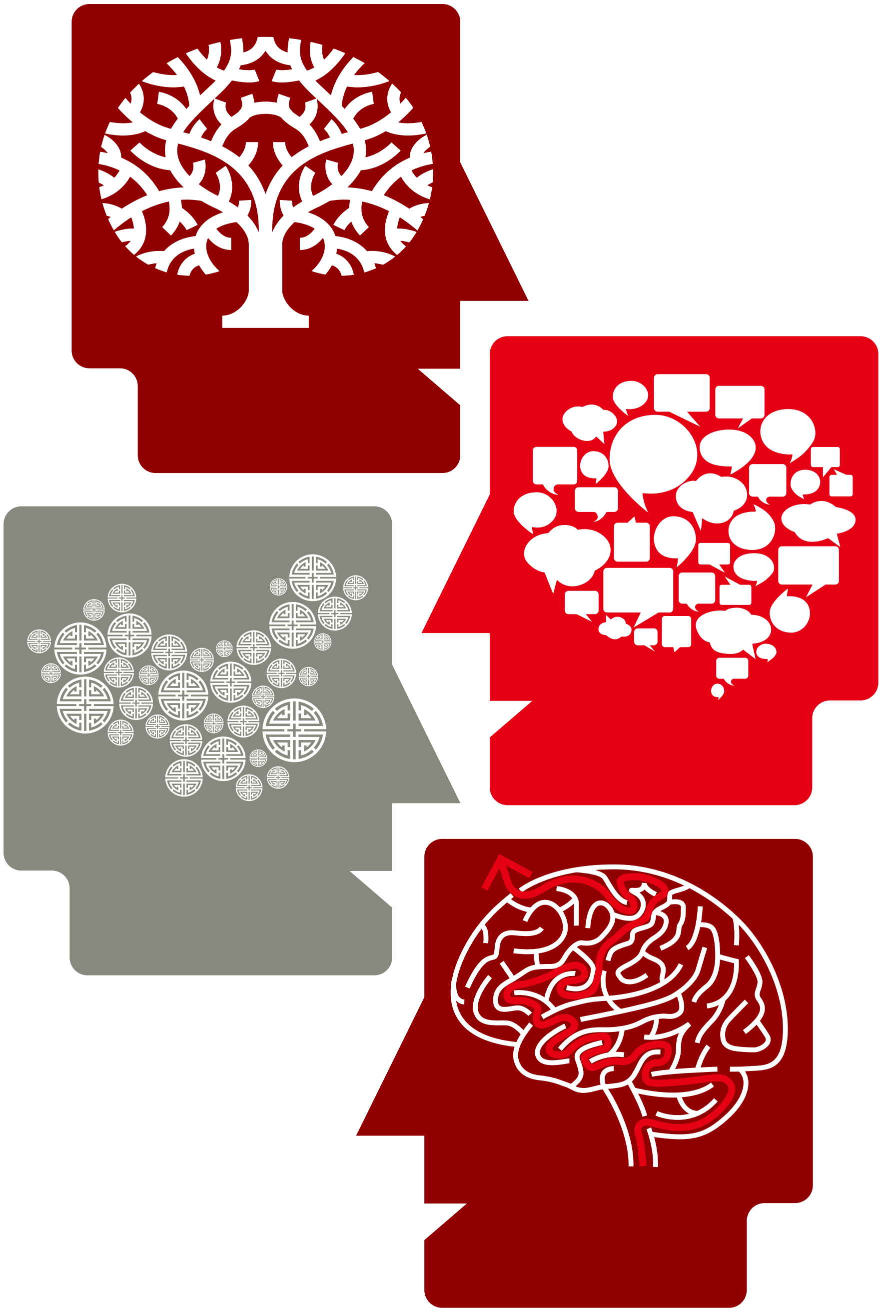
Moving Forward with **Strength** and **Stamina**

Annual Report 2010



CLEAR MEDIA LIMITED
白馬戶外媒體有限公司

Stock Code: 100

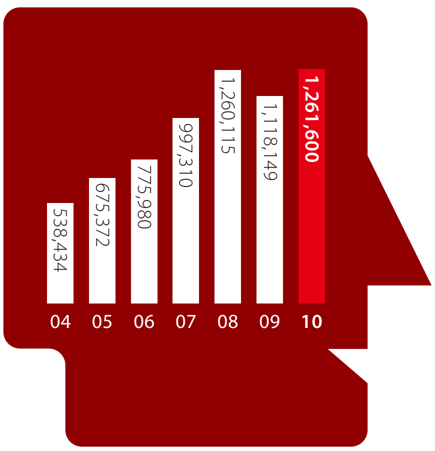
Clear Media Limited (SEHK:100) is a leading outdoor media company in China. We are listed on the main board of The Stock Exchange of Hong Kong Limited and derive 100% of our revenue from the PRC. One of our unique strengths is our strong shareholder base — a union of Clear Channel Outdoor (NYSE: CCO), the world's largest outdoor media company, and White Horse, a renowned diversified company in China. In the past thirteen 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.

