net profit margin for 2008 declined to 13% from 14% in the prior year as a result of the one-time non-cash restructuring charge of approximately HK$14 million and the higher PRC income tax rate.

EBITDA increased by 21%

Cost Breakdown by % Turnover



Liquidity and Financial Resources

The Group continued to enjoy a healthy financial position at the end of 2008, with cash and cash equivalents amounting to HK$210 million as at 31 December 2008, compared to HK$283 million at the end of 2007. As at 31 December 2008, the Group had bills payable of HK$113 million (31 December 2007: HK$87 million). The entire balance of the Convertible Bonds was redeemed in September 2008 (31 December 2007: HK$100 million). As a result, the debt to equity ratio of the Group, defined as a percentage of net interest bearing borrowings over shareholders' funds, decreased to 2% as at 31 December 2008 from 12% at the end of 2007.

In October 2007, the Company entered into a one-year 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 (the "Credit Facility"). In October 2008, the Credit Facility was further extended to May 2009. As at 31 December 2008, HK$55 million was utilised.

Cash and cash equivalents

HK$210

million

Cash Flow

Net cash inflow from operating activities for the year ended 31 December 2008 increased to HK$369 million from HK$313 million in the previous year primarily due to the increase in operating profit.

Net cash outflow from investing activities remained steady at HK$222 million for both 2008 and 2007 and such cash outflow mainly represented the capital expenditure outlay on both organic build and acquisition of bus shelters.

Net cash outflow to financing activities during the year increased to HK$221 million from HK$65 million in the previous year. The increase was mainly due to the partial repayment of the Group's short-term loan from Clear Channel International B.V. during the year, which was partially offset by the lower amount of the Convertible Bonds redeemed in 2008 than 2007. In addition, in January 2007, the Group received a refund of deposit, together with interest, of HK$107 million from the Hong Kong High Court in respect of a legal action and there was no such refund in 2008.

In 2008, the Group's free cash flow increased to HK$180 million from HK$116 million in the previous year. 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 year-on-year increase in EBITDA.

Trade Receivables

The Group's accounts receivable balance due from third parties was HK$508 million as at 31 December 2008 compared to HK$416 million as at 31 December 2007. None of the accounts receivable was due from connected persons, as defined under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The higher sales generated in 2008 was the main factor of the increase in the absolute amount of accounts receivable.

Average accounts receivable outstanding days, on a time-weighted basis, increased to 149 days for 2008 compared to 133 days in the previous year. The Group has experienced a slow down in repayment from customers towards the end of 2008 amidst the deteriorating economic condition. We will continue to closely monitor the accounts receivable balance and ensure the level of provision is prudent.

As at 31 December 2008, amount due from Guangdong White Horse Advertising Company Limited ("GWH") increased to HK$80 million from HK$53 million as at 31 December 2007, mainly due to a higher level of sales to GWH during the year and slow down in repayment from GWH's customers.

Long-term Prepayments, Deposits and Other Receivables

The Group's long-term prepayments, deposits and other receivables mainly comprised of a performance guarantee of RMB30 million and a prepayment of forecast shared profits of RMB70 million in relation to an agreement entered into by the Group and Beijing Pangu Investment Co., Ltd. (formerly known as Beijing Morgan Investment Company, Limited) ("BMIC") for the management of the advertising sales of outdoor LED screens in Beijing. The balance in 2008 also included RMB34 million of the Group's share of capital expenditure for the LED screens construction.

Due to changes in the operating environment, the Group has decided that it is in the interest of the Group as a whole to terminate the LED screens advertising sales management contract with BMIC and the cooperation arrangements thereunder. The Group expects to recover the total investment, an aggregate amount of RMB134 million (approximately equivalent to HK$151 million), which the WHA Joint Venture has paid pursuant thereto in full by May 2010. Certain property interests in the PRC have been assigned to the WHA Joint Venture as security for the amount due and will be transferred to the WHA Joint Venture unless BMIC repays the amount in full by May 2010. The value of these properties has been independently valued, and is in excess of the amount due.

Other Payables and Accruals

The Group's total other payables and accruals as at 31 December 2008 were HK$393 million. This figure represents a 35% increase over the corresponding figure of HK$291 million as at 31 December 2007. The increase was mainly due to a 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.

Net profit grew by 17% to

HK$166 million

Assets and Liabilities

As at 31 December 2008, the Group's total assets amounted to HK$2,959 million, an 8% increase from the HK$2,738 million recorded as at 31 December 2007. The Group's total liabilities amounted to HK$485 million at the end of 2008 (31 December 2007: HK$586 million). Net assets at the end of 2008 increased to HK$2,474 million from HK$2,152 million in the prior year. Net current assets increased from HK$505 million as at 31 December 2007 to HK$583 million as at 31 December 2008.

As at 31 December 2008, the Group had pledged deposits of RMB47 million (approximately HK$54 million) to banks as security for bills payable of RMB100 million (approximately HK$113 million). The Group had also pledged deposits of RMB51 million (equivalent to approximately HK$58 million) for a performance guarantee issued by a bank amounting to RMB51 million (equivalent to approximately HK$58 million) for the Group's Shenzhen Bus Body Advertising Business. As at 31 December 2008, the Group's total cash and cash equivalents amounted to HK$210 million (31 December 2007: HK$283 million).

Share Capital and Shareholders' Funds

There was no change in share capital during the year. Total shareholders' equity for the Group as at 31 December 2008 rose by 15% to HK$2,474 million, as compared to HK$2,152 million as at 31 December 2007. The Group's reserves as at 31 December 2008 amounted to HK$2,376 million, a 15% increase over the corresponding balance of HK$2,065 million as at 31 December 2007. This was mainly a result of the retention of the profit earned for the year ended 31 December 2008 amounting to HK$166 million and the gains resulting from the continued appreciation in RMB as reflected in the exchange fluctuation reserve account. The Group undertook no share repurchases during the year under review.

Exposure to Foreign Exchange Risk

The Group's only investment in China remains its operating vehicle, the WHA Joint Venture, which solely conducts business within the PRC. 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 announcement, 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$136 million during the year (2007: HK$143 million).

Free cash flow increased by

55%

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 2008 the Group expanded its network by acquiring concession rights to build bus shelters. During the year ended 31 December 2008, the Group spent HK$235 million on the acquisition of additional bus shelters and concession rights, compared to HK$199 million in 2007. An additional HK$9 million was spent to acquire other fixed assets (2007: HK$4 million).

Material Acquisitions and Disposals

In March 2008, the Group entered into the Share Subscription Agreement with Beijing Bashi. The transaction contemplated under the Share Subscription Agreement constitutes a major transaction under Chapter 14 of the Listing Rules. See also Operation Review – Beijing Bashi above and the Company's circular to the shareholders dated 29 April 2008.

During the year, the Group restructured its non-core businesses and terminated its entire point-of-sale advertising business and its unipole operations along the Beijing-Shijiazhuang and Shanghai-Nanjing highways by the end of 2008. This resulted in a write-off of HK$14 million. See also the Company's announcement dated 22 December 2008.

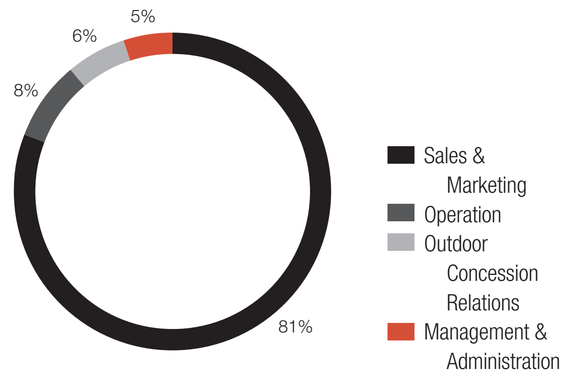
Save as disclosed above, there were no other material acquisitions or disposals of any subsidiaries, associates or joint ventures of the Group during the year.

Employment, Training and Development

As at 31 December 2008, the Group had a total of 616 employees, an increase of 26% over 490 as at 31 December 2007. Total staff costs for 2008 amounted to 10% of the Group's turnover (2007: 8%). The main contributor to the increase was the Group's sales and marketing division, which grew from 375 staff in 2007 to 497 staff in the current year. 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 the knowledge and skills of team members were organised throughout the year. Employees of the Group 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 recognises value creation among its team members.

Human capital has always been our key asset for sustainable growth. We will continue to utilise our sales force in 2009 to keep pace with our business growth and to continue providing high-quality services and support to our clients.

Full-time Employees 2008



Remuneration Policies and Benefits

The Group conducts regular reviews of its compensation policies and packages. The salary and benefits package of every employee is reviewed annually on the basis of performance, experience and prevailing industry trends. In recognising 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 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 2008 other than time deposits of RMB47 million (approximately HK$54 million) pledged as securities for bills payable of RMB100 million (approximately HK$113 million), and time deposits of RMB51 million (approximately HK$58 million) pledged for a performance guarantee issued by a bank of RMB51 million (approximately HK$58 million) for the Group's Shenzhen Bus Body Advertising Business.

Capital Commitments

As at 31 December 2008, the Group had capital commitments contracted but not provided for in relation to the construction of bus shelters amounting to HK$20 million (31 December 2007: HK$15 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 Group.

Two-fold sales approach to
secure major customers and
acquire small- to mid-tier clients

Outlook

In light of the lingering impact of the global financial turmoil and the ongoing competition in the outdoor advertising industry, 2009 will be another challenging year for the Group. Most advertisers are becoming more cautious about their advertising spend in the coming year. Currently, our order book on-hand has reached approximately 40% of our full year sales target, softer than the order book status around the same time in 2008. Nevertheless, we expect the contracts to be signed in the first quarter this year will exceed our expectation.

With the right degree of both realism and optimism, we believe the prospects for our industry remain bright over the long run. Despite a global market slowdown, China remains as one of the fastest growing economies in the world. Domestic consumption in recent quarters has been one of the major forces driving the economy. The surge in wealth and purchasing power of the Chinese consumption market continues to attract international and domestic customers to invest in brand-building. In addition, major events such as the 60th anniversary of the establishment of the People's Republic of China in 2009, the 2010 World Expo in Shanghai, and the Asian Games 2010 in Guangzhou all bode well for the advertising industry.

Our sales approach is two-fold. For major customers, our target is to lock in contracts with them by tailor-making business plans that meet their needs and by encouraging them to concentrate their advertising budgets. We will also step up our efforts to acquire more mid- to small-tier clients via our district sales centres and to allow more autonomy and pricing flexibility so that we better serve local clients.

In 2009, we will focus on lifting occupancy rate of our core business and invest in refreshing the existing panels and their quality. We will target to achieve better returns by sweating our existing assets.

We believe the prospect of outdoor media industry remains bright over the long run.

We decided to restructure and terminate some of our non-core businesses at the end of 2008, allowing us to concentrate our resources on our core bus shelter and bus body businesses. We will also implement stringent cost control measures to improve operational efficiency by taking a more cautious approach with regard to capital expenditure as well as to our network expansion plans. In addition, we will control our direct costs by temporarily dismantling certain low-efficiency bus shelters and consider other ways to manage overheads. We will also make an extra effort in cash collection and we will continue to closely monitor trade receivable balances.

