LEVERAGING OUR STRENGTHS

STOCK CODE:
100

CLEAR MEDIA
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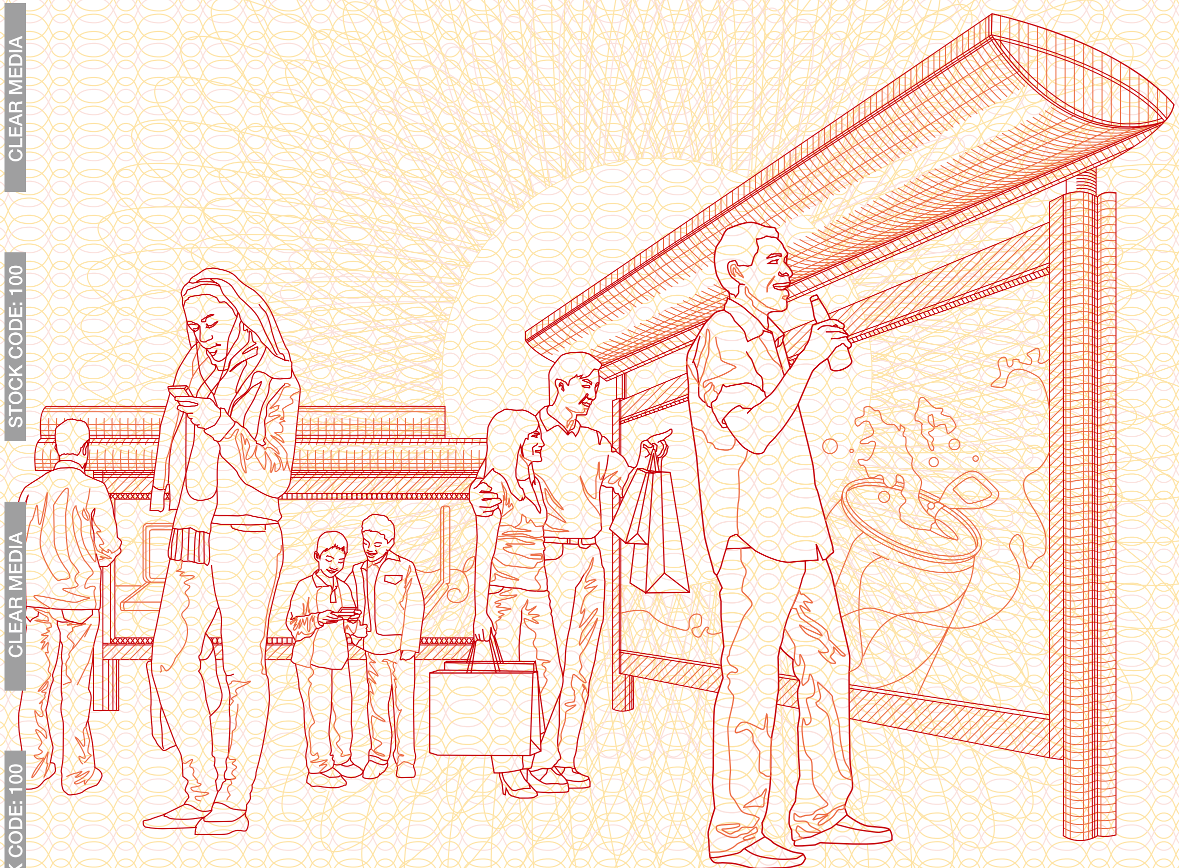
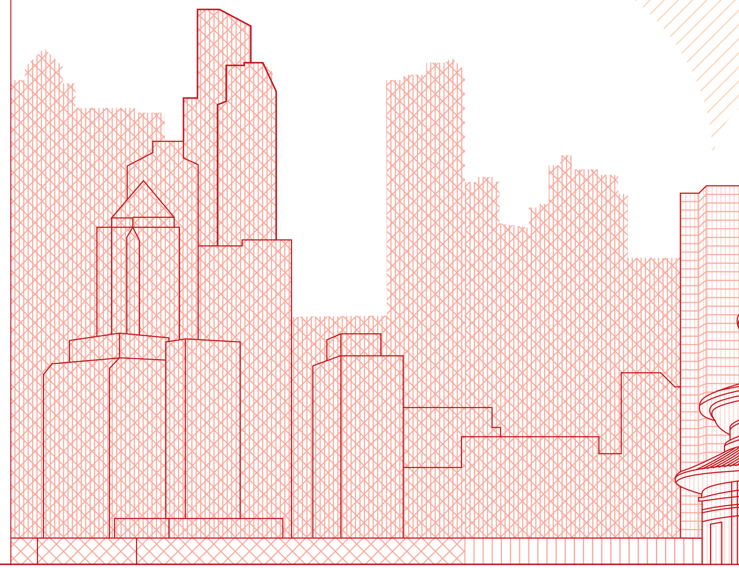
CLEAR MEDIA LIMITED
白馬戶外媒體有限公司



ANNUAL REPORT 2009

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 twelve years, Clear Media has created a standardised, nationwide bus shelter outdoor advertising network that covers nearly 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.



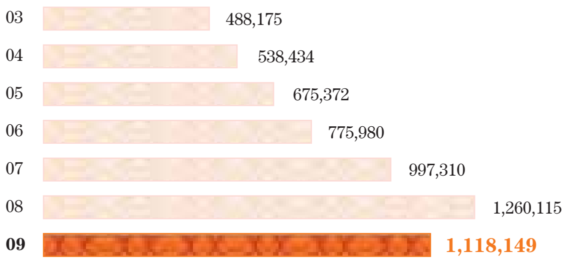
In the coming year, Clear Media will implement strategies from a foundation of strength: Our unique bus-shelter network and strong cash position on one hand, plus China's strong domestic demand, vast consuming capacity and the Shanghai World Expo on the other. The Renminbi banknote design of this year's annual report reflects both our company's financial strength and the purchasing power of the consumers we reach.

CONTENTS

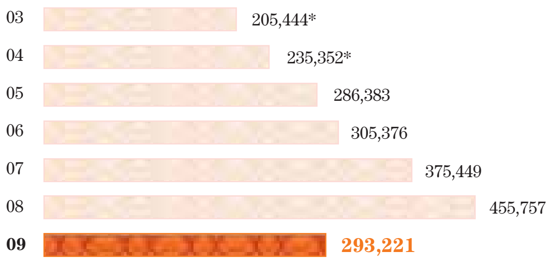
FINANCIAL HIGHLIGHTS

	2009	2008
Full Year Results (HK$'000)		
Turnover	**1,118,149**	1,260,115
EBITDA	**293,221**	455,757
Operating profit	**57,064**	242,342
Net profit	**31,258**	166,067
Basic EPS (HK cents)	**5.96**	31.67
Consolidated Statement of Financial Position Data (HK$'000)		
Cash and cash equivalents	**420,719**	209,631
Total assets	**2,914,352**	2,959,055
Total liabilities	**376,291**	485,193
Equity attributable to equity holders of the parent	**2,487,102**	2,428,163
Cash Flow Data (HK$'000)		
Cash generated from operations	**402,677**	439,024
Free cash flow	**165,131**	196,203
Financial Ratios		
Current ratio	**3.51 times**	2.26 times
EBITDA margin	**26.2%**	36.2%
Net profit margin	**2.8%**	13.2%
Debt-to-equity ratio	**0.0%**	2.3%
Return on equity	**1.3%**	7.3%

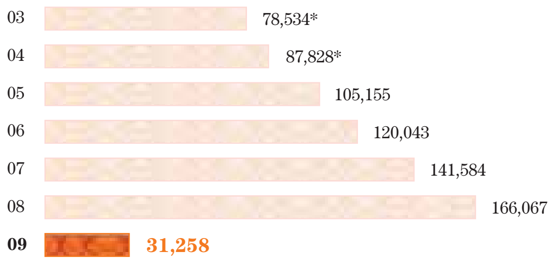
Turnover (HK$'000)



EBIDTA (HK$'000)

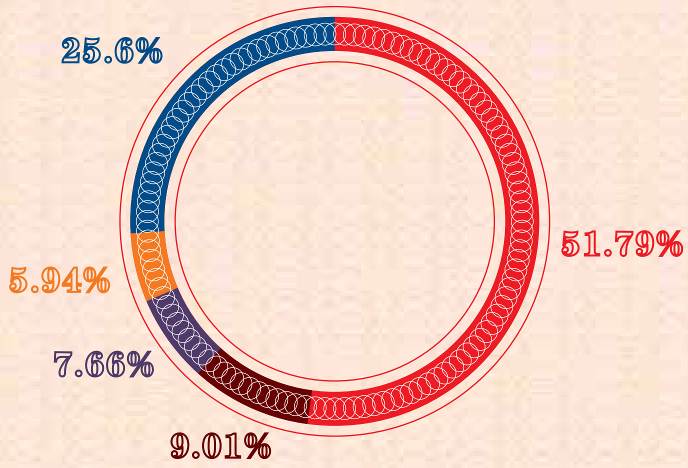


Net Profit (HK$'000)



* restated with application of new accounting standards

FACT SHEET AT A GLANCE



Shareholder Information as at 31 December 2009

Clear Channel KNR Neth Antilles NV	51.79%
International Value Advisers, LLC	9.01%
ZAM Europe L. P.	7.66%
Artio Global Management LLC (formerly Julius Baer Investment Management LLC)	5.94%
Other Public	25.6%

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 2009 — 524,368,500 shares

Market Capitalization

- as at HK$4.10 per share (based on closing price on 31 December 2009) — HK$2,149.9 million (approximately US$276 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,

This has been a year of enormous challenge for the entire world. To weather one of the worst financial crises in history, the best course is often to save what we can, leverage what we have, and plan for our future. That has been our focus.

Considering the magnitude of the crisis, we are pleased to report that our company performance in 2009 was satisfactory. Added to that, we begin 2010 in a strong cash position with no debt – a rarity among companies after the financial tsunami – so we are in a good position to take advantage of the next upward trend. And we were honored with two prestigious awards in recognition of the importance we place on corporate transparency – something we feel is vital to our growth and prosperity.

This year, we look forward to capturing the opportunities surrounding the World Expo in Shanghai, and we feel that the recent tighter regulation in the China outdoor market, rather than hindering growth, will be beneficial to the competitive environment and to our own long-term business success.

"WE ARE WELL-POSITIONED FOR THE NEXT UPWARD TREND"

I would like to assure you that we will always do our best to reward your confidence in us, and I want to take this opportunity to thank you for your continued support of Clear Media.

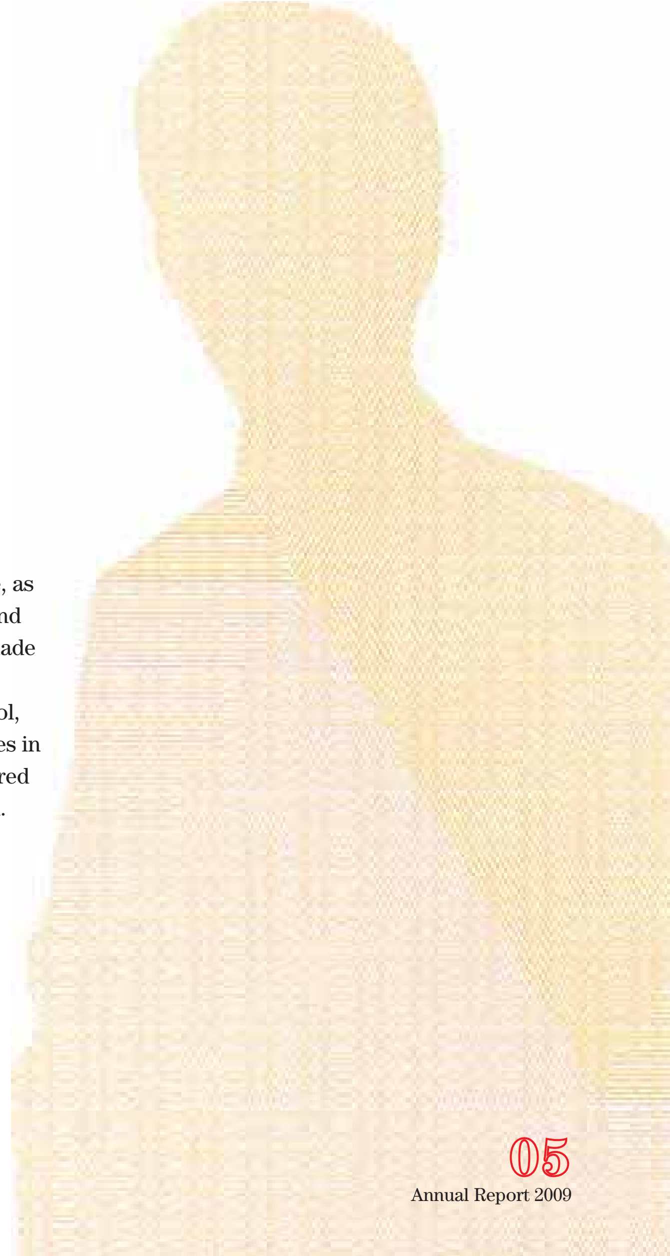
Yours sincerely,

Jingsheng Huang
Chairman of the Board
Clear Media Limited

IN THE COMING YEAR, CLEAR MEDIA WILL IMPLEMENT THE STRATEGIES FROM A FOUNDATION OF STRENGTH: OUR UNIQUE BUS-SHELTER NETWORK AND STRONG CASH POSITION ON ONE HAND, PLUS CHINA'S STRONG DOMESTIC DEMAND, VAST CONSUMING CAPACITY AND THE SHANGHAI WORLD EXPO ON THE OTHER.

The slowdown of the PRC advertising market continued in 2009 in the aftermath of the financial tsunami. Caution and budget conservatism prevailed among most advertisers, who preferred to commit to short-term contracts on a monthly basis rather than signing longer-term annual contracts. Pricing pressure was felt as customers demanded more generous discounts. Large-scale international customers and Olympics sponsors who had previously maintained aggressive advertising expenditures began budget-cutting in 2009. In view of the above, Clear Media's operating results for 2009 were barely satisfactory, and there were setbacks in terms of total sales, occupancy rate, average sale price and profit compared to 2008. This was Clear Media's first-ever decline in annual results since its listing.

Nevertheless, we were psychologically prepared for the challenge, as we adjusted the Company's policies and objectives in a prudent and pragmatic manner towards the end of 2008, and decisions were made to slow down investments in construction, generally scale down capital expenditure plans, and exercise more stringent cost control, while at the same time putting rigorous risk-management measures in place. Thanks to these pre-emptive efforts, the Company has steered through a difficult year in sound financial and operating condition.



In overview, the first half of 2009 remained challenging, while the second half of the year showed signs of recovery. We were able to attract new customers during the year, which included Chinese brands in beverages and domestic enterprises, and foreign brands in mobile phones. The launch of 3G was also a positive factor in driving advertising expenditure by local telecom service suppliers. For the year under review, the Group reported HK$1,118 million in total turnover, including HK$1,034 million generated from our bus shelter advertising business, which was 10% less than in 2008. Our average sale price ("ASP") decreased by 10%, while our overall occupancy rate was slightly lower at 57%. The Group managed and operated a total of 31,000 bus shelters across the nation.

Along with exercising rigid control over capital expenditure in 2009, we also worked closely with the Shanghai Municipal Government and relevant authorities with a view to our long-term development and interests, as they moved to regulate and tighten control over the outdoor media market in preparation for the Shanghai World Expo. These new control measures included the dismantling and refurbishment of most outdoor advertising formats in the city; as a result, most outdoor advertising formats have been removed – with the exception of light-box advertising panels in bus shelters and telephone booths.

In 2008, we were also asked by the Shanghai authorities to dismantle, re-install or reconstruct most of our existing bus shelter advertising panels. As of now, approximately 1,500 old bus shelters have been dismantled, with no firm reinstallation plans. Adhering to the principle of conservatism, we have charged the net book value of these old bus shelters, approximately HK$80 million, to the 2009 accounts as a one-off, non-operating item. Meanwhile, we were engaged in active discussion with the relevant authorities to install a total of 2,300 bus shelters with new designs. Pending approval from the authorities and upon completion of the reconstruction plan, the Company's total number of bus shelthers in Shanghai will reach approximately 4,500, representing a 100% market share.

Turnover from Shanghai in 2009 was inevitably affected by the removal and reconstruction of bus shelters, on top of the general economic slowdown, and resulted in a year-on-year decrease of 7% to HK$136 million; however, we believe these regulatory initiatives will lead to further market consolidation given the scarcity of outdoor media resources in Shanghai, which will bring enormous benefits to the Group in terms of sales in the coming years.