Contents

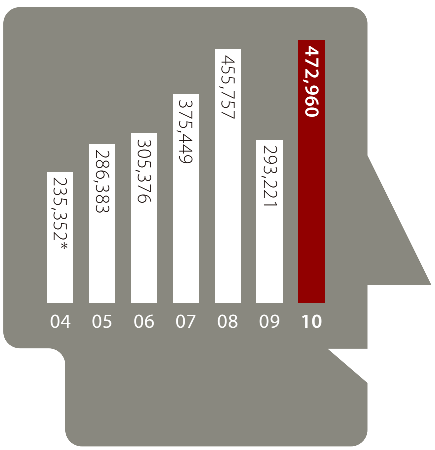
FINANCIAL HIGHLIGHTS

	2010	2009
Full Year Results (HK$'000)		
Turnover	**1,261,600**	1,118,149
EBITDA	**472,960**	293,221
Operating profit	**227,402**	57,064
Net profit	**166,068**	31,258
Basic EPS (HK cents)	**31.50**	5.96
Consolidated Statement of Financial Position Data (HK$'000)		
Cash and cash equivalents	**671,338**	420,719
Total assets	**3,253,272**	2,914,352
Total liabilities	**447,049**	376,291
Equity attributable to owners of the parent	**2,746,504**	2,487,102
Cash Flow Data (HK$'000)		
Cash generated from operations	**492,893**	402,677
Free cash flow	**150,974**	165,131
Financial Ratios		
Current ratio	**3.82 times**	3.51 times
EBITDA margin	**37.5%**	26.2%
Net profit margin	**13.2%**	2.8%
Debt-to-equity ratio	**0.0%**	0.0%
Return on equity	**6.3%**	1.3%

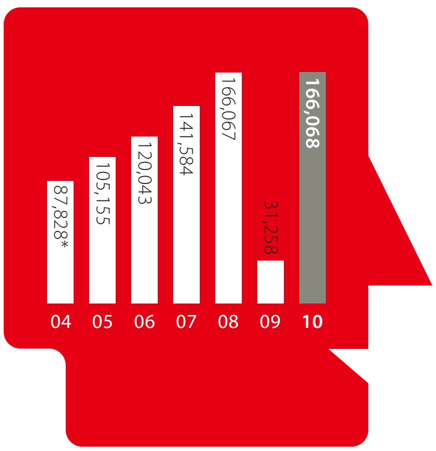
Turnover (HK$'000)



EBITDA (HK$'000)

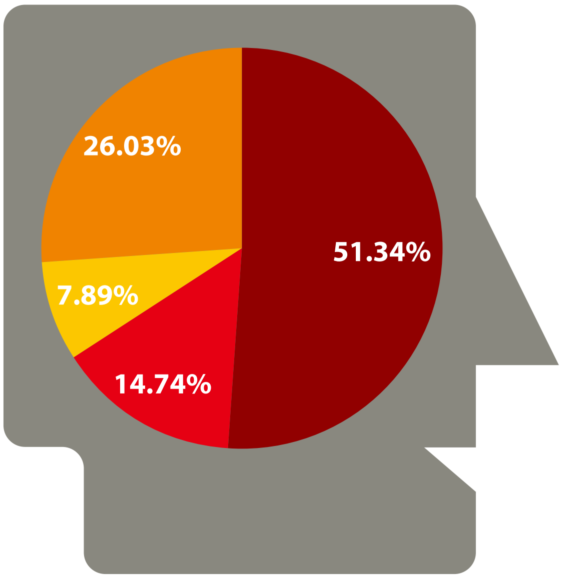


Net Profit (HK$'000)



* restated with application of new accounting standards

FACT SHEET AT A GLANCE



Shareholder Information as at 31 December 2010

Clear Channel KNR Neth Antilles NV	51.34%
International Value Advisers, LLC	14.74%
Samana L. P.	7.89%
Other Public	26.03%

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 2010	529,000,500 shares

Market Capitalization

• as at HK$5.20 per share (based on closing price on 31 December 2010)	HK$2,751 million (approximately US$353 million)

Stock Code

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

Financial Year End	31 December

Dear Fellow Shareholders,

The global economic recovery continues, with China leading the way in getting back on track for the future. And in our own industry, Clear Media has led the way with strong growth in 2010. We enter another year in a strong net cash position and are well positioned to fund future expansion. I am pleased that we have been able to make significant progress in such a short time.

Our plan is to focus on three areas in order to continue delivering long-term profitable growth: We will drive the performance of our existing assets. We will invest in targeted cities and market segments. And we will leverage Clear Channel's global scale and expertise to optimize our cost structure, build our capacity and maintain our competitiveness.