The Group will remain vigilant to changing market dynamics and will continue to pursue a proactive sales approach as part of its long-term growth strategy in order to maintain its leading market position in the China outdoor advertising market. Leveraging on our nationwide network, our enviable clientele and our solid financial health, the Group is well positioned to tackle the challenges ahead and maximise long-term shareholders' value.

Well positioned to tackle the challenges ahead and maximise long-term shareholders' value.

Q: **What are your key competitive advantages?**

A: We combine local knowledge of China and 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 in 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 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.

Q: **Why is Clear Media attractive to investors?**

A: Profitability – The first thing investors see is our proven track record of eleven consecutive years of double-digit growth and continued profitability. 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, except for those operating in the outdoor segment, are state-owned. Responsibility – we are committed to monitoring internal control and ensuring high standards of corporate governance at all times and in all areas of its operations with the objective to maximise long term shareholders' value. We effectively adopt the best practice of control policies and procedures of Clear Channel, our largest shareholder and the world's largest outdoor advertising company, listed on the New York Stock Exchange.

Attracts investors via profitability, transparency, independence and responsibility

Q: **Why did Clear Media diversify into bus body advertising in Shenzhen?**

A: Our medium-term objective is to diversify into other outdoor advertising businesses, in order to broaden our product line and to 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 an outdoor advertising 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.

Q: How will you tackle the future challenges under the current economic condition?

A: In light of the uncertainties in the global economy, advertisers are becoming more cautious about their advertising spends in the coming year. We have formulated a number of measures in 2009 and will cautiously review our business strategies and objectives on a continual basis. Firstly, we began our sales preparation for our major clients in October 2008 and tailor-made business proposals with a goal to weather the challenging economy with them. Secondly, we have been very proactive in securing business in the first quarter of 2009 – history tells us that our business performance in the first quarter sets the scene for the entire year. Thirdly, we will impose stringent controls over our capex plans and other overhead costs. In addition, we will exercise more rigorous risk management to ensure sound financial conditions at all times.

Impose stringent cost controls and exercise rigorous risk management

Q: What is your cash position and gearing ratio?

A: The Group continued to enjoy a healthy financial position, with cash and cash equivalents of HK$210 million as at 31 December 2008. In 2008, the Group's free cash flow increased to HK$180 million from HK$116 million a year ago. 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 Group's gearing, defined as a percentage of net interest-bearing borrowings over shareholders' funds, decreased to 2% as at 31 December 2008.

Biographies of Directors

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

Jingsheng Huang

Mr. Huang, aged 51, is currently a Managing Director of Bain Capital, one of the world's leading private investment firms. Prior to joining Bain Capital in 2005, Mr. Huang was Managing Director China at SOFTBANK Asia Infrastructure Fund (SAIF). Prior to SAIF, Mr. Huang was Partner at SUNeVision Ventures and Senior Manager of Strategic Investment at Intel Capital. Prior to his investment career, Mr. Huang worked as Director of Research Operations at Gartner Group and was Co-founder/Vice President of Marketing at Mtone Wireless.

Mr. Huang received an MBA from Harvard Business School, an MA from Stanford University and a BA from Beijing Foreign Studies University.

Deputy Chairman
Chairman of the Remuneration Committee
Non-Executive Director

Paul Meyer

Mr. Meyer, aged 66, is currently the President and CEO, Clear Channel Outdoor for the Americas and Asia/Pacific. 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.

Deputy Chairman and
Non-Executive Director

Peter Cosgrove

Mr. Cosgrove, aged 55, 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.

Mr. Cosgrove is 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 53, 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 44, 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.

Chief Operating Officer and
Executive Director

Zhang Huai Jun

Zhang Huai Jun (Harrison), aged 38, was appointed as Chief Operating Officer of the Company in November 2007. Mr. Zhang joined Hainan White Horse Advertising Media Investment Co., Ltd. in July 2000. He was appointed as National Sales Director from September 2002 to October 2007 and Sales Manager of Northern Sales Center from July 2000 to August 2002.

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

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

Non-Executive Director

Mark Mays

Mr. Mays, aged 45, 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 on the National Boy Scout Board, the Alamo Area Council, 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 42, 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 45, 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 54, is a qualified accountant and a member of the Hong Kong Institute of Certified Public Accountants. He was an audit partner in PricewaterhouseCoopers Hong Kong from 1987 through 2000. Since withdrawing from practice with PricewaterhouseCoopers, Mr. Murray has taken on a number of non-executive directorships and acts as a business consultant to a number of smaller businesses. While working with PricewaterhouseCoopers, he advised boards and audit committees of companies listed in Hong Kong, China, and throughout the region, both as an audit partner and as an advisor in relation to both internal audit and corporate governance.

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

Independent Non-Executive Director

Wang Shou Zhi

Mr. Wang, aged 62, 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 61, 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 Non-executive director of New World Development Co. Ltd., 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 2008:

	Number of meetings attended and held				
	Board Meetings	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Capital Expenditure Committee**
EXECUTIVE DIRECTORS					
Mr. Han Zi Jing	5/5				
Mr. Teo Hong Kiong	5/5				4/4
Mr. Zhang Huai Jun	4/5				4/4
(resigned as alternate director to Han Zi Dian and appointed as executive director with effect from 23 May 2008)					
NON-EXECUTIVE DIRECTORS					
Mr. Jingsheng Huang	1/5				
(appointed as non-executive director with effect from 12 November 2008 and as Chairman of the Board with effect from 1 January 2009)					
Mr. Paul Meyer	5/5		1/1		
Mr. Peter Cosgrove	5/5	4/4	1/1	2/2	
Mr. Mark Mays	4/5				
Mr. Mark Thewlis	5/5				4/4
Mr. Han Zi Dian	0/5				
Mr. Steven Yung	5/5			2/2	
(resigned as non-executive director and Chairman of the Board with effect from 1 January 2009)					
ALTERNATE DIRECTORS					
Mr. Jonathan Bevan	1/5				4/4
(alternate to Mark Mays, Paul Meyer and Mark Thewlis)					
Mr. Zou Nan Feng	1/5				
(resigned as executive director and redesignated as alternate director to Zhang Huai Jun and Han Zi Dian with effect from 23 May 2008)					

The Board *(continued)*

Number of meetings attended and held

	Board Meetings	Audit Committee	Remuneration Committee	Nomination Committee	Capital Expenditure Committee
INDEPENDENT NON-EXECUTIVE DIRECTORS					
Mr. Desmond Murray	5/5	4/4	1/1	2/2	
Mr. Wang Shou Zhi	4/5	2/4	1/1	1/2	
Ms. Leonie Ki Man Fung	3/5	2/4	1/1	2/2	

As of the date of this report, the Board comprises 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 pages 22 to 25.

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

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 appraised 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 authorised 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 organisation on behalf of the shareholders. Specific tasks that the Board delegates to the Group's management include preparing annual and interim accounts for the Board's approval, implementing strategies approved by the Board, monitoring the operating budgets, implementing internal 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 Group'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.

Members of the Audit Committee *(continued)*

The Audit Committee met four times in 2008.

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 2008, 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 summarises 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:

	2008 **HK$'000**	2007 HK$'000
Audit fees	**1,527**	1,380
Non-audit fees	**655**	371

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 2009.

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 once in 2008 to review and approve the directors' remuneration packages.

Members of the Remuneration Committee

Paul Meyer, *Non-Executive Director*
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 pages 75 to 76.

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 maximising long-term value for its shareholders. Details of the share options granted to executive directors and the management team to date are published on pages 47 to 50 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 2008 can be found on pages 75 to 76 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

Jingsheng Huang, *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*
Steven Yung, *(resigned as Non-Executive Director and Chairman of the Board with effect form 1 January 2009)*

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 twice in 2008 to discuss and recommend the nomination of non-executive directors 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, Executive Director*

The Capital Expenditure Committee met four times in 2008 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 the Group's assets, and to safeguard these assets against unauthorised use or disposition by ensuring that all such transactions are executed in accordance with management's authorisation. The systems 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") in 2005, resulting in the consolidation of the Group in CCO's financial results. CCO is listed on the New York Stock Exchange and is subject to certain rules in accounting, disclosure and internal control procedures, including the rules set out in the Sarbanes-Oxley Act ("SOX"). The Group conducted an audit regarding its compliance with the requirements under the SOX in 2008 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 legal advisors.

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 2008, 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 2008.

Directors' Interests

Full details of individual director's interests in the shares and share options of the Company are set out on pages 43 to 46 of the "Report of the Directors."

Directors' and Auditors' Responsibilities for Accounts

Directors' and the auditors' responsibilities to shareholders are included on page 53 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 maximise 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. Except for voting on certain matters specified under the Listing Rules or when a poll is demanded in accordance with the Bye-laws of the Company, voting takes the form of a show of hands. 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 organised by securities houses in Hong Kong, China and overseas.

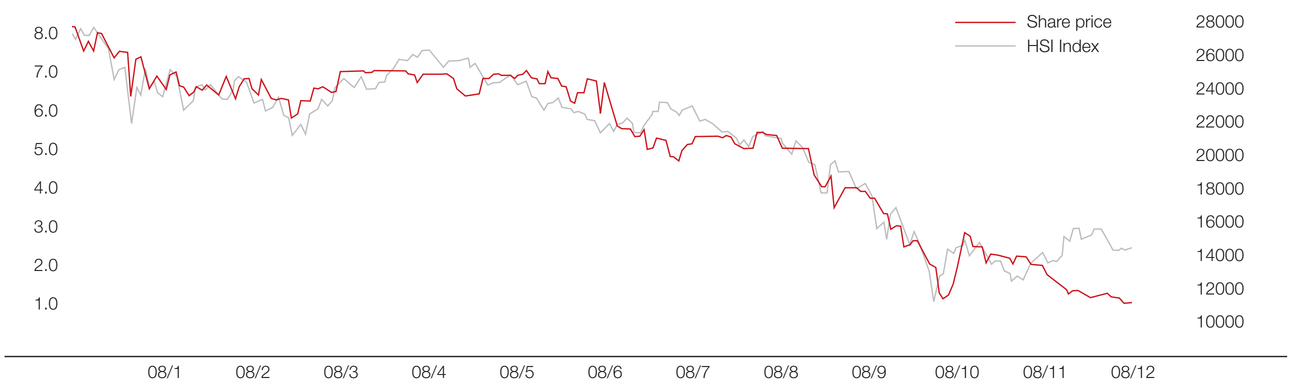
Investor Relations *(continued)*

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 2009

Results Announcement 2008	11 February
Annual General Meeting	13 May
Interim Results Announcement	July/August
Financial Year End	31 December

Share Price Performance



(Source: Bloomberg)

84.8 million shares were traded on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2008. The highest trading price for the share was HK$8.14 on 3 January 2008 and the lowest was HK$0.99 on 30 December 2008.

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 2008.

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 2008 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 54 to 108.