Turnover from Beijing was satisfactory given the exceptional comparative basis of 2008 as the Olympics year. During 2009, we responded to the post-event cutback in annual advertising spending by Olympic sponsors by offering more flexible pricing. For the year under review, sales revenue from Beijing decreased by 16% to HK$261 million, although our occupancy rate in the capital city was steady at 56%. Guangdong has been more vulnerable to the financial tsunami, which exerted a more direct impact on the province than elsewhere. Competition in the market has become more intense as small local players seek to grab sales by offering aggressive price discounts. As a result, our sales revenue from Guangzhou for the year decreased by 13% to HK$158 million as compared to 2008.

The mid-tier cities continued to deliver stable results for the Group, as the impact of the economic slowdown was alleviated by improved orders from local customers secured through district sales centers. Turnover from second- and third-tier cities amounted to HK$479 million, mildly declining by 6% as compared to 2008, but increasing from 44% in 2008 to 46% in 2009 as a percentage of total turnover, underpinning the success of the Group's strategy in recent years to develop its market in the mid-tier cities.

Looking to the future, we expect a gradual recovery in the advertising market, as uncertainties in the global economy continue to diminish. We are confident that China's outdoor media market will enjoy strong growth on the back of the sound economic development of the nation. With the added impetus of such major events as the Shanghai World Expo and the Guangzhou Asian Games, business opportunities are there for us to capture in 2010 as we seek to put the Company back on track for growth in results and profit.

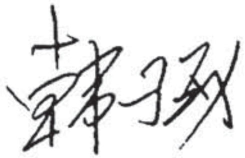
In view of the above, the Company will focus on enhancing its district sales centers in the three leading cities and on building district sales centers in other cities throughout the country. We are committed to developing new customers and expanding our clientele, with the aim of increasing the occupancy rate of our bus shelters. With regard to network expansion, we will continue to be cautious in capital investment, capping the number of new shelters to be built (excluding Shanghai) in 2010 at 1,000 units. We will also continue to exercise stringent cost control to maximize our gross profit margin. As of now, our order-book-on-hand has reached 53% of our full-year target, which is slightly higher than what we attained by the same time last year.

In Shanghai, we have revised our rate-cards upwards in response to the reduced supply of outdoor advertising media in the face of increasing demand, as well as the government's new requirements regarding the dimensions of bus shelter advertising panels. We also plan to offer special promotional packages with more flexibility during the World Expo, with the pre-emptive aim of locking up advertising spending. Our research indicates that most tourists attending the World Expo will be coming from the provinces of Jiangsu and Zhejiang, so we intend to broaden the scope of our promotional packages to include Shanghai's neighboring cities in the Yangtze River Delta, such as Nanjing, Wuxi and Hangzhou, in order to capture business opportunities in those regions associated with the World Expo.

In Guangzhou, we will actively identify opportunities in the city as well as its neighboring regions in connection with the 2010 Guangzhou Asian Games. We expect a positive effect from the Asian Games on our sales for the latter half of 2010.

While we will focus on our core operations, we will remain open to investment opportunities in other outdoor advertising formats, given our current net cash position.

As economic conditions around the world continue to improve and the impact of the economic stimulus measures adopted by the PRC government come into full play, the resurgence of the country's advertising industry is promising more significant growth than before. In light of our financial strength, industry leadership, effective strategies and high-caliber team, we are in a good position to embrace a new cycle of growth and create greater value for our shareholders.



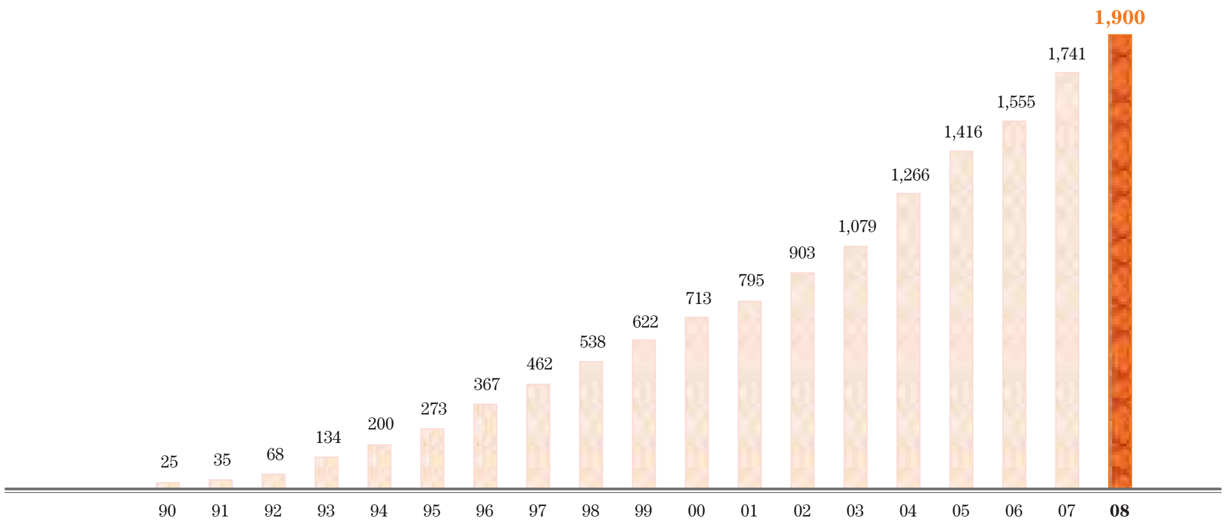
Han Zi Jing
Chief Executive Officer
Clear Media Limited

MANAGEMENT DISCUSSION AND ANALYSIS

> WITH OUR AMPLE OPERATING CASH FLOW, HEALTHY FINANCIAL STRENGTH AND STRONG BUSINESS FOUNDATION, WE ARE MOVING FORWARD WITH CONFIDENCE TOWARD NEW OPPORTUNITIES.

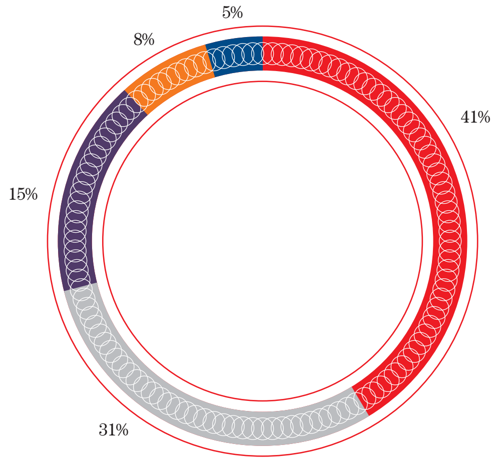
Advertising Expenditure Growth in China (RMB 100 Million)

(SAIC: 2009)



Media Mix in China

(SAIC: 2009, Company estimates)



- TV
- Newspaper / magazine
- Outdoor
- Internet
- Radio

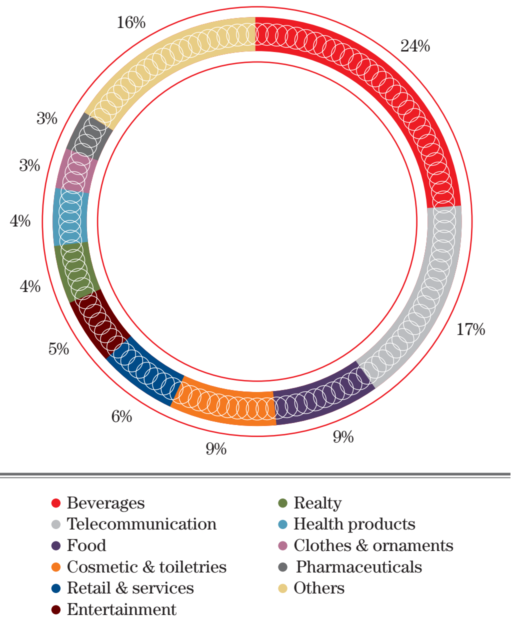
INDUSTRY OVERVIEW

The weaker market condition in 2009 presented a number of challenges to China's advertising industry. Budget conservatism prevailed among advertisers throughout the year as China's economy continued to feel the impact of the global financial crisis that began in September 2008. While there were signs of recovery beginning from the second half of 2009, most advertisers continued to be cost-conscious and preferred to commit to short-term contracts on a monthly basis rather than to annual contracts.

Competition between outdoor advertising and other advertising formats continued to be keen. In 2009, according to the State Administration for Industry and Commerce of the PRC and the Group's estimates, TV remained the dominant advertising medium in the PRC, followed by print media, outdoor, internet and radio advertising. Under the challenging operating environment, many local operators were forced into survival mode and offered significant discounts to customers hence further intensifying the competition in the outdoor market.

In preparation for the 2010 World Expo, the Shanghai authorities took steps to impose tighter control over the outdoor media market, including requesting the dismantling of most outdoor advertising formats and the refurbishing of others. As a result, the Group has been working closely with the authorities to conform with these new policies and initiatives. We believe that the rectification measures by the authorities are beneficial to the Group in the long run. Under the new initiatives, excessive outdoor advertising space has been eliminated, which, we believe, will further strengthen the Group's leading position in the Shanghai outdoor media market in the long run.

Clear Media's Client Mix 2009 (by industry)



Another bright spot is the ascendancy of Chinese brands, which offers higher growth opportunities for the future development of the Group's business. Chinese brand names, generally being less affected by the global economic slowdown, recovered faster than international advertisers during the year; and with domestic consumption remains a key policy directive in China, we believe Chinese brands will create a new element in the advertising industry.

OPERATIONS REVIEW

Core Bus Shelter Advertising Business

As at 31 December 2009, Clear Media operated the most extensive standardised bus shelters advertising network in China, with a total of over 31,000 12-sheet equivalent panels in 29 major cities across China. As a result of the global economic slowdown and the general reduction in advertising budgets by some of the Olympic sponsors, turnover of our core bus shelter advertising business decreased by 10% to HK$1,034 million for the year ended 31 December 2009, from HK$1,147 million in the previous year.

Average sale price ("ASP") decreased by 10% and occupancy rate dropped to 57% (2008: 59%). On the other hand, the average number of bus shelter panels available for sale, on a time-weighted basis, increased by 3% to 30,143 panels (2008: 29,296 panels), due mainly to the full year impact from the new bus shelters added in Beijing in the second half of 2008, and the short-term arrangement entered into between the Group and the Hangzhou authorities to lease additional panels Hangzhou in the first half of 2009.

Despite the increase in time-weighted average number of bus shelter panels, the number of bus shelter panels decreased from 32,700 at the end of 2008 to approximately 31,000 by the end of 2009. This was mainly due to the tighter control imposed by the Shanghai authorities on outdoor advertising formats in the city in preparation for the 2010 Shanghai World Expo (See Operations Review – Key Cities – Shanghai below); and the termination and subcontracting of certain low-efficiency bus shelters operation in Tianjin, Qinhuangdao and Chongqing.

The top industries that contributed to Clear Media's turnover were beverages, telecommunications, food, and cosmetics and toiletries. The increase in advertising spend by non-Olympic sponsors in this post-Olympic year , and the roll-out of 3G mobile services in China, have helped to boost orders from the beverages and telecommunications sectors.

A large portion of the Company's costs, including rental expenses, certain cleaning and maintenance expenses, salaries and other overheads, are fixed in nature. In light of the challenging operating environment in 2009, the Group has implemented various cost-saving measures to reduce both fixed and variable costs. We have removed certain low-efficiency bus shelters from the saleable inventory and subcontracted out the operation of certain low-yield cities in order to save direct costs. Rental costs have been reduced via active negotiation with the local authorities. We have also exercised stringent cost control measures to reduce selling, general and administrative expenses and improve operational efficiency.

Key Cities

In 2009, sales generated by the top three cities – Beijing, Shanghai and Guangzhou – decreased by 13% to HK$555 million (2008: HK$638 million), mainly due to the 13% decrease in ASP. Sales from the top three cities accounted for 54% of the total sales from our core bus shelter business (2008: 56%) while average number of bus shelter panels accounted for 40% of the Group's total number of bus shelters panels (2008: 41%).

Beijing

Beijing's performance was satisfactory given the general cut back in advertising spend by the Olympic sponsors and the relatively weak economy in 2009. Sales revenue decreased by 16%, to HK$261 million, for the year ended 31 December 2009 (2008: HK$311 million). Subsequent to the very significant 66% price increase in 2008, we have adopted a flexible pricing strategy and adjusted ASP down by 20% to cope with the anticipated decline in demand during this post-Olympic year. The Beijing authorities' initiatives to clean up the city prior to the Olympics controlled the supply in the outdoor market, hence our occupancy rate has held stable at 56%. Average number of bus shelter panels increased by 3% after integrating the new panels added in the second half of 2008.

Shanghai

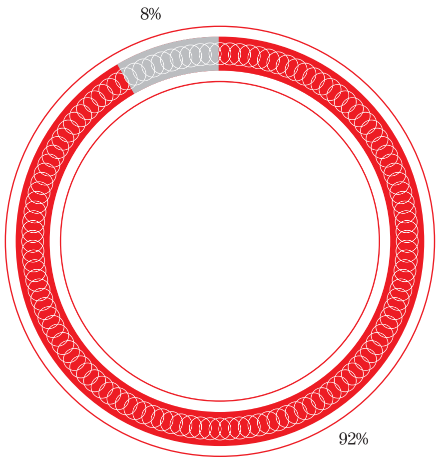
Sales revenue from Shanghai decreased by 7% to HK$136 million (2008: HK$147 million) mainly due to a 4% decrease in ASP and a 5% decrease in average number of bus shelter panels. Occupancy rate, on the other hand, improved slightly to 50% (2008: 49%).

In preparation for the 2010 World Expo, the Shanghai authorities have taken steps to enforce tighter control over the outdoor media market, including dismantling or refurbishing of most outdoor advertising formats. Under the new initiatives, the Group is expected to replace a number of the existing bus shelters with the new design adopted by the authorities and to change the display format from 12-sheet to the new 6-sheet format.

City Highlights: Contribution of Top Ten Cities to Bus Shelter Advertising Revenue (2009)

City	% of Turnover
Beijing	25
Guangzhou	16
Shanghai	13
Chengdu	8
Shenzhen	7
Hangzhou	5
Nanjing	4
Xi'an	4
Jinan	2
Wuhan	2

Turnover by Operation in 2009



● Bus shelter
● Bus body and other formats

Based on the authorities' request to-date, we have removed approximately 2,900 units of old bus shelters (the "Old Bus Shelters") and re-constructed approximately 2,300 newly-designed bus shelters in Shanghai. We have also started to re-install approximately 1,400 of the Old Bus Shelters dismantled at other locations in Shanghai as agreed with the authorities. For the 1,500 Old Bus Shelters removed (but currently with no concrete plan to be reinstalled) the unamortized amount of concession rights, amounting to approximately HK$80 million (5% of total net book value of concession rights), before the related tax and minority interest impact, has been charged to the Group's consolidated income statement for the year ended 31 December 2009 as a one- off non-operating item and has been classified as loss on disposal, write off and write down of concession rights.

Over the long run, we believe these new regulatory initiatives undertaken by the local authorities will limit the supply of the outdoor advertising market in Shanghai and will be beneficial to the industry as a whole.

Guangzhou

Sales revenue from Guangzhou decreased by 13% to HK$158 million (2008: HK$180 million), mainly due to a 7% decrease in ASP and a decline in occupancy rate to 59% (2008: 64%). Average bus shelter available-for-sale increased slightly by 1% during the year. The Guangzhou market has become highly competitive as other small- to medium-sized players running bus body advertising and other street-furniture formats are very price-aggressive. To cope with the competition and better serve the customers, a new local branch has been set up in Guangzhou during the year.

Mid-Tier Cities

During the year, revenue from mid-tier cities decreased by 6% to HK$479 million (2008: HK$509 million). ASP has been adjusted down by an average of 5% while the average occupancy rate dropped slightly to 58% (2008: 60%). Although the weak economy in 2009 has affected the business environment more in Chengdu, Hangzhou and the north-eastern provinces, Xian, Jinan, Kunming and Shijiazhuang have performed relatively well, thanks to the district sales offices set up in recent years to cultivate new local customers.

Average number of bus shelter panels in all mid-tier cities increased by 4%, mainly due to the short-term arrangement between the Group and the local authority to operate around 600 panels in Hangzhou in the first half of the year.

In response to the global economic slowdown, the Group has decided to restructure its operations in certain non-performing cities. During the year, the Group has entered into long-term subcontract arrangements with independent third parties to operate our bus shelter business in Tianjin and Qinhuangdao and to absorb the related costs. The Group has also disposed of its operation in Chongqing. We will continue to review the lower-yield cities, implement suitable measures to further improve efficiency, and reallocate the resources and expand into other more profitable cities.