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 111. 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				
	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
					Restated
Results					
Profit attributable to:					
– Equity holders of the parent	**166,067**	141,584	120,043	105,155	87,828
– Minority interests	**16,873**	13,248	9,189	8,822	10,268
Assets and liabilities					
Total assets	**2,959,055**	2,737,970	2,433,574	2,062,710	1,944,800
Total liabilities	**(485,193)**	(585,603)	(580,448)	(509,245)	(544,043)
Total equity	**2,473,862**	2,152,367	1,853,126	1,553,465	1,400,757

Note: Profit attributable to equity holders for the year ended 31 December 2004 has 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 2008 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 share capital, share options and convertible bonds during the year, 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 2008, the Company's share premium account, contributed surplus and retained profits accounts available for cash distribution and/or distribution in specie amounted to HK$1,272,839,000 (2007: HK$1,264,749,000). 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 have been listed on the Stock Exchange since 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 (2007: 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 customers 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), required to be disclosed in accordance with 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 and connected transactions during the year ended 31 December 2008:

1. Continuing connected transactions

(a) On 20 April 2007, the WHA Joint Venture, a 80% indirect non-wholly owned subsidiary of the Company, terminated the maintenance services agreements signed on 11 May 2004 and entered into new maintenance services agreements ("Maintenance Services Agreements") with each of Tianjin White Horse Fung Shen Advertising Company Limited, Yunnan White Horse Advertising Company Limited, Fuzhou White Horse Advertising Company Limited, Xiamen White Horse Advertising Company Limited and Haerbin White Horse Feng Shen Advertising Company Limited (the "White Horse Companies") on substantially the same terms as the previous maintenance services 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 have been received.

The maximum aggregate annual value for each financial year under the Maintenance Services Agreements will be RMB4,000,000 (equivalent to approximately HK$4,511,000, based on the average exchange rate of year 2008). 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 5 March 2007, the WHA Joint Venture terminated the previous framework agreement signed on 11 May 2004 and entered into a new three-year framework agreement ("Framework Agreement") with Guangdong White Horse Advertising Company Limited ("GWH") for the years 2007, 2008 and 2009 on substantially the same terms as the previous framework agreement. The Framework Agreement sets out the terms of the advertising commission arrangement between the WHA Joint Venture and GWH (described below) and 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. At the Special General Meeting convened on 12 April 2007, the independent shareholders approved the annual cap amounts of the transactions under the Framework Agreement for the years 2007, 2008 and 2009.

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 GWH for each of these financial years were HK$22.5 million, HK$31.5 million and HK$34.8 million, respectively.

(c) On 7 April 2008, the 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 2008 was approximately RMB3,000,000 (equivalent to approximately HK$3,383,000). 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 1 January 2008 to 31 December 2010. These transactions were entered into on terms no less favourable than those available to or from independent third parties.

2. Connected transactions

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 Advertising Company Limited ("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 for a further two years to the end of the fiscal year 2007. 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 was 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.

On 3 April 2008, China Outdoor Media (HK) and Hainan White Horse signed an agreement to further extend the term of the China Outdoor Media (HK)'s entitlement of 90% of the after tax profits of the WHA Joint Venture for a further one year to the end of the fiscal year 2008. In consideration of the extension of such profit sharing arrangement, China Outdoor Media (HK) made a one-off payment of HK$250,000 to Hainan White Horse. China Outdoor Media (HK) also has an option to further extend such profit sharing arrangement for a further year thereafter to the end of the fiscal year 2009, subject to a further one-off payment of HK$250,000 to Hainan White Horse. These payments constitute de minimis connected transactions 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 sales from GWH and the advertising commission payable by the Group to GWH in relation to the advertising commission arrangement did not exceed HK$210 million and HK$31.5 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	
Zhang Huai Jun	(appointed as executive director and resigned as alternate director to Han Zi Dian on 23 May 2008)

Non-executive directors:

Jingsheng Huang	(appointed as non-executive director on 12 November 2008 and appointed as Chairman with effect from 1 January 2009)
Paul Meyer	
Peter Cosgrove	
Mark Mays	
Mark Thewlis	
Han Zi Dian	
Steven Yung	(resigned as non-executive director and Chairman with effect from 1 January 2009)

Independent non-executive directors:

Leonie Ki Man Fung
Wang Shou Zhi
Desmond Murray

Alternate directors:

Jonathan Bevan	(alternate director to Mark Mays, Paul Meyer and Mark Thewlis)
Zou Nan Feng	(resigned as executive director and redesignated as alternate director to Zhang Huai Jun and Han Zi Dian on 23 May 2008)

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 22 to 25 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, 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 2008, 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 2008:

	Number of shares held, capacity and nature of interest					
Name of director	**Directly beneficially owned**	**Through spouse or minor children**	**Through controlled corporation**	**Beneficiary of a trust**	**Total**	**Percentage of the Company's issued share capital**
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 2008, 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%.

The interests of the directors in the share options of the Company are separately disclosed on pages 48 to 50.

B. Long positions in the shares of CC Media Holdings, Inc. as at 31 December 2008: (Note 1)

Name of director	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	% of issued share capital
	Number of shares held, capacity and nature of interest: shares					
Mark Mays	686,556	–	102,168 (Note 2)	–	788,724	0.9494
Paul Meyer	882	–	–	–	882	0.0011

1. On 31 July 2008 (Hong Kong time), the merger of Clear Channel Communications, Inc. ("Clear Channel") with a subsidiary of CC Media Holdings, Inc. ("CC Media"), a corporation formed by private equity funds co-led by Bain Capital Partners LLC and Thomas H. Lee Partners LP (the "Private Equity Group"), has been completed (the "Acquisition"). Common stocks in Clear Channel have been delisted and ceased to be publicly traded on the New York Stock Exchange with effect from 31 July 2008 (Hong Kong time). Following the Acquisition, the affiliates of the Private Equity Group own 100% of the class B stocks, which are supervoting stocks, and 100% of the class C stocks, which do not carry any voting rights, in CC Media. The former shareholders of Clear Channel who elected to receive stock instead of cash as merger consideration, together with certain members of management and other employees of Clear Channel, collectively own 100% of the class A stocks, each share having the right to one vote, in CC Media. Immediately following the Acquisition, the affiliates of the Private Equity Group own more than 50% of the voting rights in CC Media, which indirectly own 100% of the capital stock of Clear Channel. As a result, the Private Equity Group became the controlling shareholders 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 37.78% owned by trusts which beneficiaries are Mark May's children, 45.05% owned by Mark Mays and 17.17% owned by his spouse.

C. Long positions in the shares of Clear Channel Outdoor Holdings, Inc. as 31 December 2008:

Clear Channel Outdoor Holdings, Inc. (Note 1)

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

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

D. Right to acquire shares in CC Media Holdings, Inc. as at 31 December 2008:

Name of director	Date of grant	Number of outstanding options as at 31 December 2008	Option period	Subscription price per share of CC Media Holdings, Inc.
Mark Mays	30/07/2008	2,851	30/07/2008 – 19/02/2013	US$35.0606
	30/07/2008	8,324	30/07/2008 – 19/02/2013	US$9.8000
	30/07/2008	3,298	30/07/2008 – 12/01/2015	US$30.3107
	30/07/2008	46,554	30/07/2008 – 12/01/2015	US$9.8000
	30/07/2008	5,601	30/07/2008 – 16/02/2015	US$9.8000
	30/07/2008	260,416	13/05/2011 – 30/07/2018	US$36.0000
	30/07/2008	260,417	13/05/2012 – 30/07/2018	US$36.0000
	30/07/2008	520,833	13/05/2013 – 30/07/2018	US$36.0000
	30/07/2008	260,417	Note 1 – 30/07/2018	US$36.0000
	30/07/2008	260,417	Note 2 – 30/07/2018	US$36.0000
	30/07/2008	520,833	Note 3 – 30/07/2018	US$36.0000

1. Options will become vested at the later of 13/05/2011 or the date when certain predetermined performance targets of CC Media Holdings, Inc. are met.
2. Options will become vested at the later of 13/05/2012 or the date when certain predetermined performance targets of CC Media Holdings, Inc. are met.
3. Options will become vested at the later of 13/05/2013 or the date when certain predetermined performance targets of CC Media Holdings, Inc. are met.

E. Right to acquire shares in Clear Channel Outdoor Holdings, Inc. as at 31 December 2008:

Name of director	Date of grant	Number of outstanding options as at 31 December 2008	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	114,183	31/12/2004 – 19/02/2009	US$25.35
	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
	16/05/2008	37,767	16/05/2009 – 16/05/2018	US$20.64
	16/05/2008	37,767	16/05/2010 – 16/05/2018	US$20.64
	16/05/2008	37,767	16/05/2011 – 16/05/2018	US$20.64
	16/05/2008	37,768	16/05/2012 – 16/05/2018	US$20.64

E. Right to acquire shares in Clear Channel Outdoor Holdings, Inc. as at 31 December 2008: (continued)

Name of director	Date of grant	Number of outstanding options as at 31 December 2008	Option period	Subscription price per share of Clear Channel Outdoor Holdings, Inc.
Mark Thewlis	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
	19/02/2004	1,756	31/12/2004 – 19/02/2009	US$25.35
	13/02/2006	6,250	13/02/2009 – 19/02/2013	US$19.85
	13/02/2006	6,250	13/02/2010 – 19/02/2013	US$19.85
	13/02/2006	12,500	13/02/2011 – 19/02/2013	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
	16/05/2008	13,250	16/05/2009 – 16/05/2018	US$20.64
	16/05/2008	13,250	16/05/2010 – 16/05/2018	US$20.64
	16/05/2008	13,250	16/05/2011 – 16/05/2018	US$20.64
	16/05/2008	13,250	16/05/2012 – 16/05/2018	US$20.64
Jonathan Bevan	19/02/2003	2,195	19/02/2006 – 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
	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
	16/05/2008	13,750	16/05/2009 – 16/05/2018	US$20.64
	16/05/2008	13,750	16/05/2010 – 16/05/2018	US$20.64
	16/05/2008	13,750	16/05/2011 – 16/05/2018	US$20.64
	16/05/2008	13,750	16/05/2012 – 16/05/2018	US$20.64
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

Apart from as disclosed under the headings "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" above and in the "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

Before 28 November 2008, the Company operated a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contributed 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 has expired on 28 November 2008, after then no further options had been granted. Options which were granted during the life of the Scheme shall continue to be exercisable in accordance with their terms of issue.

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 the 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 was determined by the board of directors and communicated to each grantee. The board of directors may provide restrictions on the period during which the options may be exercised. There are no performance targets which must be achieved before any of the options can be exercised except for the share options granted on 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 was a price determined by the board of directors and notified to each grantee. The subscription price was the highest of: (i) the nominal value of a share; (ii) the closing price of the shares as stated in the 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 2008, 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, was 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 was 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 Pre-IPO share option scheme expired on 28 November 2008, seven years after the adoption date; and the aggregate of 6,934,000 shares of options granted under the Pre-IPO share option scheme lapsed on 28 November 2008.