Shenzhen Bus Body Advertising Business

Since early 2007, we have been leasing, operating and managing the bus body advertising business of around 3,000 buses in Shenzhen. For the year ended 31 December 2009, sales from this business venture amounted to HK$77 million, a 9% decrease from HK$84 million in the previous year. In early 2009, the local government imposed new restrictions banning all advertising from the medical sector. Coupled with the weak economy in 2009, which affected the export sector in the Guangdong province more severely, the Group's bus body operation was negatively affected and generated a loss of HK$5 million, compared to a breakeven position in year 2008. We expect sales from this business will recover in 2010.

Other Advertising Formats

In light of the changes in market conditions, at the end of 2008, the Group restructured its non-core businesses and terminated its entire airport and point-of-sale advertising businesses, and its unipole operation along the Beijing-Shijiazhuang and Shanghai- Nanjing highways. As a result, revenue from the Group's other advertising formats decreased to HK$7 million for the year ended 31 December 2009 from HK$29 million in the previous year.

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

Beijing Bashi

In March 2008, Hainan White Horse Advertising Media Investment Company Limited (the "WHA Joint Venture"), an indirect majority-owned subsidiary of the Company, entered into a share subscription agreement with Beijing Bashi Media Co., Ltd. ("Beijing Bashi")(the "Share Subscription Agreement"). 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 set out grounds for further negotiations. Due to adverse market conditions in 2009, the WHA Joint Venture and Beijing Bashi agreed that they would not proceed with the transaction contemplated under the Share Subscription Agreement and the deposit of RMB10 million (approximately HK$11 million) has been repaid to the WHA Joint Venture.

FINANCIAL REVIEW

Turnover

As a result of the global economic slowdown, weak sentiment of the advertisers and the general reduction in advertising budgets by some Olympic sponsors, the Group's turnover decreased by 11%, to HK$1,118 million, for the year ended 31 December 2009, from HK$1,260 million in the previous year. Our turnover was entirely generated from mainland China and our core bus shelter advertising business continued to generate over 90% of total Group revenue. Sales from bus shelter advertising decreased by 10% year-on-year, to HK$1,034 million, from HK$1,147 million in 2008.

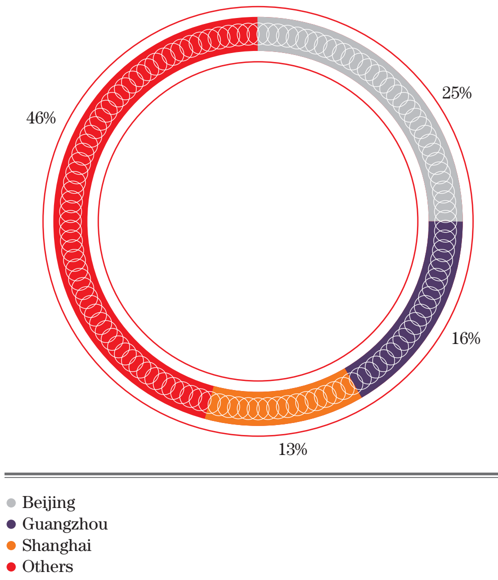
The Group's Shenzhen bus body advertising business generated HK$77 million of revenue for the year ended 31 December 2009, a decrease of 9%, from HK$84 million in the previous year. Contributions from other advertising formats, after terminating the airport, point-of-sale and unipole operations, decreased by 73%, to HK$7 million year- on-year from HK$29 million in the previous year.

Expenses

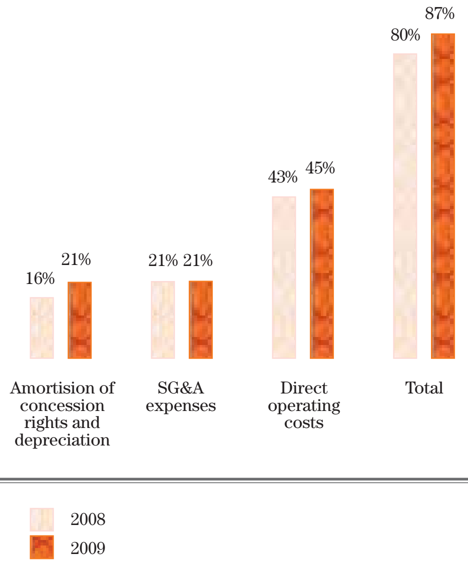
During the year under review, the Group's total direct operating costs, including rental, electricity, maintenance, sales and cultural levies and production cost, decreased by 6%, to HK$505 million for the year ended 31 December 2009, from HK$536 million in the previous year. As a result of the Group's cost savings initiatives, total rental costs, electricity, and cleaning and maintenance expenses decreased by 4%, 5% and 1%, respectively. Sales and cultural levies decreased by 16% as a result of lower bus shelter sales turnover and certain terms and conditions under the Shenzhen Bus Body Advertising business agreement being re-negotiated with the Shenzhen authorities.

Due to the nature of the semi-fixed cost structure of the Group, total direct operating costs, as a percentage of total sales, increased to 45% for the year ended 31 December 2009, from 43% in the previous year. Rental costs, and cleaning and maintenance expenses, increased to 26% (2008: 24%) and 8% (2008: 7%), respectively; whilst electricity expense, and sales and cultural levies, remained stable at 4% and 8%, respectively, of total sales for both years.

Turnover by Geographical Location in 2009



Cost Breakdown by % Turnover



Amortisation charges incurred on the bus shelters and other advertising formats increased by 11%, to HK$230 million (2008: HK$207 million), due mainly to the 3% increase in the average number of bus shelter panels during the year, as a result of the full integration of the new shelters added in Beijing in the second half of 2008. As a percentage of total sales, amortisation expenses represented 21% of total sales, compared to 16% in the previous year.

Total selling, general and administrative expenses, excluding depreciation, amortization and loss on disposal, write off and write down of concession rights and other assets, decreased by 7%, to HK$233 million, for the year ended 31 December 2009 (2008: HK$251 million), mainly due to the Group's stringent cost control over salaries, headcount, marketing, travel and entertainment, and other indirect costs. Total selling, general and administrative expenses, excluding depreciation, amortization and loss on disposal, write off and write down of concession rights and other assets, remained steady at 21% of total sales for both years in 2009 and 2008.

Other expenses of HK$87 million for the year ended 31 December 2009 were mainly the one-off loss on the restructuring of concession rights in relation to the removal of the Old Bus Shelters in Shanghai following changes in the permitted formats by the local authorities (see Operations Review – Key cities – Shanghai). Other expenses in 2008 of HK$17 million was mainly the one-time restructuring charge in relation to the termination of the Group's non-core businesses including its point-of-sale and unipole operations (see Operations Review – Other Advertising Formats).

EBITDA

As a result of the one-off loss on disposal, write off and write down of concession rights, the Group's slower sales activities and the nature of its fixed cost structure, earnings before interest, tax, depreciation and amortisation ("EBITDA") decreased by 36%, to HK$293 million, for the year ended 31 December 2009, from HK$456 million in the previous year. EBITDA margin also decreased from 36% to 26%. Excluding the one-off loss on disposal, write off and write down of concession rights and other assets of HK$87 million (2008: HK$17 million), EBITDA decreased by 19% from HK$472 million to HK$380 million year- on-year, while EBITDA margin decreased from 37% to 34%.

EBIT

The Group's earnings before interest and tax ("EBIT") decreased by 76%, to HK$57 million, for the year ended 31 December 2009, from HK$242 million in the previous year, as a result of the one-off loss on disposal, write off and write down of concession rights and other assets, lower sales turnover and relatively fixed cost of the plant and other expenses. Excluding the one-off charges, EBIT decreased by 44% year-on-year, from HK$259 million to HK$144 million.

Finance Costs

Finance costs decreased from HK$15 million to HK$4 million year-on-year mainly due to the full redemption of the HK$312,000,000 Zero Coupon Convertible Bonds due 2009 ("Convertible Bonds") in September 2008, and the full repayment of the short-term loan from Clear Channel International B.V. in April 2009.

Taxation

During the period, taxes levied on the Group decreased to HK$19 million for the year ended 31 December 2009 from HK$48 million in the previous year mainly due to the decrease in assessable profits as a result of the slower sales activities, and the loss on disposal, write off and write down of concession rights booked during the year.

According to the new PRC Enterprise Income Tax Law effective from 1 January 2008, the WHA Joint Venture, an indirect majority-owned subsidiary of the Company established in the Hainan Special Economic Zone of the PRC, was subject to a corporate income tax rate at an average rate of 22.5% (2008: 18%) on its assessable profits arising in the PRC for the year ended 31 December 2009. 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. The deferred tax credit of HK$7 million in 2009 mainly related to the tax losses arising from the disposal of concession rights awaiting to be claimed.

Net Profit

Net profit decreased by 81% to HK$31 million for the year ended 31 December 2009, from HK$166 million in the previous year, mainly due to the lower sales turnover during the year and the one-off loss on disposal, write off and write down of concession rights and other assets of HK$61 millions (net of the related tax and minority interest impact). Excluding the one-off non-cash charge, net profit decreased by 48% to HK$92 million, with a net profit margin of 8% (2008: 14%).

Liquidity and Financial Resources

The Group continued to enjoy a healthy financial position at the end of 2009, with cash and cash equivalents amounting to HK$421 million as at 31 December 2009, compared to HK$210 million at the end of 2008. As at 31 December 2009, the Group had bills payable of HK$97 million (31 December 2008: HK$113 million).

Subsequent to the full redemption of the Convertible Bonds in September 2008 and the full repayment of the short-term loan from Clear Channel International B.V. in April 2009, the Group had no short-term or long-term debt as at 31 December 2009, compared to a 2% debt-to-equity ratio, defined as a percentage of net interest bearing borrowings over shareholders' funds, as at 31 December 2008.

Given the current business and financial market conditions, the Group's current policy is to maintain a low level of gearing. This policy will be reviewed on a continuing basis. We will continue to monitor the market situation for any financing needs and opportunities.

Cash Flow

Despite the lower cash generated from operations during the year, net cash inflow from operating activities increased to HK$382 million for the year ended 31 December 2009 from HK$369 million in the previous year, primarily due to an improvement in working capital management and lower tax and interest paid during the year.

Net cash outflow from investing activities decreased to HK$176 million for the year ended 31 December 2009 from HK$222 million in the previous year due mainly to the lower capital expenditure outlay on both organic build and acquisition of bus shelter concession rights.

Net cash inflow from financing activities during the year was HK$5 million compared to the net cash outflow of HK$221 million in the previous year. This was mainly due to a lower repayment of the short-term loan from Clear Channel International B.V. and no redemption of Convertible Bonds in 2009, and a decrease in pledged deposits for the Group's Shenzhen Bus Body Business after re-negotiation with the Shenzhen authority.

In 2009, the Group's free cash flow decreased to HK$165 million from HK$196 million in the previous year. Free cash flow is defined as EBITDA (before losses on disposal, write off and write down of concession rights and other assets and equity-settled share option expenses) less cash outflow on capital expenditure, less income tax and net interest expense. The decrease of free cash flow was mainly due to the year-on-year decrease in EBITDA.

Trade Receivables

The Group's accounts receivable balance due from third parties decreased by 26%, to HK$374 million, as at 31 December 2009, from HK$508 million as at 31 December 2008. This was mainly due to the lower sales turnover during the current year and the significant effort put into cash collection in the second half of the year. None of the accounts receivable was due from connected persons, as defined under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). Accounts receivables from Guangdong White Horse Advertising Company Limited ("GWH") are disclosed separately and discussed below.

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

Average accounts receivable outstanding days, on a time-weighted basis, improved to 125 days for the current year, compared with 149 days for 2008. As at 31 December 2009, the provision for impairment of accounts receivables increased to HK$37 million from HK$26 million as at 31 December 2008. We will continue to closely monitor the accounts receivable balance and ensure the level of provision is prudent.

Due from Related Party

As at 31 December 2009, the amount due from GWH increased to HK$130 million, from HK$80 million as at 31 December 2008, mainly due to a slowdown in payment from the customers represented by GWH and higher volume of sales sourced from GWH during the current year. We will continue to work closely with GWH to expedite collection.

Prepayments, Deposits and Other Receivables

The Group's total prepayments, deposits and other receivables as at 31 December 2009 increased to HK$287 million, from HK$137 million as at 31 December 2008. The increase was mainly due to the inclusion of the receivables from Beijing Pangu Investment Co., Ltd. (formerly known as Beijing Morgan Investment Company, Limited) ("BMIC") amounting to RMB134 million (approximately HK$152 million), which was previously classified under long-term prepayment, deposits and other receivables.

Due to changes in the operating environment, the Group terminated the LED screens advertising sales management contract with BMIC signed in April 2007, and the cooperation arrangements thereunder. In November 2008, the WHA Joint Venture entered into a new agreement with BMIC, whereby BMIC agreed to repay to the WHA Joint Venture an aggregate amount of RMB134 million (approximately equivalent to HK$152 million) (the "BMIC Receivable"), including the prepaid performance guarantee of RMB30 million, the prepaid shared profits of RMB70 million, and the Group's share of capital expenditure for LED screens construction of RMB34 million. Certain property interests in the PRC have been assigned to the WHA Joint Venture as security for the BMIC Receivable 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.

The 2008 year end balance included a RMB10 million (approximately HK$11 million) deposit paid by the WHA Joint Venture to Beijing Bashi in relation to the Share Subscription Agreement, and has been paid in the second half of 2009. See also Operation Review – Beijing Bashi above.

Long-term Prepayments, Deposits and Other Receivables

Total long-term prepayments, deposits and other receivables decreased significantly year-on-year, from HK$187 million to HK$41 million, due mainly to the reclassification of the BMIC Receivable to Prepayments, Deposits and Other Receivables in current assets. The balance as at 31 December 2009 included a long-term deposit of HK$25 million (31 December 2008: HK$30 million) placed with an independent third party in connection with the acquisition of the rights to place advertisements on certain outdoor advertising media. The arrangement has been terminated during the year and the HK$25 million deposit is secured by the title to certain assets. Total long-term prepayments, deposits and other receivables also included the non-current portion of a prepaid bus shelter lease payment of HK$16 million (31 December 2008: HK$18 million).

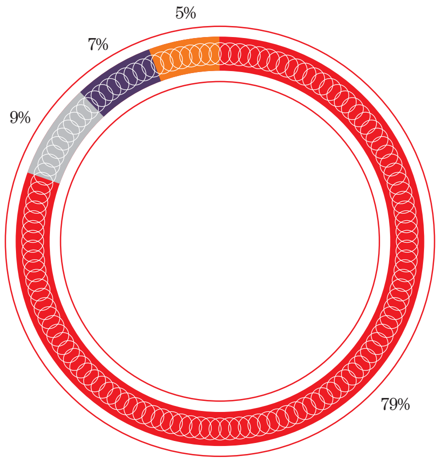
Other Payables and Accruals

The Group's total payables and accruals as at 31 December 2009 decreased to HK$344 million, from HK$393 million as at 31 December 2008 mainly due to a reduction in bus shelter rental payables. During the year, we have removed certain low-efficiency bus shelters from the saleable inventory, subcontracted out the operation of certain low- yield cities, and actively negotiated with the local authorities to reduce rental costs.

Assets and Liabilities

As at 31 December 2009, the Group's total assets decreased by 2% to HK$2,914 million, from HK$2,959 million as at 31 December 2008. The Group's total liabilities decreased by 22% to HK$376 million from HK$485 million. Net assets increased by 3% to HK$2,538 million from HK$2,474 million. Net current assets increased to HK$903 million from HK$583 million.

Full-time Employees 2009



- Sales & Marketing
- Operation
- Outdoor Concession Relations
- Management & Administration

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 2009 rose by 3% to HK$2,538 million, as compared to HK$2,474 million as at 31 December 2008. The Group's reserves as at 31 December 2009 amounted to HK$2,435 million, a 2% increase over the corresponding balance of HK$2,376 million as at 31 December 2008. This was mainly a result of the retention of the profit earned for the year ended 31 December 2009 and the foreign exchange gains 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 expenses incurred by the Group's Hong Kong Office, 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 foreign exchange rate of the RMB has appreciated by 0.16% against the Hong Kong Dollars for the year ended 31 December 2009, compared to the previous 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 is located in the PRC and is denominated in RMB. As the foreign exchange rate of the RMB has remained fairly steady as at 31 December 2009, compared to 31 December 2008, this has therefore resulted only in a slight increase in foreign currency translation reserve of approximately HK$16 million (2008: HK$136 million).

Capital Expenditure

The Group remains firmly committed to strengthening its position as a major player in China's outdoor media sector. To this end, in 2009 the Group expanded its network by acquiring concession rights to build bus shelters, most of which in Shanghai. During the year ended 31 December 2009, the Group spent HK$222 million on the construction of new bus shelters and acquisition of concession rights, compared to HK$235 million in 2008. An additional HK$5 million was spent to acquire other fixed assets (2008: HK$9 million).