The share options granted under 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** HK$	At grant date of options HK$	Immediately before the exercise date HK$	At exercise date of options HK$
Director													
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	30/6/2005 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	–	–
		9,400,000	–	–	(3,334,000)	–	6,066,000						
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	–	–
		2,000,000	–	–	(1,200,000)	–	800,000						

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** HK$	Price of the Company's shares***: At grant date of options HK$	Immediately before the exercise date HK$	At exercise date of options HK$
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 28/06/2014	8.53	8.50	–	–
		1,991,000	–	–	(350,000)	–	1,641,000						
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	30/6/2005 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 28/06/2014	8.53	8.50	–	–
		2,266,000	–	–	(800,000)	–	1,466,000						
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	–	–	(1,250,000)	–	625,000						
Steven Yung (resigned as Chairman and non-executive director with effect from 1 January 2009)	The Scheme	1,250,000	–	–	–	–	1,250,000	29/06/2002	30/6/2005 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						

		Number of share options									Price of the Company's shares***		
Name or category of participant	**Type of share option scheme**	**At the beginning of the year**	**Granted during the year**	**Exercised during the year**	**Expired during the year**	**Forfeited during the year**	**At the end of the year**	**Date of grant of share options***	**Exercise period**	**Exercise price per share**** HK$	**At grant date of options** HK$	**Immediately before the exercise date** HK$	**At exercise date of options** HK$
Others													
Members of senior management and other employees of the Group	The Scheme	1,900,000	–	–	–	–	1,900,000	19/11/2003	20/11/2006 to 19/11/2010	5.35	5.35	–	–
		3,000,000	–	–	–	–	3,000,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
		4,900,000	–	–	–	–	4,900,000						
In aggregate	Pre-IPO share option scheme	6,934,000	–	–	(6,934,000)	–	–						
	The Scheme	4,116,000					4,116,000						
	The Scheme	4,632,000	–	–	–	–	4,632,000						
	The Scheme	2,900,000	–	–	–	–	2,900,000						
	The Scheme	6,500,000	–	–	–	–	6,500,000						
		25,082,000	–	–	(6,934,000)	–	18,148,000						

* The vesting period of the share options is from the date of grant until the commencement of the exercise period except for the share options granted on 29 June 2007 which 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.

During the year ended 31 December 2008, no share options were granted by the Company.

Apart from the foregoing, at no time during the year ended 31 December 2008 was the Company, or any of its subsidiaries, a party to any arrangement to enable the directors or any of their respective spouse or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2008, the following interests and short positions of 5% or more in the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Note	**Number of shares held**	**Percentage of the Company's issued share capital**
Clear Channel KNR Neth Antilles NV	1	271,579,500	51.79%
Artio Global Management LLC (formerly Julius Baer Investment Management LLC)	2	36,501,183	6.96%
ZAM Europe L.P.	3	40,169,000	7.66%
State Street Corporation	4	35,926,537	6.85%

Notes:

1. As at 31 December 2008, Clear Channel KNR Neth Antilles NV was an indirect non-wholly owned subsidiary of CC Media, in which one-third or more of the voting was indirectly held by each of Bain Capital Investors, LLC and Thomas H Lee Advisors LLC. Each of the intermediate holding companies of Clear Channel KNR Neth Antilles NV notified the Stock Exchange that as at 31 July 2008, 271,579,500 shares, representing 51.79% of the Company's issued capital, were held by them in the capacity as corporation controlled by the substantial shareholder.

2. Artio International Equity Fund (formerly Julius Baer International Equity Fund) notified the Stock Exchange that as at 29 October 2008, 30,835,602 shares, representing 5.88% of the Company's issued share capital, were held by it. Artio Global Management LLC is the investment manager of Artio International Equity Fund and Julius Baer Investment Management LLC is the investment manager of Julius Baer International Equity Fund.

3. ZAM Europe, L.P. notified the Stock Exchange that as at 27 February 2007, 40,169,000 shares, representing 7.66% of the Company's issued share capital, were held by it. ZAM Europe, L.P. is a corporation controlled by PBK Holdings, Inc., which is a corporation controlled by Philip Korsant.

4. State Street Corporation notified the Stock Exchange that as at 25 June 2008, 35,926,537 shares, representing 6.85% of the Company's issued share capital, were held in the capacity as custodian corporation/approved lending agent. State Street Corporation further notified the Stock Exchange that as at 5 January 2009, 655,500 shares, representing 0.13% of the Company's issued share capital were held in the capacity as custodian corporation/approved lending agent.

Save as disclosed above, as at 31 December 2008, no person or corporation, other than the directors and Chief Executive of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in the Shares and Underlying Shares" above, had registered an interest of short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Sufficiency of Public Float

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

Code of Corporate Governance Practices

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

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") 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 this annual report.

Material Legal Proceedings

As at 31 December 2008, 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

Jingsheng Huang
Chairman

Hong Kong
11 February 2009

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

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 54 to 108, which comprise the consolidated and company balance sheets as at 31 December 2008, 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 2008 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
11 February 2009

Consolidated Income Statement

Year ended 31 December 2008

	Notes	**2008 HK$'000**	2007 HK$'000
REVENUE	6	**1,260,115**	997,310
Cost of sales		**(743,529)**	(605,470)
Gross profit		**516,586**	391,840
Other income	6	**3,282**	12,061
Selling and distribution costs		**(126,747)**	(88,864)
Administrative expenses		**(130,874)**	(112,845)
Other expenses	7	**(16,623)**	(206)
Finance costs	10	**(14,885)**	(17,638)
PROFIT BEFORE TAX	7	**230,739**	184,348
Tax	11	**(47,799)**	(29,516)
PROFIT FOR THE YEAR		**182,940**	154,832
Attributable to:			
Equity holders of the parent		**166,067**	141,584
Minority interests		**16,873**	13,248
		182,940	154,832
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	13	**31.67 cents**	27.02 cents
Diluted	13	**31.58 cents**	26.66 cents

Consolidated Balance Sheet

31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**24,277**	147,698
Concession rights	16	**1,702,648**	1,481,669
Long-term prepayments, deposits and other receivables	17	**186,916**	130,895
Total non-current assets		**1,913,841**	1,760,262
CURRENT ASSETS			
Trade receivables	18	**507,672**	416,001
Prepayments, deposits and other receivables	19	**136,702**	135,085
Due from a related party	20	**80,046**	52,901
Pledged deposits	21	**111,163**	90,265
Cash and cash equivalents	21	**209,631**	283,456
Total current assets		**1,045,214**	977,708
CURRENT LIABILITIES			
Other payables and accruals		**393,047**	291,479
Deferred income		**12,412**	10,432
Interest-bearing other borrowings	22	**54,959**	151,642
Tax payable		**1,438**	18,904
Total current liabilities		**461,856**	472,457
NET CURRENT ASSETS		**583,358**	505,251
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,497,199**	2,265,513
NON-CURRENT LIABILITIES			
Convertible bonds	23	**–**	99,512
Net deferred tax liabilities	24	**23,337**	13,634
Total non-current liabilities		**23,337**	113,146
Net assets		**2,473,862**	2,152,367
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	25	**52,437**	52,437
Equity component of convertible bonds	23	**–**	3,105
Reserves	27(a)	**2,375,726**	2,065,385
		2,428,163	2,120,927
Minority interests		**45,699**	31,440
Total equity		**2,473,862**	2,152,367

Han Zi Jing
Director

Teo Hong Kiong
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2008

		Attributable to equity holders of the parent									
	Note	Issued capital HK$'000	Share premium account HK$'000	Equity component of convertible bonds HK$'000	Share option reserve HK$'000	Contributed surplus HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
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
At 1 January 2008		52,437	767,043	3,105	16,412	351,007	234,209	696,714	2,120,927	31,440	2,152,367
Exchange realignment		–	–	–	–	–	136,274	–	136,274	(2,614)	133,660
Total income and expense for the year recognised directly in equity		–	–	–	–	–	136,274	–	136,274	(2,614)	133,660
Profit for the year		–	–	–	–	–	–	166,067	166,067	16,873	182,940
Total income and expense for the year		–	–	–	–	–	136,274	166,067	302,341	14,259	316,600
Redemption of convertible bonds		–	–	(3,105)	–	–	–	–	(3,105)	–	(3,105)
Equity-settled share option arrangements		–	–	–	8,000	–	–	–	8,000	–	8,000
At 31 December 2008		52,437	767,043	–	24,412	351,007	370,483	862,781	2,428,163	45,699	2,473,862

Consolidated Cash Flow Statement

Year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**230,739**	184,348
Adjustments for:			
Loss on disposal of concession rights	7	**4,503**	223
(Gain)/loss on disposal of items of property, plant and equipment	7	**12,120**	(17)
Depreciation of owned assets, excluding point-of-sale	7	**6,196**	6,656
Amortisation of concession rights and depreciation of point-of-sale	7	**207,219**	178,868
Foreign exchange (gains)/losses, net	7	**(87)**	104
Interest on bank loans and other borrowings	10	**4,500**	2,383
Provision for convertible bonds redemption interest and other finance costs	10	**10,385**	15,255
Equity-settled share option expenses		**8,000**	4,000
Interest income	6	**(3,282)**	(12,061)
		480,293	379,759
Increase in long-term prepayments, deposits and other receivables		**(17,524)**	(100,895)
Increase in trade receivables		**(91,671)**	(133,834)
Decrease in prepayments, deposits and other receivables		**11,500**	99,262
Increase in an amount due from a related party		**(27,145)**	(3,193)
Increase in other payables and accruals		**81,591**	87,449
Increase in deferred income		**1,980**	1,646
Cash generated from operations		**439,024**	330,194
Interest paid		**(12,694)**	(945)
Income taxes paid		**(57,122)**	(16,005)
Net cash inflow from operating activities		**369,208**	313,244
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment, excluding point-of-sale and construction in progress	28(a)	**(9,001)**	(4,226)
Proceeds from disposal of property, plant and equipment		**54**	22
Proceeds from disposal of concession rights		**78**	–
Additions to concession rights	28(b)	**(215,774)**	(224,608)
Interest received		**2,656**	7,238
Net cash outflow from investing activities		**(221,987)**	(221,574)

	Notes	2008 HK$'000	2007 HK$'000
Net cash outflow from investing activities		**(221,987)**	(221,574)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**–**	8,189
Share issue expenses		**–**	(10)
Cash paid for redemption of convertible bonds		**(105,044)**	(250,008)
Deposit returned by the Hong Kong High Court		**–**	106,996
Repayment of bank loans		**–**	(19,906)
(Decrease)/increase in the loan from a related party		**(95,191)**	150,000
Increase in pledged deposits		**(20,898)**	(60,731)
Net cash outflow from financing activities		**(221,133)**	(65,470)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(73,912)**	26,200
Cash and cash equivalents at beginning of year		**283,456**	257,360
Effect of foreign exchange rate changes, net		**87**	(104)
CASH AND CASH EQUIVALENTS AT END OF YEAR	28(c)	**209,631**	283,456
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**209,631**	283,456

Balance Sheet

31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**742**	–
Interests in subsidiaries	15	**1,332,041**	1,491,678
Total non-current assets		**1,332,783**	1,491,678
CURRENT ASSETS			
Prepayments, deposits and other receivables		**6,977**	8,154
Cash and cash equivalents		**40,725**	68,508
Total current assets		**47,702**	76,662
CURRENT LIABILITIES			
Other payables and accruals		**250**	–
Interest-bearing other borrowings	22	**54,959**	151,642
Total current liabilities		**55,209**	151,642
NET CURRENT LIABILITIES		**7,507**	74,980
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,325,276**	1,416,698
NON-CURRENT LIABILITIES			
Convertible bonds	23	**–**	99,512
Total non-current liabilities		**–**	99,512
Net assets		**1,325,276**	1,317,186
EQUITY			
Issued capital	25	**52,437**	52,437
Equity component of convertible bonds	27(b)	**–**	3,105
Reserves	27(b)	**1,272,839**	1,261,644
Total equity		**1,325,276**	1,317,186

Han Zi Jing
Director

Teo Hong Kiong
Director

Notes 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.

On 31 July 2008, the merger of Clear Channel Communications, Inc. ("Clear Channel") with CC Media Holdings, Inc. ("CC Media"), a corporation formed by private equity funds co-led by Bain Capital Partners LLC and Thomas H. Lee Partners LP (the "Private Equity Group"), was completed (the "Acquisition"). Common stocks in Clear Channel have been delisted and ceased to be publicly traded on the New York Stock Exchange with effect from 31 July 2008. Following the Acquisition, the affiliates of the Private Equity Group own 100% of the class B stocks, which are supervoting stocks, and 100% of the class C stocks, which do not carry any voting rights, in CC Media. The former shareholders of Clear Channel who elected to receive stock instead of cash as merger consideration, together with certain members of management and other employees of Clear Channel, collectively own 100% of the class A stocks, each share carrying the right to one vote, in CC Media. As a result of the Acquisition, there is a change in control in Clear Channel. As at 31 July 2008, 51.79% of the shares in the Company are directly held by Clear Channel KNR Neth Antilles N.V. (Clear Channel KNR). As Clear Channel indirectly controls approximately 89% of the voting power at the general meetings of Clear Channel KNR by virtue of its shareholding, Clear Channel is deemed to be a substantial shareholder of the Company as defined under the Securities and Futures Ordinance (Cap. 571).

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

Notes 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 2008. 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 third party shareholders in the results and net assets of the Company's subsidiaries.

Notes 2.2

Impact of new and revised Hong Kong Financial Reporting Standards

The Group has adopted the following new interpretations and amendments to 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 interpretations and amendments has had no significant effect on these financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets*
HKFRS 8	*Operating Segments*
HKAS 23 (Revised)	*Borrowing Costs*
HK(IFRIC)-Int 11	HKFRS 2 – *Group and Treasury Share Transactions*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 14	HKAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

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

(a) **Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets***

The amendments to HKAS 39 permit an entity to reclassify a non-derivative financial asset classified as held for trading, other than a financial asset designated by an entity as at fair value through profit or loss upon initial recognition, out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling or repurchasing in the near term, if specified criteria are met.

As the Group has not reclassified any of its financial instruments, the amendments have had no impact on the financial position or results of operations of the Group.

(b) **HKFRS 8 *Operating Segments***

This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group.

(c) **HKAS 23 (Revised) *Borrowing Costs***

The standard has been revised to require capitalisation of borrowing costs on qualifying assets and the Group has amended its accounting policy accordingly. In accordance with the transitional requirements of the standard this has been adopted as a prospective change. Therefore, borrowing costs have been capitalised on qualifying assets with a commencement date on or after 1 January 2008.

(d) **HK(IFRIC)-Int 11 HKFRS 2 – *Group and Treasury Share Transactions***

This interpretation requires arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation has had no impact on the financial position or results of operations of the Group.

(e) **HK(IFRIC)-Int 12 *Service Concession Arrangements***

This interpretation requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing Hong Kong Financial Reporting Standards ("HKFRSs") to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. No member of the Group is an operator within the scope of this interpretation and, therefore, this interpretation has had no impact on the financial position or results of operations of the Group.

Notes 2.2
Impact of new and revised Hong Kong Financial Reporting Standards (continued)

(f) **HK(IFRIC)-Int 13 *Customer Loyalty Programmes***

This interpretation requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

(g) **HK(IFRIC)-Int 14 HKAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction***

This interpretation addresses how to assess the limit under HKAS 19 Employee Benefits, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists. As the Group has no defined benefit scheme, the interpretation has had no effect on these financial statements.

Notes 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:

HKAS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs and* HKAS 27 *Consolidated and Separate Presentation of Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*[1]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*[1]
HKFRS 3 (Revised)	*Business Combinations*[2]
HKAS 1 (Revised)	*Presentation of Financial Statements*[1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[2]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS32 Financial Instruments: *Presentation and* HKAS 1 *Presentation of Financial statements – Puttable Financial Instruments and Obligation Arising on Liquidation*[1]
HKAS 39 (Amendment)	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[2]
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*[1]
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*[3]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*[2]

Apart from the above, the HKICPA has also issued Improvements to HKFRSs* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarify wording. Except for the amendment to HKFRS 5 which is effective for the annual periods on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 October 2008

* Improvements to HKFRSs contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

Notes 2.3
Impact of issued but not yet effective Hong Kong Financial Reporting Standards (continued)

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 HKAS 1 (revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised), HKAS 27 (Revised) may results in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

Notes 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.

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.

Notes 3
Summary of significant accounting policies (continued)

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.

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 an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises.

Notes 3

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the 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	20%
Furniture and equipment	20%
Motor vehicles	20%
Point-of-sale	10%

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.

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.

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.

Notes 3
Summary of significant accounting policies (continued)

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 (the "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 approximately 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.

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 considers whether a contract contains an embedded derivative when the Group first becomes a party to it. The embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of the embedded derivatives are not closely related to those of the host 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 interest 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. 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 at 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.

Impairment of financial assets

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

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.

Notes 3
Summary of significant accounting policies (continued)

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.

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.

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.

Notes 3
Summary of significant accounting policies (continued)

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 operated 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.

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.

Employee benefits (continued)

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 ("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 borrowings spending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

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 dates 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 are translated into the presentation currency of the Company (i.e., Hong Kong dollars) at the exchange rate ruling at the balance sheet date and the income statement is translated into Hong Kong dollars at the weighted average exchange rate for the year. The resulting exchange differences are included in 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 the overseas subsidiary are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rate for the year.

Notes 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.

The key assumptions concerning the future and other key sources of estimation uncertainly at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated impairment of property, plant and equipment

The Group tests annually whether the items of 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.

Notes 5
Segment information

Outdoor media sales is the only major reportable operating 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 operating 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.

Notes 6
Revenue and other income

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

An analysis of revenue and other income is as follows:

	2008 **HK$'000**	2007 HK$'000
Revenue		
Rental revenue from outdoor advertising spaces	**1,260,115**	997,310
Other income		
Interest income	**3,282**	12,061

Notes 7

Profit before tax

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

	2008 HK$'000	2007 HK$'000
Cost of services provided	**237,289**	186,260
Operating lease rentals on bus shelters, unipoles, point-of-sale and bus body operations	**299,021**	240,342
Amortisation of concession rights and depreciation of point-of-sale	**207,219**	178,868
Cost of sales	**743,529**	605,470
Impairment of accounts receivable	**24,246**	27,814
Auditors' remuneration	**1,527**	1,380
Depreciation of owned assets, excluding point-of-sale	**6,196**	6,656
(Gain)/loss on disposal		
(Gain)/loss on disposal of items of property, plant and equipment	**12,120**	(17)
Loss on disposal of concession rights	**4,503**	223
	16,623	206
Operating lease rentals on buildings	**19,157**	14,740
Employee benefit expense (including directors' remuneration)		
Wages and salaries	**114,822**	79,184
Equity-settled share option expenses	**8,000**	4,000
Pension scheme contributions	**147**	141
	122,969	83,325
Foreign exchange (gains)/losses, net	**(87)**	104
Interest income	**(3,282)**	(12,061)

Notes 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	
	2008	2007
	HK$'000	HK$'000
Fees:	**2,789**	1,856
Other emoluments:		
Salaries, allowances and benefits in kind	**10,609**	9,405
Performance related bonuses	**303**	–
Employee share option benefits	**4,297**	2,149
Pension scheme contributions	**48**	46
	15,257	11,600
	18,046	13,456

(a) Independent non-executive directors

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

	2008	2007
	HK$'000	HK$'000
Ms. Leonie Ki Man Fung	**140**	126
Mr. Wang Shou Zhi	**140**	126
Mr. Desmond Murray	**280**	249
	560	501

There were no other emoluments payable to the independent non-executive directors during the year (2007: Nil).

Notes 8
Directors' remuneration (continued)

(b) Executive directors and non-executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Employee share option benefits HK$'000	Pension scheme contributions HK$'000	Total emoluments HK$'000
2008						
Executive directors:						
Mr. Han Zi Jing	500	3,659	–	1,842	12	6,013
Mr. Teo Hong Kiong	500	2,457	–	982	12	3,951
Mr. Zhang Huai Jun	450	1,596	160	982	–	3,188
	1,450	7,712	160	3,806	24	13,152
Non-executive directors:						
Mr. Jingsheng Huang	19	–	–	–	–	19
Mr. Peter Cosgrove	140	640	–	–	–	780
Mr. Mark Mays	140	–	–	–	–	140
Mr. Paul Meyer	140	–	–	–	–	140
Mr. Mark Thewlis	140	–	–	–	–	140
Mr. Han Zi Dian	–	136	–	–	–	136
Mr. Steven Yung (resigned as a director from 1 January 2009)	–	1,000	–	–	12	1,012
	579	1,776	–	–	12	2,367
Alternate directors:						
Mr. Jonathan Bevan	–	–	–	–	–	–
Mr. Zou Nan Feng	200	1,121	143	491	12	1,967
	2,229	10,609	303	4,297	48	17,486

Notes 8
Directors' remuneration (continued)

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

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Employee share option benefits HK$'000	Pension scheme contributions HK$'000	Total emoluments HK$'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

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2007: Nil).

During the year, performance related bonuses of HK$303k were paid to directors (2007: Nil). No directors waived or agreed to waive any remuneration during the year (2007: 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 (2007: Nil).

In 2007, 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 2008.

Notes 9

Five highest paid individuals

The five highest paid employees during the year included four (2007: four) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining one non-director, highest paid employee for the year are as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**1,346**	1,090
Performance related bonuses	**146**	–
Employee share option benefits	**491**	246
Pension scheme contributions	**–**	–
	1,983	1,336

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

	Number of employees	
	2008	2007
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**	–
	1	1

In 2007, 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 grant and the amount included in the financial statements for the year 2007 is included in the above non-director, highest paid employee's remuneration disclosures.

No share options were granted to the non-director, highest paid employee during the year.