Material Acquisitions and Disposals

In preparation for the 2010 World Expo and pursuant to the Shanghai authorities' requests, the Group has removed approximately 2,900 Old Bus Shelters in Shanghai. As a result, net loss of disposal, write off and write down of concession rights and other assets (net of the related tax and minority interest impact) amounting to HK$61 million for the year ended 31 December 2009 was incurred.

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 2009, the Group had a total of 559 employees, a decrease of 9% compared to 31 December 2008. Total staff costs for 2009 was maintained at 10% of the Group's turnover (2008: 10%). Total wages and salaries decreased by 10% year-on- year. As a result of the Group's cost control measures, the sales and marketing divisions have been streamlined to improve operational efficiency.

As a matter of policy, 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. Training courses and conferences aimed at improving the knowledge and skills of team members were organised throughout the year.

Human capital has always been our key asset for sustainable growth. We will continue to utilise our sales force in 2010 to keep pace with our business growth and to continue providing high-quality services and support to our clients.

Remuneration Policies and Benefits

The Group conducts regular reviews of its compensation policies and packages. 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 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 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 2009 other than time deposits of RMB45 million (approximately HK$51 million) pledged as securities for bills payable of RMB85 million (approximately HK$97 million). No time deposit was pledged for a performance guarantee of the Group's Shenzhen Bus Body Advertising Business at the end of 2009; but as at the end of the previous year, time deposits of RMB51 million (approximately HK$58 million) was pledged for the performance guarantee issued by a bank of RMB51 million (approximately HK$58 million) for the Shenzhen Bus Body Advertising Business.

Capital Commitments

As at 31 December 2009, the Group had capital commitments contracted but not provided for in relation to the construction of bus shelters amounting to HK$35 million (31 December 2008: HK$20 million).

Contingent Liabilities

During the year, neither the Company nor any of its subsidiaries was 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.

"ANOTHER BRIGHT SPOT IS THE ASCENDANCY OF CHINESE BRANDS, WHICH OFFER HIGHER GROWTH OPPORTUNITIES FOR THE FUTURE DEVELOPMENT OF THE GROUP'S BUSINESS."

OUTLOOK

The stimulus policies adopted by the Chinese government and the strength of domestic consumption should help propel China's economy in 2010. In addition, major events in the coming year – the Shanghai World Expo and the Guangzhou Asian Games – are expected to create exciting opportunities for the advertising industry in China. While competition in the outdoor advertising industry will continue to be intense, we remain optimistic about the mid- to long-term growth prospects of the advertising industry in China. We believe that the tightening of regulatory policies imposed by local authorities in the outdoor media market will be beneficial to the Group in the long run.

Clear Media is well-positioned for the opportunities ahead

The global economic slowdown since the forth quarter of 2008 changed our overall operating climate and we therefore re-visited our core business strategies to prepare ourselves for the next growth cycle. We aim to strike an optimal balance between rate-card increases, occupancy rates and number of clients. We will tailor-make business plans for our major customers and will introduce more flexibility in our product packages, especially during the Shanghai World Expo period from May until October 2010. Based on early negotiations with major advertisers, including the World Expo sponsors, our advanced bookings are encouraging. Our order-book-on-hand has reached 53% of our full-year sales target, slightly higher than the position in the previous year.

In addition, we will further solidify the foundation we have laid in securing mid- to small-tier clients by beefing up our district sales centers and by allowing more autonomy and pricing flexibility to better serve this segment.

We will continue to impose stringent control over capital expenditures, direct costs and overheads, as we demonstrated in 2009, by streamlining our operations in low-yield cities and concentrating our resources in other more profitable cities. We will continue to strengthen and consolidate our bus shelter network to prepare for future growth opportunities, be they organic or by acquisition.

With our ample operating cash flow, healthy financial strength and strong business foundation, we are moving forward with confidence toward new opportunities.

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 nearly 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 twelve consecutive years of solid performance. **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 maximize 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.

Q: WHAT IS YOUR LONG-TERM STRATEGY AND HOW WILL YOU MAINTAIN THE GROWTH MOMENTUM?

A: The stimulus policies adopted by the Chinese government and the strength of domestic consumption should help propel China's economy in the coming years. We believe the trend of rising middle class, tourism and consumerism in China will provide an enormous opportunity for our customers to showcase their brands and products on our nationwide network. In addition, major events in 2010 – the Shanghai World Expo and the Guangzhou Asian Games – are expected to create exciting opportunities for the advertising industry in China. We will continue to invest and expand our core bus shelter network, with an aim to strike an optimal balance between rate-card increase and occupancy rate. We will continue to invest in the district sales offices in order to attract more local customers and Chinese brands. We will also continue to explore potential M&A opportunities of various advertising formats with a strategic focus, on the basis of leveraging our existing resources and competitive advantages. With our healthy financial position, ample operating cash flow, high-caliber team and strong business foundation, the Group aims to maintain its leadership in China's outdoor advertising industry and achieves the best returns for shareholders.

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. Our arrangement with the Shenzhen authorities 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:

WHAT IS YOUR CASH POSITION AND GEARING RATIO?

A:

The Group continued to enjoy a healthy financial position, with net cash of HK$421 million as at 31 December 2009. During the year of 2009, the Group generated strong free cash flow of HK$165 million. Free cash flow is defined as EBITDA (before loss on disposal, write off and write down of concession rights and other assets and equity-settled share option expenses) less cash outflow on capital expenditure, income tax and net interest expense. The Group carried no debt as at 31 December 2009. Our current policy is to maintain a low level of gearing, which will be reviewed on a periodic basis. We will continue to expand our nationwide bus shelter network and explore potential investment opportunities of alternate outdoor advertising formats with a goal of maximising return on assets.

BIOGRAPHIES OF DIRECTORS

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

JINGSHENG HUANG

Mr. Huang, aged 52, 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

WILLIAM ECCLESHARE

Mr. Eccleshare, aged 54, is currently President and Chief Executive Officer of Clear Channel International (CCI). Prior to his appointment by CCI effective from September 2009, Mr. Eccleshare was Chairman and CEO of BBDO Europe, one of the world's leading marketing communications agencies, where he was responsible for all BBDO advertising, direct marketing, digital, and public relations agencies. Prior to that position, Mr. Eccleshare was Chairman and CEO of Young & Rubicam EMEA. Throughout his carreer, he also held senior executive roles at McKinsey & Company, where he was Partner, European Branding Practice; Ammirati Puris Lintas, as Chairman and CEO EMEA; and J Walter Thomson, where he held various senior titles. Mr. Eccleshare is also a non executive director at Hays Plc.

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

Deputy Chairman and
Non-Executive Director

PETER COSGROVE

Mr. Cosgrove, aged 56, 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 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 54, has been with the Group since 1998. Before that, he was General Manager of Guangdong White Horse Group Corporation, a diversifi ed 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 45, 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.

Deputy Chairman and
Non-Executive Director

ZHANG HUAI JUN

Zhang Huai Jun (Harrison), aged 39, 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 its 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 46, 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 43, is the Regional President for Clear Channel's Radio and Outdoor Advertising 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 46, 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 63, 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 62, has over 30 years of experience in integrated communication and marketing services. She was Founder and Chairman of Grey Hong Kong Advertising 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, 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 a 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 14 and Appendix 23, respectively 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 2009:

	Number of meetings attended and held				
	Board Meetings	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Capital Expenditure Committee**
EXECUTIVE DIRECTORS					
Mr. Han Zi Jing *(Chief Executive Officer)*	5/5				
Mr. Teo Hong Kiong *(Chief Financial Officer)*	5/5				3/3
Mr. Zhang Huai Jun *(Chief Operating Officer)*	4/5				3/3
NON-EXECUTIVE DIRECTORS					
Mr. Jingsheng Huang *(Chairman)*	4/5			1/1	
(appointed as non-executive director with effect from 12 November 2008 and as Chairman of the Board with effect from 1 January 2009)					
Mr. William Eccleshare	2/5				
(appointed as non-executive director and Deputy Chairman of the Board with effect from 15 October 2009)					
Mr. Peter Cosgrove	5/5	4/4	2/2	1/1	
Mr. Mark Mays	3/5				
Mr. Mark Thewlis	5/5				3/3
Mr. Han Zi Dian (brother of Mr. Han Zi Jing)	0/5				
Mr. Paul Meyer	2/5		2/2		
(resigned as non-executive director and Deputy Chairman of the Board with effect from 15 October 2009)					
ALTERNATE DIRECTORS					
Mr. Jonathan Bevan	2/5				3/3
(alternate to William Eccleshare, Mark Mays and Mark Thewlis)					
Mr. Zou Nan Feng	1/5				
(alternate to Zhang Huai Jun and Han Zi Dian)					
INDEPENDENT NON-EXECUTIVE DIRECTORS					
Mr. Desmond Murray	5/5	4/4	2/2	1/1	
Mr. Wang Shou Zhi	5/5	3/4	1/2	0/1	
Ms. Leonie Ki Man Fung	4/5	2/4	2/2	0/1	

THE BOARD (CONTINUED)

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 24 to 27.

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. In accordance with the Code on Corporate Governance Practices of the Listing Rules, the re-appointment as an independent non-executive director of Mr. Wang Shou Zhi, who has served as our independent non-executive director since 2001, will be subject to a separate resolution to be approved by shareholders in the Company's next Annual General Meeting. The Board will set out to shareholders in the papers accompanying a resolution to elect Mr. Wang the reasons why it believes that Mr. Wang continues to be independent and why he should be re-elected.

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 non-executive directors are appointed for a fixed term of three years and are subject to retirement by rotation and re-election at least once every three years.

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

Audit Committee	Remuneration Committee	Nomination 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 include:
– deciding on the appointment and terms of engagement of the external auditors;
– reviewing and monitoring financial reports and the judgements contained in them; and
– reviewing financial and internal controls, and accounting policies and practices, with our management and internal and external auditors.

The Audit Committee met four times in 2009.

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 process, the Audit Committee also discusses matters raised by the external auditors. In 2009, the external auditors made presentations to the Audit Committee on the implications of the introduction of new accounting standards in Hong Kong. The Audit Committee also regularly reviews the effectiveness of the Company's financial controls, internal control systems, and risk management system. The Audit Committee reviews and approves the annual internal audit plan on a risk-assessment basis and assesses whether they are in line with the Group's business risks. The Audit Committee subsequently reports its recommendations to the Board for further review and approval. All issues reported by the internal auditors are monitored closely by the Group's senior management until such time as appropriate measures can be taken to address and resolve the issues in question. The Chairman of the Audit Committee summarises the activities of the Audit Committee and highlights issues arising therefrom to the Board after each Audit Committee meeting.

The Audit Committee is also entrusted with monitoring and assessing the independence and objectivity of the external auditors and the effectiveness of the audit process. All external audit partners are subject to periodic 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:

	2009	2008
	HK$'000	HK$'000
Audit fees	**1,505**	1,527
Non-audit fees	**336**	655

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 2010.

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 Remuneration 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 twice in 2009 to review and approve the directors' remuneration packages.

MEMBERS OF THE REMUNERATION COMMITTEE

William Eccleshare, *Non-Executive Director (Chairman)*
(appointed as non-executive director and Deputy Chairman of the Board with effect from 15 October 2009)
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*
Paul Meyer, *Non-Executive Director*
(resigned as non-executive director and Deputy Chairman of the Board with effect from 15 October 2009)

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 79 to 81.

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 48 to 53 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 2009 can be found on pages 79 to 81 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*

The Nomination Committee adopts certain criteria and procedures in the nomination of new directors. The criteria include a candidate's professional background, especially advertising, financial and commercial experience, and track record with other listed companies. The Nomination Committee also considers information on candidates available from various sources, including the database of the Institute of Directors in Hong Kong, as well as recommendations from the management team and other knowledgeable individuals. Candidates who satisfy all of the relevant criteria are then short-listed by the Chairman and the Secretary of the Nomination Committee before their nominations are proposed to the Nomination Committee. The Nomination Committee subsequently meets to select the final candidate and submit its recommendation to the Board for approval. The Nomination Committee met once in 2009 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

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

The Capital Expenditure Committee met three times in 2009 to review new projects and subsequently made recommendations to the Board for its approval.

INTERNAL CONTROL, INTERNAL AUDIT AND FINANCIAL REPORTING

The Board is entrusted with the 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.

INTERNAL CONTROL, INTERNAL AUDIT AND FINANCIAL REPORTING (CONTINUED)

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 2009, 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 a review regarding its compliance with the requirements under the SOX in 2009 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.

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

The Independent Auditor's Report on page 55 of this annual report has set out the responsibilities of Ernst & Young, the external auditors of the Company.

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 of 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 2009, 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 2009.

DIRECTORS' INTERESTS

Full details of individual director's interests in the shares and share options of the Company are set out on pages 44 to 47 of the "Report of the Directors."

OPEN COMMUNICATION

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

COMMUNICATION WITH SHAREHOLDERS

Effective communication with shareholders has always been one of the Group's priorities. The various channels by which the Group communicates with its shareholders include interim and annual reports, the Company's websites, and general investor meetings held either face to-face or via telephone conference calls. The Group reports to its shareholders twice a year and maintains a regular dialogue with investors. Interim and annual results are announced as early as possible to keep shareholders informed of the Group's performance and operations in a timely manner. The publication of the Group's financial results on a semi- annual basis enhances transparency regarding its performance and ensures that details of new developments affecting the Group are made available in a timely manner. The Group typically announces its interim and annual results no later than two months and three months, respectively after the end of the relevant periods. An Annual General Meeting 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 the Group'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 the Company are ordinary shares. The total number of outstanding shares issued at the date of this annual report was 524,368,500. All shareholders whose shares are registered in the Company's register of shareholders before the record date published in the Company's shareholders' meeting notice are entitled to vote at the meetings. In accordance with the Listing Rules, any votes of shareholders at the Company's general meetings are taken by poll. Results of shareholders' meetings are reported to the public via announcements submitted to the Hong Kong Stock Exchange, and are also uploaded to the Group's websites.

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

INVESTOR RELATIONS

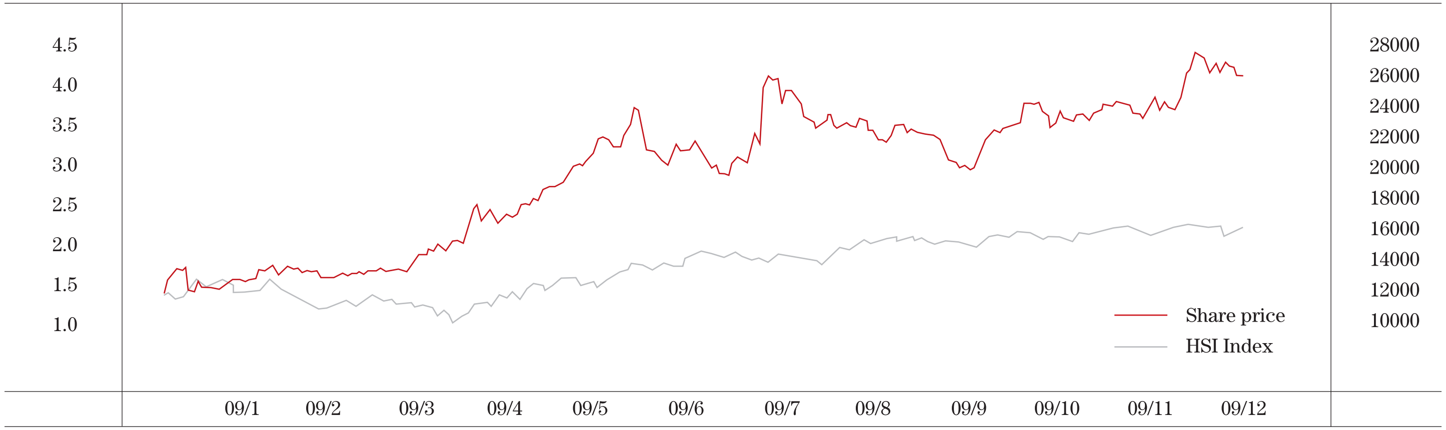
The Group regards open communication with both existing and potential investors as being vital to its sustained success. To this end, the Group insists on full, honest, equal and timely disclosure of all essential information regarding its business to the investment community. The Group is committed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

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

FINANCIAL CALENDAR 2010

Results Announcement 2009	3 March
Annual General Meeting (to be confirmed)	19 May
Interim Results Announcement	Early August
Financial Year End	31 December

Share Price Performance



Sources:(Bloomberg)

173.6 million shares were traded on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2009.
The highest trading price for the share was HK$4.49 on 17 December 2009 and the lowest was HK$0.99 on 2 January 2009.