Notes 10
Finance costs

	Group 2008 HK$'000	2007 HK$'000
Interest on other borrowings wholly repayable within five years	**4,500**	2,383
Other finance cost:		
Provision for convertible bonds redemption interest and other finance costs	**10,385**	15,255
	14,885	17,638

Notes 11
Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in the PRC have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof.

	Group 2008 HK$'000	2007 HK$'000
Group:		
Current – Hong Kong profits tax	**–**	–
Current – PRC corporate income tax	**38,096**	21,698
Deferred tax (note 24)		
– Current year	**9,703**	3,852
– Attributable to changes in tax rate	**–**	3,966
	9,703	7,818
Total tax charge for the year	**47,799**	29,516

Notes 11
Tax (continued)

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

	Group	
	2008	2007
	HK$'000	HK$'000
Profit before tax	**230,739**	184,348
Calculated at a tax rate of 18.0% (2007: 15.0%)	**41,533**	27,652
Lower income tax rate for Hong Kong at 16.5% (2007: 17.5%)	**(9)**	366
Income not subject to tax	**(10,266)**	(8,428)
Expenses not deductible for tax	**4,736**	2,942
Tax loss not recognised	**2,102**	3,018
Deferred tax (note 24)	**9,703**	3,966
Tax charge at the Group's effective rate of 20.7% (2007: 16.0%)	**47,799**	29,516

According to the new Enterprise Income Tax Law of the PRC effective on 1 January 2008, Hainan White Horse Advertising Media Investment Company Limited ("WHA Joint Venture"), a subsidiary of the Company established in the Hainan Special Economic Zone of the PRC, was subject to a corporate income tax at a rate of 18% (2007: 15%) on its assessable profits arising in the PRC for the current year. 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 assets are realised or the liabilities are settled.

Notes 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 2008 includes a profit of HK$3,195,000 (2007: HK$17,306,000) which has been dealt with in the financial statements of the Company (note 27 (b)).

Notes 13
Earnings per share attributable to ordinary equity holders of the parent

The calculation of basic earnings per share amount 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.

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

	2008 HK$'000	2007 HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**166,067**	141,584
Provision for convertible bonds interest	**–***	5,060*
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	**166,067**	146,644

	Number of shares 2008	2007
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**524,368,500**	523,900,467
Effect of dilution – weighted average number of ordinary shares:		
Share options	**1,475,120**	7,222,915
Convertible bonds	**–***	9,389,671*
	525,843,620	540,513,053

* 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 ended 31 December 2007 and were ignored in the calculation of diluted earnings per share.

For the year ended 31 December 2008, the convertible bonds had no impact on the diluted earnings per share as the convertible bonds have been fully redeemed during the year. The diluted earnings per share amount of the year is based on the profit for the year of HK$166,067,000 (2007: HK$141,584,000) and the weighted average number of ordinary shares in issue during the year of 525,843,620 (2007: 531,123,382).

Notes 14
Property, plant and equipment

Group

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Point-of-sale HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2008						
At 31 December 2007 and at 1 January 2008:						
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
At 1 January 2008, net of accumulated depreciation	1,705	6,143	7,276	15,004	117,570	147,698
Additions	3,541	2,180	3,280	–	53,886	62,887
Disposals	–	(15)	–	(12,159)	(15,875)	(28,049)
Depreciation provided during the year	(844)	(2,135)	(3,217)	(3,749)	–	(9,945)
Transfers	–	–	–	–	(157,833)	(157,833)
Exchange realignment	95	339	477	904	7,704	9,519
At 31 December 2008, net of accumulated depreciation	4,497	6,512	7,816	–	5,452	24,277
At 31 December 2008:						
Cost	17,814	23,747	27,992	–	5,452	75,005
Accumulated depreciation	(13,317)	(17,235)	(20,176)	–	–	(50,728)
Net carrying amount	4,497	6,512	7,816	–	5,452	24,277

Notes 14
Property, plant and equipment (continued)

Group

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Point-of-sale HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2007						
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

Notes 15
INTERESTS IN SUBSIDIARIES

	Company 2008 HK$'000	2007 HK$'000
Unlisted shares, at cost	**487,273**	487,273
Due from subsidiaries	**844,768**	1,004,405
	1,332,041	1,491,678

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment, except for loans to subsidiaries amounting to HK$609,000,000 (2007: HK$682,000,000) which bear interest at a rate of 5% per annum. The carrying amounts of balances with 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

Notes 15
Interests in subsidiaries (continued)

Note:

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.

On 3 April 2008, China Outdoor Media (HK) and Hainan White Horse signed an agreement to further extend the term of the China Outdoor Media (HK)'s entitlement of 90% of the after tax profits of the WHA Joint Venture for a further one year to the end of the fiscal year 2008. In consideration of the extension of such profit sharing arrangement, China Outdoor Media (HK) made a one-off payment of HK$250,000 to Hainan White Horse. China Outdoor Media (HK) also has an option to further extend such profit sharing arrangement for a further year thereafter to the end of the fiscal year 2009, subject to a further one-off payment of HK$250,000 to Hainan White Horse.

Notes 16
Concession rights

	Group HK$'000
31 December 2008	
Cost at 1 January 2008, net of accumulated amortisation	1,481,669
Additions	180,644
Transfer from construction in progress*	157,833
Disposals	(4,581)
Amortisation during the year	(203,470)
Exchange realignment	90,553
At 31 December 2008	1,702,648
At 31 December 2008:	
Cost	2,916,685
Accumulated amortisation	(1,214,037)
Net carrying amount	1,702,648
31 December 2007	
At 1 January 2007:	
Cost	2,109,308
Accumulated amortisation	(736,915)
Net carrying amount	1,372,393
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 and at 1 January 2008:	
Cost	2,448,268
Accumulated amortisation	(966,599)
Net carrying amount	1,481,669

* Transfer from construction in progress include certain acquisitions which were completed in the previous year but the approval for the handing and taking over process was delayed until 2008 due to the Beijing Olympic event.

Notes 16
Concession rights (continued)

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 2008, the weighted average remaining term of the concession rights currently held by the Group was approximately eight years. In terms of renewal rights, approximately 67% 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.

Notes 17
Long-term prepayment, deposits and other receivables

A long-term deposit amounting to HK$30,000,000 (31 December 2007: 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 carrying amount of the long-term deposit approximates to its fair value.

In addition, the Group signed an agreement (the "Previous Agreement") on 2 April 2007 with Beijing Pangu Investment Co., Ltd. (formerly known as Beijing Morgan Investment Company, Limited which has subsequently changed its name to Beijing Pangu Investment Co., Ltd. ("BMIC")) for the management of the advertising sales of outdoor large LED screens in Beijing. The Group paid a performance guarantee of RMB30 million to BMIC, which, shall be refundable after five years. In addition, an amount of RMB70 million was 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.

Due to changes in the operating environment, the Company decided that it was in the interests of the Group as a whole to amend the Previous Agreement and the cooperation arrangements thereunder. To this end, WHA Joint Venture entered into an agreement with BMIC on 19 November 2008 (the "New Agreement"), pursuant to which, BMIC has agreed to repay to WHA Joint Venture an amount equal to the total investment paid by WHA Joint Venture pursuant to the Previous Agreement, an aggregate amount of RMB133,950,840 (approximately equivalent to HK$151,000,000), shall be owed by BMIC to WHA Joint Venture as a debt (the "BMIC Receivable"). The aggregate amount of RMB133,950,840 includes the prepaid performance guarantee of RMB30 million, the prepaid shared profits of RMB70 million and the Group's share of capital expenditure for the LED screens construction of RMB33,950,840. With the intention of securing the amount due from BMIC to WHA Joint Venture of the BMIC Receivable, pursuant to the New Agreement, certain property interests in the PRC, which have been assigned to WHA Joint Venture as security for the amount due, will be transferred to WHA Joint Venture, unless BMIC repays the BMIC Receivable to WHA Joint Venture in full on or before 18 May 2010. The parties to the New Agreement have agreed that the estimated value of such property interests is in excess of the amount due.

Notes 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	
	2008	2007
	HK$'000	HK$'000
Current to 90 days	**190,889**	200,945
91 days to 180 days	**195,586**	111,568
Over 180 days	**146,864**	131,935
	533,339	444,448
Less: Provision for impairment of trade receivables	**(25,667)**	(28,447)
Total trade receivables, net	**507,672**	416,001

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

	Group	
	2008	2007
	HK$'000	HK$'000
At 1 January	**28,447**	16,421
Impairment losses recognised (note 7)	**24,246**	27,814
Amount written off as uncollectible	**(27,026)**	(15,788)
At 31 December	**25,667**	28,447

The above provision for impairment of trade receivables is a provision to cover balances for which the Group has initiated legal proceedings and to cover other contingencies. The Group does not hold any collateral or other credit enhancements over these balances.

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

	2008	2007
	HK$'000	HK$'000
Neither past due nor impaired	**381,032**	312,513
Less than 3 months past due	**71,158**	72,194
Over 3 months past due	**49,606**	20,365
	501,796	405,072

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

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

Notes 19
Prepayments, deposits and other receivables

In March 2008, the Group entered into a Share Subscription Agreement with Beijing Bashi Media Co., Ltd. ("Beijing Bashi") to invest between RMB250 million (approximately HK$285 million) and RMB650 million (approximately HK$740 million) in exchange for a minority interest in Beijing Bashi (the "Share Subscription Agreement"). The balance of prepayments, deposits and other receivables as at 31 December 2008 included a deposit of RMB10 million (approximately equivalent to HK$11 million) paid by the WHA Joint Venture to Beijing Bashi in relation to the Share Subscription Agreement. Subject to the satisfaction of certain conditions precedent as stipulated in the shareholders circular dated 29 April 2008, the transaction contemplated under the Share Subscription Agreement shall be completed within 180 days from the date the transaction is approved by the China Securities Regulatory Commission of the PRC ("CSRC") which, as at 31 December 2008, is still outstanding. If the WHA Joint Venture fails to complete the transaction due to reasons attributable to it, the RMB10 million deposit paid will be forfeited, under which circumstances the Share Subscription Agreement shall be automatically terminated, and Beijing Bashi shall have no rights of specific performance against the WHA Joint Venture. If the WHA Joint Venture fails to subscribe for the new A shares to be issued by Beijing Bashi due to reasons not attributable to it, the entire amount of the RMB10 million (approximately equivalent to HK$11 million) deposit shall be refunded to the WHA Joint Venture. In either circumstances and save as described above, both WHA Joint Venture and Beijing Bashi have agreed to waive any rights of claim in connection with losses arising from the breach or the termination of the Share Subscription Agreement by the other party.

Notes 20
Due from a related party

	Group	
	2008	2007
	HK$'000	HK$'000
Guangdong White Horse Advertising Company Limited ("GWH")	**80,046**	52,901

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

An aged analysis of the amounts due from the related party as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Current to 90 days	**24,616**	33,833
91 days to 180 days	**29,514**	10,346
Over 180 days	**25,916**	8,722
	80,046	52,901

Notes 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$279,003,000 (2007: HK$303,594,000). 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 2008, the Group had pledged deposits of RMB47,296,000 (equivalent to approximately HK$53,630,000) (2007: RMB37,524,000 (equivalent to approximately HK$40,073,000)) to banks as security for bills payable of RMB99,590,000 (equivalent to approximately HK$112,927,000) (2007: RMB81,898,000 (equivalent to approximately HK$87,461,000)).