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 2009.

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 2009 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 56 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 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				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Profit attributable to:					
– Equity holders of the parent	**31,258**	166,067	141,584	120,043	105,155
– Minority interests	**5,332**	16,873	13,248	9,189	8,822
Assets and liabilities					
Total assets	**2,914,352**	2,959,055	2,737,970	2,433,574	2,062,710
Total liabilities	**(376,291)**	(485,193)	(585,603)	(580,448)	(509,245)
Total equity	**2,538,061**	2,473,862	2,152,367	1,853,126	1,553,465

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 2009 are set out in notes 14 and 16 to the financial statements, respectively.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year together with the reasons therefor, and details of the Company's share option schemes are set out in notes 24 and 25 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 26 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2009, the Company's retained earnings and other components of equity available for cash distribution and/or distribution in specie amounted to HK$1,269,575,000 (2008: HK$1,248,427,000). 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 in Hong Kong (2008: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

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

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note 30 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 2009:

1. Continuing Connected Transactions

(a) On 8 February 2010, the WHA Joint Venture terminated the previous framework agreement signed on 5 March 2007 and entered into a new three-year framework agreement (the "Framework Agreement") with Guangdong White Horse Advertising Company Limited ("GWH") for the years 2010, 2011 and 2012 on substantially the same terms as in 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. The underlying transactions pursuant to the Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules. The Framework Agreement and the annual cap amounts of the transactions under the Framework Agreement for the years 2010, 2011 and 2012 will be subject to the approval by the Company's independent shareholders at the special general meeting of the Company to be held on 3 March 2010.

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).

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 2010, 2011 and 2012 were HK$200 million, HK$230 million and HK$264.5 million, respectively. The approved annual caps for the advertising commission payable to GWH for each of these financial years were HK$30 million, HK$34.5 million and HK$39.7 million, respectively.

(b) 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 other maintenance services agreements (the "Old 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 Old Maintenance Services Agreements, the WHA Joint Venture outsourced 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 included:

- 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 Old Maintenance Services Agreements was 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 Old Maintenance Services Agreements constituted continuing connected transactions of the Company under the Listing Rules for the year ended 31 December 2008.

Under the Old Maintenance Services Agreements, the WHA Joint Venture paid 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 was applicable to other third party maintenance services providers. The pre-determined cost element was set by the WHA Joint Venture based on what it considered, 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 contained a fixed maintenance cost of RMB100 per bus shelter unit per month and a base flat-rate cost which varied from city to city, depending on, amongst other things, the local costs and the Company's presence in that area. The incentive payment was made at the WHA Joint Venture's sole discretion and was awarded to those White Horse Companies that had 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 had been received.

The maximum aggregate annual value for each financial year under the Old Maintenance Services Agreements was RMB4,000,000 (equivalent to approximately HK$4,539,000, based on the average exchange rate of year 2009). Such maximum aggregate annual value was negotiated on an arm's length basis and took 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 Old Maintenance Services Agreements were no less favourable than those offered to the Group by independent third parties.

In 2009, a new maintenance services agreement was entered into between the WHA Joint Venture and one of the White Horse Companies (the "Maintenance Services Agreement") on substantially the same terms as the Old Maintenance Services Agreement, for a fixed term until 31 December 2009. For the year ended 31 December 2009, the transactions contemplated under the Maintenance Services Agreement constitute de minimis connected transactions and are therefore exempt from reporting, announcement and independent shareholders' approval under the Listing Rules.

(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 2009 was approximately RMB3,000,000 (equivalent to approximately HK$3,404,000). 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 on substantially the same terms to extend the term of the China Outdoor Media (HK)'s entitlement of 90% of the after tax profits of the WHA Joint Venture for further one year to the end of the fiscal year 2008. In consideration for the extension of such profit sharing arrangement, China Outdoor Media (HK) made a one-off payment of HK$250,000 to Hainan White Horse. In 2009, China Outdoor Media (HK) made a further one-off payment of HK$250,000 to Hainan White Horse to extend such profit sharing arrangement for a further year thereafter to the end of the fiscal year 2009. 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 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$232 million and HK$34.8 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

Non-executive Directors:

Jingsheng Huang	
William Eccleshare	(appointed as non-executive director and Deputy Chairman with effect from 15 October 2009)
Peter Cosgrove	
Mark Mays	
Mark Thewlis	
Han Zi Dian	
Paul Meyer	(resigned as non-executive director and Deputy Chairman with effect from 15 October 2009)

Independent Non-executive Directors:

Leonie Ki Man Fung
Wang Shou Zhi
Desmond Murray

Alternate Directors:

Jonathan Bevan	(alternate director to Mark Mays and Mark Thewlis; ceased to be alternate director to Paul Meyer and re-designated as alternate director to William Eccleshare on 15 October 2009)
Zou Nan Feng	(alternate director to Zhang Huai Jun and Han Zi Dian)

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 24 to 27 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 30 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 2009, 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 2009:

	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 2009, 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 53.

B. Long Positions in the Shares of CC Media Holdings, Inc. as at 31 December 2009: (Note 1)

	Number of shares held, capacity and nature of interest: shares					
Name of director	**Directly beneficially owned**	**Through spouse or minor children**	**Through controlled corporation**	**Beneficiary of a trust**	**Total**	**% of issued share capital**
Mark Mays	708,096	29,970	–	–	738,066	0.890

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.

C. Long Positions in the Shares of Clear Channel Outdoor Holdings, Inc. as 31 December 2009: Clear Channel Outdoor Holdings, Inc. (Note 1)

	Number of shares held, capacity and nature of interest: shares					
Name of director	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	% of issued share capital
Mark Mays	16,667	–	–	–	16,667	0.005
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 2009:

Name of director	Date of Grant	Number of Outstanding Options as at 31 December 2009	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	520,834	13/05/2013 – 30/07/2018	US$36.0000
	30/07/2008	260,416	Note 1 – 30/07/2018	US$36.0000
	30/07/2008	260,416	Note 2 – 30/07/2018	US$36.0000
	30/07/2008	520,834	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 2009:

Name of director	Date of Grant	Number of Outstanding Options as at 31 December 2009	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
William Eccleshare	10/09/2009	20,000	10/09/2010 –10/09/2019	US$7.020
	10/09/2009	20,000	10/09/2011 –10/09/2019	US$7.020
	10/09/2009	7,680	10/09/2010 –10/09/2019	US$7.020
	10/09/2009	15,360	10/09/2010 –10/09/2019	US$7.020
	10/09/2009	7,680	10/09/2011 –10/09/2019	US$7.020
	10/09/2009	15,361	10/09/2011 –10/09/2019	US$7.020
	10/09/2009	7,680	10/09/2012 –10/09/2019	US$7.020
	10/09/2009	15,360	10/09/2012 –10/09/2019	US$7.020
	10/09/2009	7,681	10/09/2013 –10/09/2019	US$7.020
	10/09/2009	15,361	10/09/2013 –10/09/2019	US$7.020
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
	13/02/2006	6,250	13/02/2009 – 13/02/2013	US$19.85
	13/02/2006	6,250	13/02/2010 – 13/02/2013	US$19.85
	13/02/2006	12,500	13/02/2011 – 13/02/2013	US$19.85
	23/05/2007	6,625	23/05/2008 – 23/05/2017	US$29.03
	23/05/2007	6,625	23/05/2009 – 23/05/2017	US$29.03
	23/05/2007	6,625	23/05/2010 – 23/05/2017	US$29.03
	23/05/2007	6,625	23/05/2011 – 23/05/2017	US$29.03
	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
	06/02/2009	11,610	06/02/2010 – 06/02/2019	US$5.28
	06/02/2009	11,610	06/02/2011 – 06/02/2019	US$5.28
	06/02/2009	11,610	06/02/2012 – 06/02/2019	US$5.28
	06/02/2009	11,611	06/02/2013 – 06/02/2019	US$5.28

Name of director	Date of Grant	Number of Outstanding Options as at 31 December 2009	Option Period	Subscription Price per share of Clear Channel Outdoor Holdings, Inc.
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
	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
	06/02/2009	15,480	06/02/2010 – 06/02/2019	US$5.28
	06/02/2009	15,480	06/02/2011 – 06/02/2019	US$5.28
	06/02/2009	15,480	06/02/2012 – 06/02/2019	US$5.28
	06/02/2009	15,481	06/02/2013 – 06/02/2019	US$5.28
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

Prior to 28 November 2008, the Company operated, among others, a share option scheme (the "Old Scheme") for the purpose of providing incentives and rewards to eligible participants who contributed to the Group's operations. The Old Scheme became effective on 28 November 2001 and expired on 28 November 2008, after then no further options had been granted under the Old Scheme. Options which were granted during the life of the Old Scheme shall continue to be exercisable in accordance with their terms of issue.

At the annual general meeting of the Company on 13 May 2009, an ordinary resolution was passed to approve and adopt a new share option scheme (the "New Scheme"). The purpose of the New Scheme is to enable the Company to grant Options to eligible participants of the Company or any subsidiaries of the Company, as determined by the board of directors in recognition of their contributions to the Group. Under the New Scheme, the directors may, at their discretion, offer to grant options to any employees, directors or consultants of any company in the Group. The New Scheme became effective on 19 May 2009 and, unless otherwise cancelled or amended, will remain in force for ten years from that date.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme shall be subject to a maximum limit of 10% of the shares in issue as at 13 May 2009 (excluding shares which may be issued upon exercise of options granted under the Old Scheme, whether such options are exercised, outstanding, cancelled or lapsed), unless the Company obtains an approval from shareholders in general meeting to refresh such 10% limit in accordance with the Listing Rules. Options lapsed in accordance with the terms of the New Scheme will not be counted for the purpose of calculating such 10% limit. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company and/or any of its subsidiaries must not exceed 30% of the shares of the Company in issue from time to time, and no options may be granted under the New Scheme or any other share option schemes of the Company and/or any of its subsidiaries if it will result in such 30% limit being exceeded.

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

An option may be exercised in accordance with the respective terms of the New Scheme or Old Scheme at any time during the option period. The option period would be determined by the board of directors and communicated to each grantee. The board of directors may provide restrictions on the period during which the options may be exercised. There are no performance targets which must be achieved before any of the options can be exercised except for the share options granted under the Old Scheme 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 unless the Company has achieved an average annual earnings per share growth of 5% each year in 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 20 May 2009, 14,000,000 share options were granted by the Company under the New Scheme. The new share options are valid for a period of seven years, commencing on 21 May 2009. One-third of the options granted to each of the grantees will vest in the third, forth and fifth anniversary of 21 May 2009, respectively.

The subscription price for the Company's shares under the New Scheme and the Old Scheme would be a price determined by the board of directors and notified to each grantee. The subscription price would be the highest of: (i) the nominal value of a share; (ii) the closing price of the shares as stated in the 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 respective schemes) and to have taken effect when the acceptance form as described in the respective schemes is completed, signed and returned by the grantee with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant.

As at 31 December 2009, the aggregate number of shares issuable under share options granted under both the New Scheme and the Old Scheme was 28,032,000, which represented approximately 5.35% of the Company's shares in issue as at that date. The maximum number of shares issuable under share options which may be granted to each eligible participant under the New Scheme within any 12-month period up to the date of the latest grant is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The share options granted under the New Scheme and Old Scheme for a consideration of HK$1.00 per grant are set out below:

		Number of share options								Price of the Company's shares ***			
Name or category of participant	Type of share option scheme	At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options*	Exercise period	Exercise price per share** HK$	At grant date of options HK$	Immediately before the exercise date HK$	At exercise date of options HK$
Director													
Han Zi Jing	The Old Scheme	1,666,000	–	–	(1,666,000)	–	–	29/06/2002	30/6/2005 to 29/06/2009	5.51	5.30	–	–
	The Old Scheme	1,900,000	–	–	–	–	1,900,000	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	–	–
	The Old Scheme	1,000,000	–	–	–	–	1,000,000	19/11/2003	20/11/2006 to 19/11/2010	5.35	5.35	–	–
	The Old Scheme	1,500,000	–	–	–	–	1,500,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
	The New Scheme	–	866,666	–	–	–	866,666	20/05/2009	21/05/2012 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	866,666	–	–	–	866,666	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	866,668	–	–	–	866,668	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	–	–
		6,066,000	2,600,000	–	(1,666,000)	–	7,000,000						

		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$
Teo Hong Kiong	The Old Scheme	800,000	–	–	–	–	800,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
	The New Scheme	–	500,000	–	–	–	500,000	20/05/2009	21/05/2012 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	500,000	–	–	–	500,000	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	500,000	–	–	–	500,000	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	–	–
		800,000	1,500,000	–	–	–	2,300,000						
Zhang Huai Jun	The Old Scheme	175,000	–	–	(175,000)	–	–	29/06/2002	30/06/2005 to 29/06/2009	5.51	5.30	–	–
	The Old Scheme	666,000	–	–	–	–	666,000	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	–	–
	The Old Scheme	800,000	–	–	–	–	800,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
	The New Scheme	–	533,333	–	–	–	533,333	20/05/2009	21/05/2012 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	533,333	–	–	–	533,333	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	533,334	–	–	–	533,334	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	–	–
		1,641,000	1,600,000	–	(175,000)	–	3,066,000						

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$
Zou Nan Feng	The Old Scheme	400,000	–	–	(400,000)	–	–	29/06/2002	30/6/2005 to 29/06/2009	5.51	5.30	–	–
	The Old Scheme	666,000	–	–	–	–	666,000	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	–	–
	The Old Scheme	400,000	–	–	–	–	400,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
	The New Scheme	–	400,000	–	–	–	400,000	20/05/2009	21/05/2012 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	400,000	–	–	–	400,000	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	400,000	–	–	–	400,000	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	–	–
		1,466,000	1,200,000	–	(400,000)	–	2,266,000						
Peter Cosgrove	The Old Scheme	625,000	–	–	(625,000)	–	–	29/06/2002	30/6/2005 to 29/06/2009	5.51	5.30	–	–
		625,000	–	–	(625,000)	–	–						
Steven Yung (resigned as a director from 1 January 2009)	The Old Scheme	1,250,000	–	–	(1,250,000)	–	–	29/06/2002	30/6/2005 to 29/06/2009	5.51	5.30	–	–
	The Old Scheme	1,400,000	–	–	–	–	1,400,000	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	–	–
		2,650,000	–	–	(1,250,000)	–	1,400,000						

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$
Others													
Members of senior management and other employees of the Group	The Old Scheme	1,900,000	–	–	–	–	1,900,000	19/11/2003	20/11/2006 to 19/11/2010	5.35	5.35	–	–
	The Old Scheme	3,000,000	–	–	–	–	3,000,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
	The New Scheme	–	2,366,666	–	–	–	2,366,666	20/05/2009	21/05/2012 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	2,366,666	–	–	–	2,366,666	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	2,366,668	–	–	–	2,366,668	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	–	–
		4,900,000	7,100,000	–	–	–	12,000,000						
In aggregate	The Old Scheme	4,116,000	–	–	(4,116,000)	–	–	29/06/2002	30/6/2005 to 29/06/2009	5.51	5.30	–	–
	The Old Scheme	4,632,000	–	–	–	–	4,632,000	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	–	–
	The Old Scheme	2,900,000	–	–	–	–	2,900,000	19/11/2003	20/11/2006 to 19/11/2010	5.35	5.35	–	–
	The Old Scheme	6,500,000	–	–	–	–	6,500,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
	The New Scheme	–	4,666,665	–	–	–	4,666,665	20/05/2009	21/05/2012 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	4,666,665	–	–	–	4,666,665	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	4,666,670	–	–	–	4,666,670	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	–	–
		18,148,000	14,000,000	–	(4,116,000)	–	28,032,000						

* 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 under the Old Scheme 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.

The Group granted 14,000,000 share options to directors and employees on 20 May 2009. The fair value of the options granted determined using the Black-Scholes valuation model was approximately HK$20,400,000. The significant inputs into the model were share price of HK$2.73 per share at the grant date, exercise price of HK$2.73, volatility of 58.5%, expected dividend yield of Nil%, an expected option life of 5.5 years and an annual risk-free interest rate of 2.04%. The expected option life is based on the historical data in the past 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 five years. The volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Apart from the foregoing, at no time during the year ended 31 December 2009 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 2009, 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%
International Value Advisers, LLC	2	47,249,050	9.01%
ZAM Europe, L.P.	3	40,169,000	7.66%
Artio Global Management LLC (formerly Julius Baer Investment Management LLC)	4	31,155,940	5.94%

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. International Value Advisers, LLC notified the Stock Exchange that as at 24 September 2009, 47,249,050 shares, representing 9.01% of the Company's issued share capital, were held by it.

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. On 4 February, 2010, Samana Capital Europe L.P. (formerly ZAM Europe, L.P.) notified the Stock Exchange that as at 1 February 2010, 41,744,000 shares, representing 7.96% of the Company's issued share capital, were held by it.

4. Artio International Equity Fund (formerly Julius Baer International Equity Fund) notified the Stock Exchange that as at 28 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.

Save as disclosed above, as at 31 December 2009, 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 the annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

MATERIAL LEGAL PROCEEDINGS

As at 31 December 2009, 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
2 March 2010

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 56 to 108, which comprise the consolidated and company statements of financial position as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, 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 2009 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
2 March 2010

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Revenue	6	**1,118,149**	1,260,115
Cost of sales		**(734,574)**	(743,529)
Gross profit		**383,575**	516,586
Other income	6	**2,545**	3,282
Selling and distribution costs		**(113,645)**	(126,747)
Administrative expenses		**(125,623)**	(130,874)
Other expenses	7	**(87,243)**	(16,623)
Finance costs	10	**(3,657)**	(14,885)
PROFIT BEFORE TAX	7	**55,952**	230,739
Tax	11	**(19,362)**	(47,799)
PROFIT FOR THE YEAR		**36,590**	182,940
ATTRIBUTABLE TO:			
Equity holders of the parent		**31,258**	166,067
Minority interests		**5,332**	16,873
		36,590	182,940
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	13	**5.96 cents**	31.67 cents
Diluted	13	**5.96 cents**	31.58 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	2009	2008
	HK$'000	HK$'000
Profit for the year	**36,590**	182,940
Other comprehensive income:		
Exchange differences on translating foreign operations	**16,309**	133,660
Income tax	**–**	–
Other comprehensive income for the year, net of tax	**16,309**	133,660
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**52,899**	316,600
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	**47,639**	302,341
Minority interests	**5,260**	14,259
	52,899	316,600

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**36,950**	24,277
Concession rights	16	**1,573,787**	1,702,648
Long-term prepayments, deposits and other receivables	17	**40,824**	186,916
Total non-current assets		**1,651,561**	1,913,841
Current assets			
Trade receivables	18	**374,201**	507,672
Prepayments, deposits and other receivables	19	**287,011**	136,702
Due from a related party	20	**129,630**	80,046
Pledged deposits	21	**51,230**	111,163
Cash and cash equivalents	21	**420,719**	209,631
Total current assets		**1,262,791**	1,045,214
Total assets		**2,914,352**	2,959,055
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital	24	**52,437**	52,437
Retained earnings	26(a)	**894,039**	862,781
Other components of equity	26(a)	**1,540,626**	1,512,945
		2,487,102	2,428,163
Minority interest		**50,959**	45,699
Total equity		**2,538,061**	2,473,862
Non-current liabilities			
Net deferred tax liabilities	23	**16,801**	23,337
Total non-current liabilities		**16,801**	23,337
Current liabilities			
Other payables and accruals		**344,358**	393,047
Deferred income		**6,897**	12,412
Interest-bearing other borrowings	22	**–**	54,959
Tax payable		**8,235**	1,438
Total current liabilities		**359,490**	461,856
Total liabilities		**376,291**	485,193
Total equity and liabilities		**2,914,352**	2,959,055

Han Zi Jing
Director

Teo Hong Kiong
Director

	Attributable to equity holders of the parent									
	Issued share capital	Share Premium account	Equity component of convertible bonds	Share option reserve	Contributed surplus	Foreign currency translation reserve	Retained earnings	Total	Minority interest	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As 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
Profit for the year	–	–	–	–	–	–	166,067	166,067	16,873	182,940
Other comprehensive income	–	–	–	–	–	136,274	–	136,274	(2,614)	133,660
Total comprehensive income 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
As at 1 January 2009	52,437	767,043	–	24,412	351,007	370,483	862,781	2,428,163	45,699	2,473,862
Profit for the year	–	–	–	–	–	–	31,258	31,258	5,332	36,590
Other comprehensive income	–	–	–	–	–	16,381	–	16,381	(72)	16,309
Total comprehensive income for the year	–	–	–	–	–	16,381	31,258	47,639	5,260	52,899
Equity-settled share option arrangements	–	–	–	11,300	–	–	–	11,300	–	11,300
At 31 December 2009	52,437	767,043	–	35,712	351,007	386,864	894,039	2,487,102	50,959	2,538,061

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**55,952**	230,739
Adjustments to reconcile profit before tax to net cash flows			
Non-cash:			
Loss on disposal, write off and write down of concession rights	7	**87,432**	4,503
(Gain)/loss on disposal of items of property, plant and equipment	7	**(189)**	12,120
Depreciation of owned assets, excluding point-of-sale	7	**6,513**	6,196
Recognition of prepaid lease payment		**1,699**	1,416
Amortisation of concession rights	7	**229,644**	207,219
Foreign exchange gains, net	7	**(4)**	(87)
Interest on other borrowings	10	**777**	4,500
Provision for convertible bonds redemption interest and other finance costs	10	**2,880**	10,385
Equity-settled share option expense		**11,300**	8,000
Interest income	6	**(2,545)**	(3,282)
		393,459	481,709
Working capital adjustments:			
Decrease/(increase) in long-term prepayments, deposits and other receivables		**5,000**	(18,940)
Decrease/(increase) in trade receivables		**133,471**	(91,671)
(Increase)/decrease in prepayments, deposits and other receivables		**(7,752)**	11,500
Increase in an amount due from a related party		**(49,584)**	(27,145)
(Decrease)/increase in other payables and accruals		**(66,402)**	81,591
(Decrease)/increase in deferred income		**(5,515)**	1,980
Cash generated from operations		**402,677**	439,024
Interest paid		**(1,842)**	(12,694)
Income taxes paid		**(19,063)**	(57,122)
Net cash flows from operating activities		**381,772**	369,208
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment, excluding point-of-sale and construction in progress	27(a)	**(5,113)**	(9,001)
Proceeds from disposal of property, plant and equipment		**197**	54
Proceeds from disposal and refund of unamortised concession rights	16	**21,860**	78
Purchase of concession rights	27(b)	**(201,046)**	(215,774)
Interest received		**8,324**	2,656
Net cash flows used in investing activities		**(175,778)**	(221,987)

	Notes	2009 HK$'000	2008 HK$'000
Net cash flows used in investing activities		**(175,778)**	(221,987)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash paid for redemption of convertible bonds		**–**	(105,044)
Decrease in the loan from a related party		**(54,843)**	(95,191)
Decrease/(increase) in pledged deposits		**59,933**	(20,898)
Net cash flows used in/(from) financing activities		**5,090**	(221,133)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**211,084**	(73,912)
Cash and cash equivalents at beginning of year		**209,631**	283,456
Effect of foreign exchange rate changes, net		**4**	87
CASH AND CASH EQUIVALENTS AT END OF YEAR	27(c)	**420,719**	209,631
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**420,719**	209,631

STATEMENT OF FINANCIAL POSITION

31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**577**	742
Interests in subsidiaries	15	**1,329,732**	1,332,041
Total non-current assets		**1,330,309**	1,332,783
Current assets			
Prepayments, deposits and other receivables		**1,285**	6,977
Cash and cash equivalents		**28,152**	40,725
Total current assets		**29,437**	47,702
Total assets		**1,359,746**	1,380,485
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital	24	**52,437**	52,437
Retained earnings	26(b)	**40,082**	31,611
Other components of equity	26(b)	**1,265,205**	1,241,228
Total equity		**1,357,724**	1,325,276
Current liabilities			
Other payables and accruals		**2,022**	250
Interest-bearing other borrowings	22	**–**	54,959
Total current liabilities		**2,022**	55,209
Total liabilities		**2,022**	55,209
Total equity and liabilities		**1,359,746**	1,380,485

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 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"), 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 were 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.

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 2009. 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 income, expenses and unrealised gain and losses resulting from intercompany transactions and inter company balances within the Group are eliminated on consolidation.

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

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8 Amendment	Amendment to HKFRS 8 *Operating Segments – Disclosure of information about segment assets* (early adopted)
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment	Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)	Amendments to a number of HKFRSs

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

(a) Amendments to HKFRS 1 *First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
The HKAS 27 Amendment requires all dividends from subsidiaries, associates or jointly-controlled entities to be recognised in the income statement in the separate financial statements. The amendment is applied prospectively only. The HKFRS 1 Amendment allows a first-time adopter of HKFRSs to measure its investment in subsidiaries, associates or jointly-controlled entities using a deemed cost of either fair value or the carrying amount under the previous accounting practice in the separate financial statements. The adoption of this amendment has no impact on the consolidated financial statements. As the Group is not a first-time adopter of HKFRSs, the HKFRS 1 Amendment is not applicable to the Group.

(b) Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
The HKFRS 2 Amendments clarify that vesting conditions are service conditions and performance conditions only. Any other conditions are non-vesting conditions. Where an award does not vest as a result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this is accounted for as a cancellation. The Group has not entered into share-based payment schemes with non-vesting conditions attached and, therefore, the adoption of the amendments has no significant implication on its accounting for share-based payments.

(c) Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 7 Amendments requires additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosured by source of inputs using a three level hierarchy for each class of financial instrument. In addition, a reconciliation between the beginning and ending balance for Level 3 fair value measurement is now required, as well as significant transfer between level 1 and level 2 fair value measurements. The amendments also clarify the requirement for liquidity risk disclosures.

(d) Amendments to 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.

The Amendment to HKFRS 8 issued in Improvements to HKFRSs 2009 which clarifies that segment assets need only to be reported when those assets are included in measures that are used by the chief operating decision maker.

(e) HKAS 1 (Revised) *Presentation of Financial Statements*
HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(f) Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
Guidance has been added to the appendix (which accompanies the standard) to determine whether the Group is acting as a principal or as an agent. The features to consider are whether the Group (i) has the primary responsibility for providing the goods or services, (ii) has inventory risk, (iii) has the discretion to establish prices and (iv) bears credit risk. The amendment has had no impact on the financial position or results of operations of the Group.

(g) Amendments to HKAS 32 *Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
The HKAS 32 Amendments provide a limited scope exception for puttable financial instruments and instruments that impose specified obligations arising on liquidation to be classified as equity if they fulfill a number of specified features. HKAS 1 Amendments require disclosure of certain information relating to these puttable financial instruments and obligations classified as equity. As the Group currently has no such financial instruments or obligations, the adoption of these amendments did not have any financial impact on the Group.

(h) Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives*
Amendments to HK(IFRIC)-Int 9 introduces new condition under which the Group should perform subsequent reassessment on whether embedded derivative should be separated from a host contract. In addition to a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract, the amendments require a subsequent reassessment to be performed when there is a reclassification of a financial asset out of the fair value through profit or loss category, which shall be made on the basis of the circumstances existed on the later date of: (a) when the entity first became a party to the contract; and (b) a change in the terms of contract that significantly modified the cash flows that otherwise would have been required under the contract. The amendments to the interpretation are unlikely to have any financial impact on the Group.

(i) HK(IFRIC)-Int 15 *Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 15 replaces HK Interpretation 3 Revenue – Pre-completion Contracts for the Sale of Development Properties. It clarifies when and how an agreement for the construction of real estate should be accounted for as a construction contract in accordance with HKAS 11 Construction Contracts or an agreement for the sale of goods or services in accordance with HKAS 18 Revenue. As the Group currently is not involved in any construction of real estate, the interpretation has had no impact on the financial position or results of operations of the Group.

(j) HK(IFRIC)-Int 16 *Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 16 provides guidance on the accounting for a hedge of a net investment in a foreign operation. This includes clarification that (i) hedge accounting may be applied only to the foreign exchange differences arising between the functional currencies of the foreign operation and the parent entity; (ii) a hedging instrument may be held by any entities within a group; and (iii) on disposal of a foreign operation, the cumulative gain or loss relating to both the net investment and the hedging instrument that was determined to be an effective hedge should be reclassified to the income statement as a reclassification adjustment. As the Group currently has no hedge of a net investment in a foreign operation, the interpretation has had no impact on the financial position or results of operations of the Group.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(k) HK(IFRIC)-Int 18 *Transfers of Assets from Customers*
HK(IFRIC)-Int 18 provides guidance on accounting by recipients that receive from customers items of property, plant and equipment or cash for the acquisition or construction of such items, provided that these assets must then be used to connect customers to networks or to provide ongoing access to a supply of goods or services, or both. 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.

(l) In October 2008, the HKICPA issued its first Improvements to HKFRSs which sets out amendments to a number of HKFRSs. Except for the amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary which is effective for annual periods beginning on or after 1 July 2009, the Group adopted all the amendments from 1 January 2009. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact to the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures*: Removes the reference to "total interest income" as a component of finance costs.

- HKAS 1 *Presentation of Financial Statements*: Clarifies that assets and liabilities which are classified as held for trading in accordance with HKAS 39 are not automatically classified as current in the statement of financial position.

- HKAS 16 *Property, Plant and Equipment*: Replaces the term "net selling price" with "fair value less costs to sell" and the recoverable amount of property, plant and equipment is the higher of an asset's fair value less costs to sell and its value in use.

  In addition, items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental are transferred to inventories when rental ceases and they are held for sale.

- HKAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*: Requires government loans granted in the future with no or at a below-market rate of interest to be recognised and measured in accordance with HKAS 39 and the benefit of the reduced interest to be accounted for as a government grant.

- HKAS 27 *Consolidated and Separate Financial Statements*: Requires that when a parent entity accounts for a subsidiary at fair value in accordance with HKAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

- HKAS 28 *Investments in Associates*: Clarifies that an investment in an associate is a single asset for the purpose of conducting the impairment test and that no impairment is separately allocated to goodwill included in the investment balance.

- HKAS 36 *Impairment of Assets*: When discounted cash flows are used to estimate "fair value less costs to sell", additional disclosures (e.g., discount rate and growth rate used) are required which are consistent with the disclosures required when the discounted cash flows are used to estimate "value in use".

- HKAS 38 *Intangible Assets*: Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service.

- HKAS 39 *Financial Instruments*: Recognition and Measurement: (i) sets out a number of changes in circumstances relating to derivatives that are not considered to result in reclassification into or out of the fair value through profit or loss category; (ii) removes the reference to the designation of hedging instrument at the segment level; and (iii) requires that the revised effective interest rate (rather than the original effective interest rate) calculated on cessation of fair value hedge accounting should be used for the remeasurement of the hedged item when paragraph AG8 of HKAS 39 is applicable.

- HKAS 40 *Investment Property*: Revises the scope such that property being constructed or developed for future use as an investment property is classified as an investment property. The Group has applied the amendment prospectively from 1 January 2009.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*[2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*[2]
HKFRS 3 (Revised)	*Business Combinations*[1]
HKFRS 9	*Financial Instruments*[6]
HKAS 24 (Revised)	*Related Party Disclosures*[5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*[3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*[5]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*[1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[4]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*[1]
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*[2]

Apart from the above, the HKICPA has issued Improvements to HKFRSs 2009 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 38 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

The results of subsidiaries are included in the Company's statement of comprehensive income 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.

Related Parties

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

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

(b) the party is an associate;

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Non-financial Assets Other Than Goodwill

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

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

Property, Plant and Equipment and Depreciation

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

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

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment and Depreciation (continued)

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 and unipoles. No provision for depreciation is made for construction in progress until such time as the assets are completed and available for use. Construction in progress is transferred to concession rights or property, plant and equipment when it is capable of producing income on a commercial basis.

Concession Rights

Concession rights are stated at cost less accumulated amortisation and any impairment losses. Concession rights represent the cost of acquiring operating rights for the placement of advertisements in bus shelters, unipoles and bus bodies in the People's Republic of China (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 statement of comprehensive income 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 statement of comprehensive income on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentive's received from the lessor are charged to the statement of comprehensive income 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 end of the reporting period.

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.

Investments and Other Financial Assets (continued)

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 statement of comprehensive income. The net fair value gain or loss recognised in the statement of comprehensive income 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 statement of comprehensive income 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 end of the reporting period. 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 the end of each reporting period 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 statement of comprehensive income. 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 statement of comprehensive income, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 statement of comprehensive income.

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

Convertible Bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, 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 other comprehensive income, 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 in the statement of comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Provisions

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

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

Income Tax

Income tax comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income for the year or in other comprehensive income if it relates to items that are recognised in the same or a different period.

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 end of the reporting period 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax (continued)

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 end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at the end of each reporting period 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 end of the reporting period.

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

Revenue Recognition

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

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

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

Deferred Income

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee Benefits

Share-based payment transactions

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

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

The cost of equity-settled transactions is recognised, together with a corresponding increase in other comprehensive income, 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 the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of comprehensive income 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.