As at 31 December 2008, the Group had pledged deposits of RMB50,738,000 (equivalent to approximately HK$57,533,000) (2007: RMB47,000,000 (equivalent to approximately HK$50,192,000)) for a performance guarantee issued by a bank of RMB50,738,000 (equivalent to approximately HK$57,533,000) (2007: RMB47,000,000 (equivalent to approximately HK$50,192,000) for the Group's Shenzhen bus body advertising business.

Notes 22
Interest-bearing other borrowings

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 carried 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 utilised HK$150 million of the Credit Facility.

On 14 April 2008, Clear Channel International B.V. agreed to extend the terms of part of the Credit Facility drawn down amounting to HK$75 million to 13 October 2008. The loan bore interest at 3.3% per annum.

On 25 April 2008, the Company repaid part of the drawn down amounting to HK$75 million, together with interest of HK$4,459,000 to Clear Channel International B.V..

On 12 July 2008 and 5 August 2008, the Company repaid the remaining drawn down of HK$75 million, together with interest of HK$605,000 to Clear Channel International B.V..

On 19 September 2008, the Company utilised HK$55 million of the Credit Facility, the loan carried interest at 4.13%. The Company repaid the HK$55 million drawn down on 14 October 2008, together with interest of HK$158,000.

On 14 October 2008, the Company has entered into an Amended and Restated Revolving Credit Facility (the "Revised Credit Facility") of up to US$45 million with Clear Channel International B.V. with the term extended to 15 May 2009. The Revised Credit Facility is used to facilitate the repayment of the Company's existing debts and for other general corporate purposes. The terms of the Revised Credit Facility are benchmarked against market terms and the loan is made on an unsecured basis.

As at 31 December 2008, the Company utilised US$7,071,953 (equivalent to HK$55 million) of the Revised Credit Facility. The loan bears interest at 5.52% and is repayable on demand of the lender on 13 March 2009.

Notes 23
Convertible bonds

	Notes	Group and Company 2008 HK$'000	2007 HK$'000
Nominal value of convertible bonds due 2009	(i)	**90,000**	312,000
Less: Direct transaction costs	(ii)	**(3,402)**	(11,793)
		86,598	300,207
Equity component	(iii)	**(3,105)**	(10,763)
Liability component at the issuance date	(iii)	**83,493**	289,444
Interest expense		**18,446**	52,418
		101,939	341,862
Redemption interest paid during the year	(iv)	**(15,044)**	(28,008)
Redemption	(iv)	**(86,895)**	(214,342)
Liability component at 31 December		**–**	99,512

Notes:

(i) On 25 October 2004, the Company issued HK$312,000,000 Zero Coupon Convertible Bonds due 2009 (the "Convertible Bonds"), which were listed on the Stock Exchange of Hong Kong Limited. Each Convertible Bond would, 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 Convertible Bonds were to have been redeemed at 121.899% of their principal amount on 27 October 2009. The net proceeds from the issue of the Convertible Bonds were intended to be used for general corporate and working capital purposes, including financing possible strategic acquisitions.

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

(iv) The Convertible Bonds carried 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 outstanding principal amount of the Convertible Bonds was HK$90 million as of 31 December 2007.

Notes: (continued)

(v) On 31 July 2008, the merger of Clear Channel Communications, Inc. ("Clear Channel") with CC Media Holdings Inc. ("CC Media"), a corporation formed by private equity funds co-led by Bain Capital Partners LLC and Thomas H. Lee Partners LP (the "Private Equity Group"), has been completed (the "Acquisition"). Common stocks in Clear Channel have been delisted and ceased to be publicly traded on the New York Stock Exchange with effect from 31 July 2008. Following the Acquisition, the affiliates of the Private Equity Group own 100% of the class B stocks, which are supervoting stocks, and 100% of the class C stocks, which do not carry any voting rights, in CC Media. The former shareholders of Clear Channel who elected to receive stock instead of cash as merger consideration, together with certain members of management and other employees of Clear Channel, collectively own 100% of the class A stocks, each share carrying the right to one vote, in CC Media. As a result of the Acquisition, which results in CC Media, in which an affiliate of the Private Equity Group owns more than 50% of the voting rights, indirectly owning 100% of the capital stock of Clear Channel, there is a change in control in Clear Channel. As at 31 July 2008, 51.79% of the shares in the Company are directly held by Clear Channel KNR. As Clear Channel indirectly controls approximately 89% of the voting power at the general meetings of Clear Channel KNR by virtue of its shareholding, Clear Channel is deemed to be a substantial shareholder of the Company as defined under the Securities and Futures Ordinance (Cap. 571).

Pursuant to condition 8.5 of the Terms and Conditions as contained in the offering circular of the Convertible Bonds (the "Offering Circular"), following the occurrence of a Relevant Event (as defined in the Offering Circular), the bondholders would have the right, at such bondholder's option, to require the Company to redeem in whole but not in part such bondholder's Convertible Bonds on the Relevant Event Put Date at their Early Redemption Amount (the "Right of Early Redemption"). As a Relevant Event as defined in the Terms and Conditions, as described above, has occurred, in accordance with conditions 8.5.4 and 8.10 of the Terms and Conditions of the Offering Circular of the Convertible Bonds, the Company issued an announcement on 12 August 2008 to inform the bondholders of the Right of Early Redemption.

The Company was informed by the Trustee that, as at 8 September 2008, which was the last day by which the Relevant Event Put Exercise Notice must be given, the early redemption amount contemplated under the Relevant Event Put Exercise Notice validly given in aggregate amounted to HK$90 million, following which there was no outstanding amount in the Convertible Bonds. The total redemption amount was HK$105 million including principal amount of HK$90 million and interest of HK$15 million. None of the Convertible Bonds have been converted into ordinary shares of the Company during the year.

The movements of the liability component and equity component of the convertible bonds for the year are set out below:

	Liability component HK$'000	**Equity component** HK$'000	**Total** HK$'000
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
At 1 January 2008	99,512	3,105	102,617
Interest expense during the year	2,427	–	2,427
Interest paid during the year	(15,044)	–	(15,044)
Redemption	(86,895)	(3,105)	(90,000)
As at 31 December 2008	–	–	–

Notes 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 2008 HK$'000	Depreciation and amortisation allowance in excess of related depreciation and amortisation and other temporary differences 2007 HK$'000
At 1 January	**(20,481)**	(10,764)
Deferred tax charged to the income statement during the year (note 11)	**(9,583)**	(9,717)
At 31 December	**(30,064)**	(20,481)

Deferred tax assets

	Group	
	Losses available for offsetting against future taxable profits and other temporary differences 2008 HK$'000	Losses available for offsetting against future taxable profits and other temporary differences 2007 HK$'000
At 1 January	**6,847**	4,948
Deferred tax (charged)/credited to the income statement during the year (note 11)	**(120)**	1,899
At 31 December	**6,727**	6,847
Net deferred tax liabilities at 31 December	**(23,337)**	(13,634)

The Group has accumulated tax losses arising in Hong Kong of HK$22,048,767 (2007: 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.

Notes 25
Share capital

	2008 HK$'000	2007 HK$'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 (2007: 524,368,500) of HK$0.10 each (2007: HK$0.10)	**52,437**	52,437

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.

No share options were exercised during the year ended 31 December 2008.

Notes 26
Share option schemes

Until 28 November 2008, the Company operated 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 has expired on 28 November 2008, after then no further options will be granted. Options which are granted during the life of the Scheme shall continue to be exercisable in accordance with their terms of issue.

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 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.

Notes 26
Share option schemes (continued)

The subscription price for the Company's shares under the Scheme was a price determined by the board of directors and notified to each grantee. The subscription price was the highest of: (i) the nominal value of a share; (ii) the closing price of the shares as stated in the 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 has been 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.

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 was determined by the board of directors and communicated to each grantee. The board of directors may provide restrictions on the period during which the options may be exercised. There were 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 at 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.

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 Pre-IPO share option scheme expired on 28 November 2008, seven years after the adoption date; and the aggregate of 6,934,000 shares of options granted under the Pre-IPO share option scheme also lapsed on 28 November 2008.

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

Notes 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 ** HK$	At grant date of options HK$	Immediately before the exercise date HK$	At exercise date of options HK$
Director													
Steven Yung (resigned as a director from 1 January 2009)	The Scheme	1,250,000	–	–	–	–	1,250,000	29/06/2002	30/6/2005 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	–	–	(1,250,000)	–	625,000						

Notes 26
Share option schemes (continued)

Name or category of participant	Type of share option scheme	Number of share options: At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options *	Exercise period	Exercise price per share ** HK$	Price of the Company's shares ***: At grant date of options HK$	Immediately before the exercise date HK$	At exercise date of options HK$
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	30/6/2005 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	–	–
		9,400,000	–	–	(3,334,000)	–	6,066,000						
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	–	–
		2,000,000	–	–	(1,200,000)	–	800,000						

Notes 26
Share option schemes (continued)

		Number of share options									Price of the Company's shares ***		
Name or category of participant	**Type of share option scheme**	**At the beginning of the year**	**Granted during the year**	**Exercised during the year**	**Expired during the year**	**Forfeited during the year**	**At the end of the year**	**Date of grant of share options ***	**Exercise period**	**Exercise price per share ****	**At grant date of options**	**Immediately before the exercise date**	**At exercise date of options**
										HK$	HK$	HK$	HK$
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	30/6/2005 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 28/06/2014	8.53	8.50	–	–
		2,266,000	–	–	(800,000)	–	1,466,000						
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 28/06/2014	8.53	8.50	–	–
		1,991,000	–	–	(350,000)	–	1,641,000						

Notes 26
Share option schemes (continued)

		Number of share options									Price of the Company's shares ***		
Name or category of participant	Type of share option scheme	At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options *	Exercise period	Exercise price per share ** HK$	At grant date of options HK$	Immediately before the exercise date HK$	At exercise date of options HK$
Others													
Members of senior management and other employees of the Group	The Scheme	1,900,000	–	–	–	–	1,900,000	19/11/2003	20/11/2006 to 19/11/2010	5.35	5.35	–	–
		3,000,000	–	–	–	–	3,000,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
		4,900,000	–	–	–	–	4,900,000						
In aggregate	Pre-IPO share option scheme	6,934,000	–	–	(6,934,000)	–	–	28/11/2001					
	The Scheme	4,116,000					4,116,000	29/06/2002					
	The Scheme	4,632,000	–	–	–	–	4,632,000	28/05/2003					
	The Scheme	2,900,000	–	–	–	–	2,900,000	19/11/2003					
	The Scheme	6,500,000	–	–	–	–	6,500,000	29/06/2007					
		25,082,000	–	–	(6,934,000)	–	18,148,000						

* The vesting period of the share options is from the date of grant until the commencement of the exercise period except for the share options granted on 28 May 2003 and 19 November 2003, the options became fully vested at the end of the third year after the respective grant dates. The share options granted on 29 June 2007 will not become vested at 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. 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.