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 statement of comprehensive income 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee Benefits (continued)

Pension schemes and other retirement benefits (continued)

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 a 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 date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the statement of comprehensive income. 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 of the Company is not the Hong Kong dollar. As at the end of the reporting period, 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 end of the reporting period and the statement of comprehensive income is translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of comprehensive income.

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.

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 end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are 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.

5. SEGMENT INFORMATION

Outdoor media sales is the only major reportable operating segment of the Group which comprises the display of advertisements on bus shelters, unipoles and bus bodies. Accordingly, no further business segment information is provided.

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

6. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the contract value of the display of advertisements on bus shelters, unipoles and bus bodies, net of commissions and discounts, in the PRC.

An analysis of revenue and other income is as follows:

	2009	2008
	HK$'000	HK$'000
Revenue		
Rental revenue from outdoor advertising spaces	**1,118,149**	1,260,115
Other income		
Interest income	**2,545**	3,282

7. PROFIT BEFORE TAX

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

	2009 **HK$'000**	2008 HK$'000
Cost of services provided	**218,311**	237,289
Operating lease rentals on bus shelters, unipoles and bus body operations	**286,619**	299,021
Amortisation of concession rights	**229,644**	207,219
Cost of sales	**734,574**	743,529
Impairment of accounts receivable	**26,120**	24,246
Auditors' remuneration	**1,505**	1,527
Depreciation of owned assets	**6,513**	6,196
Other expenses:		
Write down of concession rights	**4,292**	–
(Gain)/loss on disposal of items of property, plant and equipment	**(189)**	12,120
Loss on disposal and write off of concession rights	**83,140**	4,503
	87,243	16,623
Operating lease rentals on buildings	**18,752**	19,157
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**103,910**	114,822
Equity-settled share option expense	**11,300**	8,000
Pension scheme contributions	**181**	147
	115,391	122,969
Foreign exchange gains, net	**(4)**	(87)
Interest income	**(2,545)**	(3,282)

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	
	2009	2008
	HK$'000	HK$'000
Fees:	**2,566**	2,929
Other emoluments:		
Salaries, allowances and benefits in kind	**8,801**	10,432
Performance related bonuses	**423**	303
Employee share option benefits	**5,919**	4,297
Pension scheme contributions	**71**	85
	15,214	15,117
	17,780	18,046

(a) Independent Non-executive Directors

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

	2009	2008
	HK$'000	HK$'000
Mr. Desmond Murray	**252**	280
Ms. Leonie Ki Man Fung	**126**	140
Mr. Wang Shou Zhi	**126**	140
	504	560

There were no other emoluments payable to the independent non-executive directors during the year (2008: Nil).

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
2009						
Executive directors:						
Mr. Han Zi Jing	450	3,513	–	2,453	12	6,428
Mr. Teo Hong Kiong	450	2,064	–	1,335	12	3,861
Mr. Zhang Huai Jun	405	1,438	270	1,264	38	3,415
	1,305	7,015	270	5,052	62	13,704
Non-executive directors:						
Mr. Jingsheng Huang	126	–	–	–	–	126
Mr. William Eccleshare	27	–	–	–	–	27
Mr. Peter Cosgrove	252	450	–	–	–	702
Mr. Mark Mays	126	–	–	–	–	126
Mr. Mark Thewlis	126	–	–	–	–	126
Mr. Han Zi Dian	–	139	–	–	–	139
Mr. Paul Meyer (resigned as a director on 15 October 2009)	100	–	–	–	–	100
	757	589	–	–	–	1,346
Alternate directors:						
Mr. Jonathan Bevan	–	–	–	–	–	–
Mr. Zou Nan Feng	–	1,197	153	867	9	2,226
	2,062	8,801	423	5,919	71	17,276

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
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	1,559	160	982	37	3,188
	1,450	7,675	160	3,806	61	13,152
Non-executive directors:						
Mr. Jingsheng Huang	19	–	–	–	–	19
Mr. Peter Cosgrove	280	500	–	–	–	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 on 1 January 2009)	–	1,000	–	–	12	1,012
	719	1,636	–	–	12	2,367
Alternate directors:						
Mr. Jonathan Bevan	–	–	–	–	–	–
Mr. Zou Nan Feng	200	1,121	143	491	12	1,967
	2,369	10,432	303	4,297	85	17,486

During the year, performance related bonuses of HK$423,000 were paid to directors (2008: HK$303,000). No directors waived or agreed to waive any remuneration during the year (2008: 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 (2008: Nil).

In 2009, 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 25 to the financial statements. The fair value of such options, which has been amortised to the statement of comprehensive income, 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.

9. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the year included four (2008: four) directors, detail 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	
	2009	2008
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**1,375**	1,346
Performance related bonuses	**100**	146
Employee share option benefits	**387**	491
Pension scheme contributions	**12**	–
	1,874	1,983

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

	Number of employees	
	2009	2008
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**1**	1
	1	1

In 2009, 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 25 to the financial statements. The fair value of such options, which has been recognised in the statement of comprehensive income over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the year 2009 is included in the above non-director, highest paid employees' remuneration disclosures.

10. FINANCIAL COSTS

	Group	
	2009	2008
	HK$'000	HK$'000
Interest on other borrowings wholly repayable within five years	**777**	4,500
Other finance costs:		
Provision for convertible bond redemption interest and other finance costs	**2,880**	10,385
	3,657	14,885

11. TAX

Hong Kong profits tax has not been provided as the Group has no 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	
	2009	2008
	HK$'000	HK$'000
Group:		
Current – Hong Kong profits tax	**–**	–
Current – PRC corporate income tax	**25,898**	38,096
Deferred tax (note 23)	**(6,536)**	9,703
Total tax charge for the year	**19,362**	47,799

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	
	2009	2008
	HK$'000	HK$'000
Profit before tax	**55,952**	230,739
Calculated at an average tax rate of 22.5% (2008: 18.0%)	**12,589**	41,533
Lower income tax rate for Hong Kong at 16.5 % (2008: 16.5%)	**19**	(9)
Income not subject to tax	**(6,247)**	(10,266)
Expenses not deductible for tax	**13,413**	4,736
Adjustments in respect of current tax of previous periods	**5,300**	–
Tax loss not recognised	**824**	2,102
Deferred tax (note 23)	**(6,536)**	9,703
Tax charge at the Group's effective rate of 34.6% (2008: 20.7%)	**19,362**	47,799

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 an average rate of 22.5% (2008: 18%) 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.

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 2009 includes a profit of HK$8,471,000 (2008: HK$3,195,000) which has been dealt with in the financial statements of the Company (note 26 (b)).

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 amount is based on the profit for the year attributable to ordinary equity holders of the parent. 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:

	2009	2008
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent,		
used in the basic earnings per share calculation	**31,258**	166,067

	Number of shares	
	2009	2008
Shares		
Weighted average number of ordinary shares in issue during the year,		
used in the basic earnings per share calculation	**524,368,500**	524,368,500
Effect of dilution – weighted average number of ordinary shares:		
Share options	**360,228**	1,475,120
	524,728,728	525,843,620

The diluted earnings per share amounts of the year is based on the profit for the year of HK$31,258,000 (2008: HK$166,067,000) and the weighted average number of ordinary shares in issue during the year of 524,728,728 (2008: 525,843,620).

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2009					
At 31 December 2008 and at 1 January 2009:					
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
At 1 January 2009, net of accumulated depreciation	4,497	6,512	7,816	5,452	24,277
Additions	6	1,116	3,991	55,081	60,194
Disposals	–	(8)	–	–	(8)
Depreciation provided during the year	(1,217)	(1,926)	(3,370)	–	(6,513)
Transfers	–	–	–	(41,058)	(41,058)
Exchange realignment	6	9	13	30	58
At 31 December 2009, net of accumulated depreciation	3,292	5,703	8,450	19,505	36,950
At 31 December 2009:					
Cost	17,846	22,808	29,371	19,505	89,530
Accumulated depreciation	(14,554)	(17,105)	(20,921)	–	(52,580)
Net carrying amount	3,292	5,703	8,450	19,505	36,950

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 2008						
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

15. INTERESTS IN SUBSIDIARIES

	Company	
	2009 HK$'000	2008 HK$'000
Unlisted shares, at cost	**487,273**	487,273
Due from subsidiaries	**842,459**	844,768
	1,329,732	1,332,041

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment, except for loans to subsidiaries amounting to HK$567,000,000 (2008: HK$609,000,000) which bear interest at a rate of 5% per annum. The carrying amounts of balances with subsidiaries approximate to their fair values.

15. INTERESTS IN SUBSIDIARIES (continued)

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		Principal activities
			Direct	Indirect	
China Outdoor Media Investment Inc.	British Virgin Islands	Ordinary HK$34,465	100	–	Investment holding
China Outdoor Media Investment (Hong Kong) Company Limited ("China Outdoor Media (HK)")	Hong Kong	Ordinary HK$1,000	–	100	Investment holding
WHA Joint Venture	PRC	US$60,000,000/ US$60,000,000	–	80 (Note)	Operation of outdoor advertising business

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, China Outdoor Media (HK) 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 for the fiscal years 2006 and 2007.

On 3 April 2008, China Outdoor Media (HK) and Hainan White Horse signed an agreement to further extend the term of 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 for the extension of such profit sharing arrangement, China Outdoor Media (HK) made a one-off payment of HK$250,000 to Hainan White Horse. In 2009, China Outdoor Media (HK) exercised its option and extended such profit sharing arrangement for a further year thereafter to the end of the fiscal year 2009, at a further one-off payment of HK$250,000 to Hainan White Horse.

16. CONCESSION RIGHTS

	Group HK$'000
31 December 2009	
Cost at 1 January 2009, net of accumulated amortisation	1,702,648
Additions	166,437
Transfer from construction in progress	41,058
Disposals, write off and write down	(109,292)
Amortisation during the year	(229,644)
Exchange realignment	2,580
At 31 December 2009	1,573,787
At 31 December 2009:	
Cost	2,899,169
Accumulated amortisation	(1,325,382)
Net carrying amount	1,573,787
31 December 2008	
At 1 January 2008:	
Cost	2,448,268
Accumulated amortisation	(966,599)
Net carrying amount	1,481,669
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 and at 1 January 2009:	
Cost	2,916,685
Accumulated amortisation	(1,214,037)
Net carrying amount	1,702,648

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 2009, the weighted average remaining term of the concession rights currently held by the Group was approximately seven years. In terms of renewal rights, approximately 69% of the concession rights held by the Group, based on the total number of bus shelters granted to the Group, grant the Group the right of first refusal to renew the concession contracts provided that the terms offered by the Group are no less favourable than those offered by competing tenders. Some of the concession contracts also allow the Group to extend the terms of the contracts before expiration.

In preparation for the 2010 World Expo, the Shanghai authorities have taken steps to enforce tighter control over the outdoor media market. Based on the authorities' request, the Group has removed approximately 2,900 units of Old Bus Shelters and will re-construct approximately 2,300 newly-designed bus shelters in Shanghai. For the 1,500 Old Bus Shelters removed but currently with no concrete plan to be reinstalled, the unamortised amount of concession rights amounting to approximately HK$80 million has been charged to the Group's consolidated income statement for the year ended 31 December 2009 as a one-off non-operating item and classified as loss on disposal, write off and write down of concession right.

In addition, during the year, the Group terminated an arrangement to place advertisements on certain outdoor advertising media. The unamortised concession rights amounting to approximately HK$18 million was fully refunded during the year.

17. LONG-TERM PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

A long-term deposit amounting to HK$25,000,000 (31 December 2008: 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. The arrangement has been terminated during the year and the deposit is to be refunded to the Group in 2011. The carrying amount of the long-term deposit approximates to its fair value and is secured by the title to certain assets.

The balance as at 31 December 2009 also included a non-current portion of a prepaid bus shelter lease payment amounting to HK$15,824,000 (31 December 2008: HK$17,523,000).

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 90 days extending up to 180 days for major customers. Each customer has a credit limit. The Group seeks to maintain control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group's trade receivables relate to a large number of diversified customers and are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Current to 90 days	**182,287**	190,889
91 days to 180 days	**127,310**	195,586
Over 180 days	**101,921**	146,864
	411,518	533,339
Less: Provision for impairment of trade receivables	**(37,317)**	(25,667)
Total trade receivables, net	**374,201**	507,672

18. TRADE RECEIVABLES (continued)

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

	Group	
	2009	2008
	HK$'000	HK$'000
At 1 January	**25,667**	28,447
Impairment losses recognised (note 7)	**26,120**	24,246
Amount written off as uncollectible	**(14,470)**	(27,026)
At 31 December	**37,317**	25,667

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:

	2009	2008
	HK$'000	HK$'000
Neither past due nor impaired	**302,677**	381,032
Less than 3 months past due	**45,296**	71,158
Over 3 months past due	**12,488**	49,606
	360,461	501,796

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.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

In March 2008, the WHA Joint Venture 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. However, due to the adverse market conditions, the WHA Joint Venture and Beijing Bashi agreed that they will not proceed with the transations contemplated under the Share Subscription Agreement and the deposit was refunded to WHA Joint Venture.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

The balance of prepayments, deposits and other receivables as at 31 December 2009 included a receivable with Beijing Pangu Investment Co., Ltd. ("BMIC") amounting to RMB133,950,840 (31 December 2008: RMB133,950,840). On 2 April 2007, WHA Joint Venture signed an agreement with BMIC (the "Previous Agreement") for the management of the advertising sales of outdoor large LED screens in Beijing. On 19 November 2008, WHA Joint Venture entered into an agreement with BMIC (the "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$152,000,000), 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 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 Agreement have agreed that the estimated value of such property interests is in excess of the amount due. The BMIC Receivable was classified under long-term prepayments, deposits and other receivables as at 31 December 2008.

20. DUE FROM A RELATED PARTY

	Group	
	2009	2008
	HK$'000	HK$'000
Guangdong White Horse Advertising Company Limited ("GWH")	**129,630**	80,046

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 end of the reporting period, based on the invoice date, is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Current to 90 days	**35,169**	24,616
91 days – 180 days	**30,802**	29,514
Over 180 days	**63,659**	25,916
	129,630	80,046

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

At the end of the reporting period, the cash and bank balances and pledged deposits of the Group denominated in Renminbi ("RMB") amounted to HK$442,887,000 (2008: HK$279,003,000). 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 creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

As at 31 December 2009, the Group had pledged deposits of RMB45,108,000 (equivalent to approximately HK$51,230,000) (2008: RMB47,296,000 (equivalent to approximately HK$53,630,000)) to banks as security for bills payable of RMB85,214,000 (equivalent to approximately HK$96,779,000) (2008: RMB99,590,000 (equivalent to approximately HK$112,927,000)).

As at 31 December 2008, the Group had pledged deposits of RMB50,738,000 (equivalent to approximately HK$57,533,000) (2009: Nil) for a performance guarantee issued by a bank of RMB50,738,000 (equivalent to approximately HK$57,533,000) (2009: Nil) for the Group's Shenzhen bus body advertising business. No deposits were pledged for the Group's Shenzhen bus body advertising business as at 31 December 2009.

22. INTEREST-BEARING OTHER BORROWINGS

On 16 October 2007, the Company 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").

On 14 October 2008, the Company 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 was used to facilitate the repayment of the Company's existing debts and for other general corporate purposes. The terms of the Revised Credit Facility were benchmarked against market terms and the loan was 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 bore interest at 5.52% and was repayable on demand of the lender on 13 March 2009.

During the year, the Company repaid the loan amounting to US$7,071,953 (equivalent to HK$55 million) together with interest of HK$927,000 to Clear Channel International B.V.. Subsequent to the full repayment of the loan, the Revised Credit Facility was not extended.

23. 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 2009 HK$'000	Depreciation and amortisation allowance in excess of related depreciation and amortisation and other temporary differences 2008 HK$'000
At 1 January	**(30,064)**	(20,481)
Deferred tax charged to the income statement during the year (note 11)	**(2,659)**	(9,583)
At 31 December	**(32,723)**	(30,064)

Deferred tax assets

	Group	
	Losses available for offsetting against future taxable profits and other temporary differences 2009 HK$'000	Losses available for offsetting against future taxable profits and other temporary differences 2008 HK$'000
At 1 January	**6,727**	6,847
Deferred tax credited/(charged) to the income statement during the year (note 11)	**9,195**	(120)
At 31 December	**15,922**	6,727
Net deferred tax liabilities at 31 December	**(16,801)**	(23,337)

24. SHARE CAPITAL

	2009 HK$'000	2008 HK$'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 (2008: 524,368,500) of HK$0.10 each (2008: HK$0.10)	**52,437**	52,437

No share options were exercised during the year ended 31 December 2009 (2008: Nil).