During the year, no share options were granted by the Company.

At the balance sheet date, the Company had 18,148,000 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 18,148,000 additional ordinary shares of HK$0.10 each in the Company and proceeds, before relevant share issue expenses, of approximately HK$109,897,000.

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 pages 56 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 therefor.

(b) Company

	Share option reserve HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Equity component of convertible bonds HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 1 January 2007	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 arrangements	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
Redemption of convertible bonds	–	–	–	(3,105)	–	(3,105)
Issue of shares	–	–	–	–	–	
Share issue expenses	–	–	–	–	–	
Equity-settled share option arrangement	8,000	–	–	–	–	8,000
Profit for the year		–	–	–	3,195	3,195
At 31 December 2008	24,412	767,043	449,773	–	31,611	1,272,839

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

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

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

Notes 28
Notes to the consolidated cash flow statement

(a) Property, plant and equipment

During the current year, the Group paid HK$9,001,000 (2007: HK$4,226,000) 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$178,061,000 to acquire concession rights and to settle the outstanding liability for the acquisition of concession rights brought forward from the prior year of HK$37,713,000.

During the prior 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 year before of HK$25,428,000.

(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 represent the following balance sheet item:

	Group	
	2008	2007
	HK$'000	HK$'000
Cash on hand and balances with banks	**209,631**	283,456

Notes 29
Commitments

(a) Capital commitments

	Group	
	2008	2007
	HK$'000	HK$'000
Contracted, but not provided for:		
The construction of shelters for which concession rights are held	**20,139**	14,837

Notes 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 2008, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Within one year	**262,061**	219,180
In the second to fifth year, inclusive	**826,301**	714,206
After five years	**542,086**	531,427
	1,630,448	1,464,813

(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 2008, the amount of the total minimum guaranteed payment under the above contract is analysed as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Within one year	**57,533**	50,171
In the second to fifth year, inclusive	**129,242**	175,905
	186,775	226,076

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 based on a pre-agreed ratio.

Notes 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.

Notes 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	2008 HK$'000	2007 HK$'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)	**20,223**	10,533
Sales to GWH	(ii)	**114,599**	61,811
Bus shelter maintenance and display fees payable to companies in which a director of the Company has an ability to exercise management influence	(iii)	**4,011**	3,727
Creative services fees payable to GWH	(iv)	**3,383**	3,094

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 those of 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, related parties of the company for a term of three 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 (the "Maintenance Services Agreements") with the White Horse Companies on substantially the same terms as those of 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).

Notes: (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;
- 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 Services 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 7 April 2008 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. 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.

On 3 April 2008, China Outdoor Media (HK) and Hainan White Horse signed an agreement to further extend the term of the China Outdoor Media (HK)'s entitlement of 90% of the after tax profits of the WHA Joint Venture for a further one year to the end of the fiscal year 2008. In consideration of the extension of such profit sharing arrangement, China Outdoor Media (HK) made a one-off payment of HK$250,000 to Hainan White Horse. China Outdoor Media (HK) also has an option to further extend such profit sharing arrangement for a further year thereafter to the end of the fiscal year 2009, subject to a further one-off payment of HK$250,000 to Hainan White Horse.

Notes 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 carried 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 utilised HK$150 million of the Credit Facility.

On 14 April 2008, Clear Channel International B.V., has agreed to extend the terms of part of the Credit Facility drawn down amounting to HK$75 million to 13 October 2008, the loan bore interest at 3.3% per annum.

On 25 April 2008, the Company repaid part of the drawn down amounting to HK$75 million, together with interest of HK$4,459,000 to Clear Channel International B.V..

On 12 July 2008 and 5 August 2008, the Company repaid the remaining drawn down of HK$75 million, together with interest of HK$605,000 to Clear Channel International B.V..

On 19 September 2008, the Company utilised HK$55 million of the Credit Facility, the loan carried interest at 4.13%. The Company repaid the HK$55 million drawn down on 14 October 2008, together with interest of HK$158,000.

On 14 October 2008, the Company has entered into the Revised Credit Facility of up to US$45 million with Clear Channel International B.V. with the term extended to 15 May 2009. The revolving loan will be used to facilitate the repayment of the Company's existing indebtedness and for other general corporate purposes. The terms of the Revised Credit Facility are benchmarked against market terms and the loan is made on an unsecured basis.

As at 31 December 2008, the Company utilised US$7,071,953 (equivalent to HK$55 million) of the Revised Credit Facility. The loan bears interest at 5.52% and is repayable on demand of the lender on 13 March 2009.

In addition, the Group had outstanding receivables from GWH of HK$80,046,000 (31 December 2007: HK$52,901,000), as at the balance sheet date. The balance is unsecured, interest-free and has no fixed terms of repayment.

Notes 31
Related party transactions (continued)

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

	2008 HK$'000	2007 HK$'000
Short-term employee benefits	**10,912**	9,405
Equity-settled share option expenses	**4,297**	2,149
Pension scheme contributions	**48**	46
Total compensation paid to key management personnel	**15,257**	11,600

Notes 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:

Financial assets

	Loans and receivables	
	2008 HK$'000	2007 HK$'000
Trade receivables	**507,672**	416,001
Due from a related party	**80,046**	52,901
Pledged deposits	**111,163**	90,265
Cash and cash equivalents	**209,631**	283,456
	908,512	842,623

Financial liabilities

	Financial liabilities at amortised cost	
	2008 HK$'000	2007 HK$'000
Bills payables	**112,927**	87,461
Convertible bonds	**–**	99,512
Interest-bearing other borrowings	**54,959**	151,642
	167,886	338,615

Notes 33
Financial risk management objectives and policies

The Group's principal financial instruments comprise convertible bonds, other interest-bearing borrowings, 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 exchange risk

The Group's only investment in the PRC remains is 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
2008		
If Hong Kong dollar weakens against RMB	5%	10,292
If Hong Kong dollar strengthens against RMB	(5%)	(10,292)
2007		
If Hong Kong dollar weakens against RMB	5%	8,391
If Hong Kong dollar strengthens against RMB	(5%)	(8,391)

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.

Notes 33

Financial risk management objectives and policies (continued)

Liquidity risk

The Group continued to enjoy a strong financial position at the end of 2008, with cash and cash equivalents amounting to HK$210 million as at 31 December 2008, a slight decrease from HK$283 million in 2007.

On 14 October 2008, the Company entered into an agreement in respect of the credit facility of up to US$45 million with Clear Channel International B.V.. The credit facility was used to facilitate the repayment of the Company's existing debts and for other general corporate purposes.

As at 31 December 2008, the Company utilised US$7,071,953 (equivalent to HK$55 million) of the credit facility. The loan bears interest at 5.52% and is repayable on demand of the lender on 13 March 2009.

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 provided by with Clear Channel International B.V..

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

			2008		
	On demand HK$'000	**Less than 3 months HK$'000**	**3 to less than 12 months HK$'000**	**1 to 5 years HK$'000**	**Total HK$'000**
Interest-bearing other borrowings	**–**	**54,959**		**–**	**54,959**
Other payables	**–**	**–**	**261,334**	**–**	**261,334**
	–	**54,959**	**261,334**	**–**	**316,293**

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

Notes 33
Financial risk management objectives and policies (continued)

Capital management

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

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2008.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Given current business and financial market conditions, the Group's policy currently is to maintain a low level of gearing. This policy will be reviewed on an annual basis. Net debt includes interest-bearing other borrowings, other payables and accruals, less pledged deposits and cash and cash equivalents. Capital includes the liability components of convertible bonds and equity attributable to equity holders of the parent. The gearing ratios as at the balance sheet dates were as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Interest-bearing bank borrowings	**54,959**	151,642
Other payables and accruals	**393,047**	291,479
Less:		
Pledged deposits	**(111,163)**	(90,265)
Cash and cash equivalents	**(209,631)**	(283,456)
Net debt	**127,212**	69,400
Convertible bonds, the liability component	**–**	99,512
Equity attributable to equity holders of the parent	**2,428,163**	2,120,927
Total capital	**2,428,163**	2,220,439
Capital and net debt	**2,555,375**	2,289,839
Gearing ratio	**5%**	3%

Notes 34
Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 11 February 2009.

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.
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

	2008	2007	2006	2005	2004
RESULTS (HK$'000)					
Revenue	**1,260,115**	997,310	775,980	675,372	538,434
EBITDA	**455,757**	375,449	305,376	286,383	235,352*
EBIT	**242,342**	189,925	153,368	149,893	120,076*
Profit attributable to the equity holders of the parent	**166,067**	141,584	120,043	105,155	87,828*
CONSOLIDATED BALANCE SHEET DATA (HK$'000)					
Current assets	**1,045,214**	977,708	899,141	859,540	759,088
Current liabilities	**461,856**	472,457	248,025	197,352	251,779
Equity attributable to equity holders of the parent	**2,428,163**	2,120,927	1,832,060	1,540,355	1,395,536*
CASH FLOW DATA (HK$'000)					
Operating cashflow	**439,024**	330,194	225,256	233,327	212,453
FINANCIAL RATIOS					
Return on equity (%)	**7.3**	7.2	7.1	7.2	6.5*
Current ratio (times)	**2.26**	2.07	3.63	4.36	3.01
EBITDA margin (%)	**36.2**	37.6	39.4	42.4	43.7*
Net profit margin (%)	**13.2**	14.2	15.5	15.6	16.3*

* 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)
Zhang Huai Jun (Chief Operating Officer)

Non-Executive Directors:
Jingsheng Huang (Chairman of the Board)
Paul Meyer
Peter Cosgrove
Mark Mays
Mark Thewlis
Han Zi Dian
Steven Yung (resigned as a director with effect from 1 January 2009)

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

Alternate Directors:
Jonathan Bevan (alternate to Mark Mays, Paul Meyer, Mark Thewlis)
Zou Nan Feng (alternate to Zhang Huai Jun and Han Zi Dian)

Qualified Accountant
Alan Chan, CPA, FCCA

Company Secretary
Lisa Cheong

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Causeway Bay
Hong Kong

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Bermuda

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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 Fulcrum Group (Bermuda) Limited
Rosebank Centre
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Bermuda

Hong Kong Share Registrar
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Wanchai
Hong Kong

Authorised Representatives
Teo Hong Kiong
Lisa Cheong

Investor Relations Contact
Lisa Cheong

PR Consultant
iPR Ogilvy Ltd

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www.irasia.com/listco/hk/clearmedia

Coordinator: iPR Ogilvy Ltd Concept, design and printing: iOne Financial Press Limited www.ione.com.hk

*Challenges are made to be met...
and overcome*

See you at the Shanghai
2010 World Expo!


Mr Han Zi Jing (CEO)


Mr Wang Yingiu (National Deputy Sales GM)


Mr Patrick Du (National Sales Director)


Mr Zhang Huai Jun (COO)


Mr Mason Mak (National Sales GM)

Clear Media Limited

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