25. SHARE OPTION SCHEMES

Prior to 28 November 2008, the Company operated, among others, a share option scheme (the "Old Scheme") for the purpose of providing incentives and rewards to eligible participants who contributed to the Group's operations. The Old Scheme became effective on 28 November 2001 and expired on 28 November 2008, after then no further options had been granted under the Old Scheme. Options which were granted during the life of the Old Scheme shall continue to be exercisable in accordance with their terms of issue.

At the annual general meeting of the Company on 13 May 2009, an ordinary resolution was passed to approve and adopt a new share option scheme (the "New Scheme"). The purpose of the New Scheme is to enable the Company to grant options to eligible participants of the Company or any subsidiaries of the Company, as determined by the board of directors in recognition of their contributions to the Group. Under the New Scheme, the directors may, at their discretion, offer to grant options to any employees, directors or consultants of any company in the Group. The New Scheme became effective on 19 May 2009 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme shall be subject to a maximum limit of 10% of the shares in issue as at 13 May 2009 (excluding shares which may be issued upon exercise of options granted under the Old Scheme, whether such options are exercised, outstanding, cancelled or lapsed), unless the Company obtains an approval from shareholders in a general meeting to refresh such 10% limit in accordance with the Listing Rules. Options lapsed in accordance with the terms of the New Scheme will not be counted for the purpose of calculating such 10% limit. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company and/or any of its subsidiaries must not exceed 30% of the shares of the Company in issue from time to time, and no options may be granted under the New Scheme or any other share option schemes of the Company and/or any of its subsidiaries if that will result in such 30% limit being exceeded.

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

25. SHARE OPTION SCHEMES (continued)

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

On 20 May 2009, 14,000,000 share options were granted by the Company under the New Scheme. The new options are valid for a period of seven years, commencing on 21 May 2009. One-third of the options granted to each of the grantees will vest in the third, forth and fifth anniversary of 21 May 2009, respectively.

The subscription price for the Company's shares under the New Scheme and the Old Scheme would be a price determined by the board of directors and notified to each grantee. The subscription price would be the highest of: (i) the nominal value of a share; (ii) the closing price of the shares as stated in the 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 respective schemes) and to have taken effect when the acceptance form as described in the respective schemes is completed, signed and returned by the grantee with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant.

As at 31 December 2009, the aggregate number of shares issuable under share options granted under both the New Scheme and the Old Scheme was 28,032,000, which represented approximately 5.35% of the Company's shares in issue as at that date. The maximum number of shares issuable under share options which may be granted to each eligible participant under the New Scheme within any 12-month period up to the date of the latest grant is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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

25. SHARE OPTION SCHEMES (continued)

The following share options were outstanding under the Old Scheme and the New 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													
Han Zi Jing	The Old Scheme	1,666,000	–	–	(1,666,000)	–	–	29/06/2002	30/6/2005 to 29/06/2009	5.51	5.30	–	–
	The Old Scheme	1,900,000	–	–	–	–	1,900,000	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	–	–
	The Old Scheme	1,000,000	–	–	–	–	1,000,000	19/11/2003	20/11/2006 to 19/11/2010	5.35	5.35	–	–
	The Old Scheme	1,500,000	–	–	–	–	1,500,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
	The New Scheme	–	866,666	–	–	–	866,666	20/05/2009	21/05/2012 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	866,666	–	–	–	866,666	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	866,668	–	–	–	866,668	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	–	–
		6,066,000	2,600,000	–	(1,666,000)	–	7,000,000						

25. SHARE OPTION SCHEMES (continued)

Name or category of participant	Type of share option scheme	Number of share options: At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options*	Exercise period	Price of the Company's shares ***: Exercise price per share** HK$	At grant date of options HK$	Immediately before the exercise date HK$	At exercise date of options HK$
Director (Continued)													
Teo Hong Kiong	The Old Scheme	800,000	–	–	–	–	800,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
	The New Scheme	–	500,000	–	–	–	500,000	20/05/2009	21/05/2012 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	500,000	–	–	–	500,000	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	500,000	–	–	–	500,000	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	–	–
		800,000	1,500,000	–	–	–	2,300,000						
Zhang Huai Jun	The Old Scheme	175,000	–	–	(175,000)	–	–	29/06/2002	30/06/2005 to 29/06/2009	5.51	5.30	–	–
	The Old Scheme	666,000	–	–	–	–	666,000	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	–	–
	The Old Scheme	800,000	–	–	–	–	800,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
	The New Scheme	–	533,333	–	–	–	533,333	20/05/2009	21/05/2012 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	533,333	–	–	–	533,333	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	533,334	–	–	–	533,334	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	–	–
		1,641,000	1,600,000	–	(175,000)	–	3,066,000						

25. 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)													
Zou Nan Feng	The Old Scheme	400,000	–	–	(400,000)	–	–	29/06/2002	30/6/2005 to 29/06/2009	5.51	5.30	–	–
	The Old Scheme	666,000	–	–	–	–	666,000	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	–	–
	The Old Scheme	400,000	–	–	–	–	400,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
	The New Scheme	–	400,000	–	–	–	400,000	20/05/2009	21/05/2012 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	400,000	–	–	–	400,000	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	400,000	–	–	–	400,000	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	–	–
		1,466,000	1,200,000	–	(400,000)	–	2,266,000						
Peter Cosgrove	The Old Scheme	625,000	–	–	(625,000)	–	–	29/06/2002	30/6/2005 to 29/06/2009	5.51	5.30	–	–
		625,000	–	–	(625,000)	–	–						
Steven Yung (resigned as Chairman and non-executive director with effect from 1 January 2009)	The Old Scheme	1,250,000	–	–	(1,250,000)	–	–	29/06/2002	30/6/2005 to 29/06/2009	5.51	5.30	–	–
	The Old Scheme	1,400,000	–	–	–	–	1,400,000	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	–	–
		2,650,000	–	–	(1,250,000)	–	1,400,000						

25. 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 Old Scheme	1,900,000	–	–	–	–	1,900,000	19/11/2003	20/11/2006 to 19/11/2010	5.35	5.35	–	–
	The Old Scheme	3,000,000	–	–	–	–	3,000,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
	The New Scheme	–	2,366,666	–	–	–	2,366,666	20/05/2009	21/05/2012 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	2,366,666	–	–	–	2,366,666	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	2,366,668	–	–	–	2,366,668	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	–	–
		4,900,000	7,100,000	–	–	–	12,000,000						
In aggregate	The Old Scheme	4,116,000	–	–	(4,116,000)	–	–	29/06/2002	30/6/2005 to 29/06/2009	5.51	5.30	–	–
	The Old Scheme	4,632,000	–	–	–	–	4,632,000	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	–	–
	The Old Scheme	2,900,000	–	–	–	–	2,900,000	19/11/2003	20/11/2006 to 19/11/2010	5.35	5.35	–	–
	The Old Scheme	6,500,000	–	–	–	–	6,500,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	–	–
	The New Scheme	–	4,666,665	–	–	–	4,666,665	20/05/2009	21/05/2012 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	4,666,665	–	–	–	4,666,665	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	–	–
	The New Scheme	–	4,666,670	–	–	–	4,666,670	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	–	–
		18,148,000	14,000,000	–	(4,116,000)	–	28,032,000						

25. SHARE OPTION SCHEMES (continued)

* 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 will not become vested unless the Company has achieved an average annual earnings per share growth of 5% each year in 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 14,000,000 share options to directors and employees on 20 May 2009. The fair value of the options granted determined using the Black-Scholes valuation model was approximately HK$20,400,000. The significant inputs into the model were share price of HK$2.73 per share at the grant date, exercise price of HK$2.73, volatility of 58.5%, expected dividend yield of nil%, an expected option life of 5.5 years and an annual risk-free interest rate of 2.04%. The expected option life is based on the historical data in the past 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 five years. The volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

At the end of the reporting period, the Company had 28,032,000 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 28,032,000 additional ordinary shares of HK$0.10 each in the Company and proceeds, before relevant share issue expenses, of approximately HK$125,438,320.

26. 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 59 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	Foreign currency translation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2008	16,412	767,043	449,773	3,105	–	28,416	1,264,749
Profit for the year	–	–	–	–	–	3,195	3,195
Total comprehensive income for the year	–	–	–	–	–	3,195	3,195
Redemption of convertible bonds	–	–	–	(3,105)	–	–	(3,105)
Equity-settled share option arrangements	8,000	–	–	–	–	–	8,000
At 31 December 2008	24,412	767,043	449,773	–	–	31,611	1,272,839
Profit for the year	–	–	–	–	–	8,471	8,471
Other comprehensive income	–	–	–	–	12,677	–	12,677
Total comprehensive income for the year	–	–	–	–	12,677	8,471	21,148
Equity-settled share option arrangements	11,300	–	–	–	–	–	11,300
At 31 December 2009	35,712	767,043	449,773	–	12,677	40,082	1,305,287

26. RESERVES (continued)

(b) Company (continued)

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 earnings should the related options expire or be forfeited.

27. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Property, plant and equipment

During the current year, the Group paid HK$5,113,000 (2008: HK$9,001,000) 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$162,998,000 to acquire concession rights and settled the outstanding liability for the acquisition of concession rights brought forward from the prior year of HK$38,048,000.

During the prior year, the Group paid HK$178,061,000 to acquire concession rights and settled the outstanding liability for the acquisition of concession rights brought forward from the year before of HK$37,713,000.

(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 item:

	Group	
	2009	2008
	HK$'000	HK$'000
Cash on hand and balances with banks	**420,719**	209,631

28. COMMITMENTS

(a) Capital commitments

	Group	
	2009	2008
	HK$'000	HK$'000
Contracted, but not provided for:		
The construction of shelters for which concession rights are held	**35,418**	20,139

(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 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Within one year	**250,395**	262,061
In the second to fifth year, inclusive	**676,931**	826,301
After five years	**416,265**	542,086
	1,343,591	1,630,448

(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 2009, the amount of the total minimum guaranteed payment under the above contract is analysed as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Within one year	**57,625**	57,533
In the second to fifth year, inclusive	**67,213**	129,242
	124,838	186,775

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.

29. CONTINGENT LIABILITIES

Neither 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.

30. 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 constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

	Notes	**2009** **HK$'000**	2008 HK$'000
Agency commission paid to GWH, a company in which a director of the Company has the ability to exercise direct or indirect influence over management	(i)	**23,277**	20,223
Sales to GWH	(ii)	**131,903**	114,599
Bus shelter maintenance and display fees payable to companies in which a director of the Company has the ability to exercise management influence	(iii)	**982**	4,011
Creative services fees payable to GWH	(iv)	**3,404**	3,383

Notes:

(i) The agency commission paid to GWH was based on the standard percentage of gross sales rental revenue for outdoor advertising spaces payable to other major third party agencies used by the Group. On 8 February 2010, the WHA Joint Venture entered into a three-year framework agreement with GWH for the years 2010, 2011 and 2012 on substantially the same terms as the framework agreements previously entered into between the WHA Joint Venture and GWH. 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 with his indirect interest of 14.2% in GWH. The underlying transactions pursuant to the framework agreement constitute continuing connected transactions of the Company under the Listing Rules and are subject to the Company's independent shareholder's approval at the special general meeting to be held on 3 March 2010.

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

(iii) On 20 April 2007, the WHA Joint Venture terminated the maintenance services agreements signed on 11 May 2004 and entered into other 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. Further in 2009, the WHA Joint Venture entered into a new maintenance services agreement (the "Maintenance Services Agreement") with one of the White Horse Companies on substantially the same terms as the previous agreements, for a fixed term until 31 December 2009. 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).

Pursuant to the Maintenance Services Agreement, 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 Kunming in the PRC. The scope of maintenance services include:

- cleaning, repairing and maintaining 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 Agreement, 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 the payment of the maintenance fee applies to other third party maintenance services providers. The terms of the Maintenance Services Agreement are no less favourable than those offered to the Group by independent third parties.

30. RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

(iv) On 7 April 2008, the WHA Joint Venture entered into a creative services agreement with GWH effective from 1 January 2008 to 31 December 2010, whereby GWH agreed to provide creative design services for posters, sales and marketing materials and company profiles 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 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 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 for the extension of such profit sharing arrangement, China Outdoor Media (HK) made a one-off payment of HK$250,000 to Hainan White Horse. In 2009, China Outdoor Media (HK) made a further one-off payment of HK$250,000 to Hainan White Horse to extend such profit sharing arrangement for a further year thereafter to the end of the fiscal year 2009.

(b) Outstanding Balances with Related Parties

On 16 October 2007, the Company 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").

On 14 October 2008, the Company 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 bore interest at 5.52% and was repayable on demand of the lender on 13 March 2009.

During the year, the Company repaid the loan amounting to US$7,071,953 (equivalent to HK$55 million) together with interest of HK$927,000 to Clear Channel International B.V.

In addition, the Group had outstanding receivables from GWH of HK$129,630,000 (31 December 2008: HK$80,046,000), as at the end of the reporting period. The balance is unsecured, interest-free and has no fixed terms of repayment.

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

	2009 HK$'000	2008 HK$'000
Short-term employee benefits	**9,295**	10,912
Equity-settled share option expense	**5,919**	4,297
Pension scheme contributions	**71**	48
Total compensation paid to key management personnel	**15,285**	15,257

31. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial Assets

	Loans and receivables	
	2009	2008
	HK$'000	HK$'000
Trade receivables	**374,201**	507,672
Due from a related party	**129,630**	80,046
Pledged deposits	**51,230**	111,163
Cash and cash equivalents	**420,719**	209,631
	975,780	908,512

Financial Liabilities

	Financial liabilities at amortised cost	
	2009	2008
	HK$'000	HK$'000
Bills payable	**96,779**	112,927
Interest-bearing other borrowings	**–**	54,959
	96,779	167,886

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise mainly cash and short-term deposits. The Group has various other financial assets and liabilities such as trade receivables and bills payable, 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 expenses incurred by the Group's Hong Kong office, 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 against 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 the Group's operating assets are located in the PRC and are denominated in RMB.

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

	Increase/ (decrease) in RMB rate	**Increase/ (decrease) in net profit**
	%	HK$'000
2009		
If Hong Kong dollar weakens against RMB	**5%**	**3,191**
If Hong Kong dollar strengthens against RMB	**(5%)**	**(3,191)**
2008		
If Hong Kong dollar weakens against RMB	5%	10,292
If Hong Kong dollar strengthens against RMB	(5%)	(10,292)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit Risk

The Group trades only with recognised and creditworthy third parties. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of 90 days extending up to 180 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group's trade receivables relate to a large number of diversified customers and are non-interest-bearing.

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

Liquidity Risk

The Group continued to enjoy a strong financial position at the end of 2009, with cash and cash equivalents amounting to HK$421 million as at 31 December 2009, increase from HK$210 million in 2008.

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

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

	2009				
	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**
Other payables	**–**	**–**	**260,490**	**–**	**260,490**
	–	**–**	**260,490**	**–**	**260,490**

	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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital Management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as 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 2009.

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 equity attributable to equity holders of the parent. The gearing ratio as at the end of the reporting period is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Interest-bearing bank borrowings	–	54,959
Other payables and accruals	**344,358**	393,047
Less:		
Pledged deposits	**(51,230)**	(111,163)
Cash and cash equivalents	**(420,719)**	(209,631)
Net (surplus)/debt	**(127,591)**	127,212
Equity attributable to equity holders of the parent	**2,487,102**	2,428,163
Total capital	**2,487,102**	2,428,163
Capital and net debt	**2,359,511**	2,555,375
Gearing ratio	–	5%

33. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 2 March 2010.

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.

	2009	2008	2007	2006	2005
RESULTS (HK$'000)					
Revenue	**1,118,149**	1,260,115	997,310	775,980	675,372
EBITDA	**293,221**	455,757	375,449	305,376	286,383
EBIT	**57,064**	242,342	189,925	153,368	149,893
Profit attributable to the equity holders of the parent	**31,258**	166,067	141,584	120,043	105,155
CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA (HK$'000)					
Current assets	**1,262,791**	1,045,214	977,708	899,141	859,540
Current liabilities	**359,490**	461,856	472,457	248,025	197,352
Equity attributable to equity holders of the parent	**2,487,102**	2,428,163	2,120,927	1,832,060	1,540,355
CASH FLOW DATA (HK$'000)					
Operating cashflow	**402,677**	439,024	330,194	225,256	233,327
FINANCIAL RATIOS					
Return on equity (%)	**1.3**	7.3	7.2	7.1	7.2
Current ratio (times)	**3.51**	2.26	2.07	3.63	4.36
EBITDA margin (%)	**26.2**	36.2	37.6	39.4	42.4
Net profit margin (%)	**2.8**	13.2	14.2	15.5	15.6

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)
William Eccleshare
Peter Cosgrove
Mark Mays
Mark Thewlis
Han Zi Dian

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

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

Company Secretary
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