I want to thank our staff and management teams whose hard work and dedication brought us through troubled times, and I am grateful for the faith that our shareholders have shown in us.

We will always do our best to reward your confidence, and I want to once again thank you for your continued support of Clear Media.

Yours sincerely,

Jingsheng Huang

Chairman of the Board


STRONG
Performance


FOCUSED
DIRECT
SOLID PROVEN RECORD
INSPIRATION
INNOVATION
EXPERIENCED
IMPACT
INNOVATION
IGNITION
INSPIRATION
SOLID PROVEN RECORD
FOCUSED
PRICING
MASS
BRAND BUILDING
FOCUSED
VALUE ADDED
BRAND BUILDING
EXPERIENCED
SOLID PROVEN RECORD
BRAND BUILDING
IGNITION
MASS
VALUE ADDED
PRICING
INNOVATION
DIRECT
DIRECT
VALUE ADDED
INSPIRATION
SOLID PROVEN RECORD
FOCUSED
MASS
IMPACT
MASS

Growth-driven strategies … Client-focused channels … Healthy balance sheet … Strong cash position …

We are committed to delivering long-term profitable growth for our shareholders.

In 2010, domestic demand became one of the key driving forces for economic growth in China amid the strong resurgence of its economy. In light of this, advertisers, especially local brands, were more aggressive as seen in the significant increase in advertising spending over last year — a trend that contributed to the reversal of China's overall advertising market to positive growth in 2010. Major events during the year, such as the 2010 Shanghai World Expo and the Guangzhou Asian Games, also provided an extra boost .

In 2010, Clear Media Limited (the "Company") achieved satisfactory operating results on the back of its sound business strategy, with total turnover increasing by 13%. More importantly, the Company realized its strategic objective of striking an optimal balance between rate-card increases and occupancy rates. Our occupancy rate increased by 7% to 61%, from 57% in 2009, while actual average sale price ("ASP") increased by 8%.

In the past year, the Company continued to strengthen its market presence in the three key cities — Beijing, Shanghai and Guangzhou — with total sales amounting to HK$637 million, an increase of 15% over the previous year.

In Beijing, sales revenue increased by 9% to HK$285 million and ASP increased by 2% in 2010, with an occupancy rate reaching 62%, an increase of more than 10% year-on-year, which was in line with the Company's core business strategy.

In Shanghai, total sales and ASP increased by 30% and 9%, respectively, over the previous year while occupancy rate reached 52%, thanks to our ability to fully seize the opportunities presented by the World Expo.

In Guangzhou, although our occupancy rate was affected by a higher ASP during the first half of the year, business in the second half of the year fared extremely well, particularly during the Asian Games period. Total annual sales and ASP in Guangzhou increased by 11% and 8%, respectively, over the previous year, with an occupancy rate of 61%.

Apart from the three key cities, mid-tier cities continued to generate stable revenue for the Company and its subsidiaries (collectively referred to as the "Group"). Selling prices and occupancy rates were satisfactory, with outstanding performance from Chengdu, Nanjing, Hangzhou and Xi'an. During the year, our sales and ASP in mid-tier cities increased by 12% and 8%, respectively, with an occupancy rate of 62%.


STRONG
Communications

In 2010, the Company sustained its remarkable progress in attracting new customers and expanding its existing clientele. The total number of serviced customers increased from 606 to 656. Customers with annual spending of over RMB5 million surged from 38 to 48, 11 of whom were major customers with spending over RMB20 million. Meanwhile, the Company's customer portfolio was diversified due to a prominent increase in large- and medium-sized local brands, which laid a solid foundation for our future growth.

The segments of beverages, food, and telecommunications remained the top three contributors to the Group's turnover during the year, accounting for over 45% of our total revenue. Nevertheless, our sales team made a big step in exploring new industries. Worth noting was the entertainment segment, mainly represented by the movie business, as well as the apparel segment. Through our tireless efforts, revenue from entertainment and apparel accounted for 8% and 7%, respectively, of our total turnover, which is significant growth for both segments over the previous year.

In addition, our sales centres located mainly in second- and third-tier cities, which are vital to our business growth, gradually matured after eight years of establishment and development. Last year, revenue from the sales centers accounted for 37% of our total turnover, and the vast number of local customers they solicited was also essential to our success in raising the occupancy rate.

Looking forward, the Company has formulated a new three-year development plan. We will shift from the cautious control over capital expenditure approach, which we adopted during the economic downturn over the past two years, to re-ignite our plan for growth in media resources. Through construction and acquisition, we will further enhance the bus shelter network that is our core business to increase our market share in key markets. The Company's own cash reserves and revenue are sufficient to support the development of its core business.

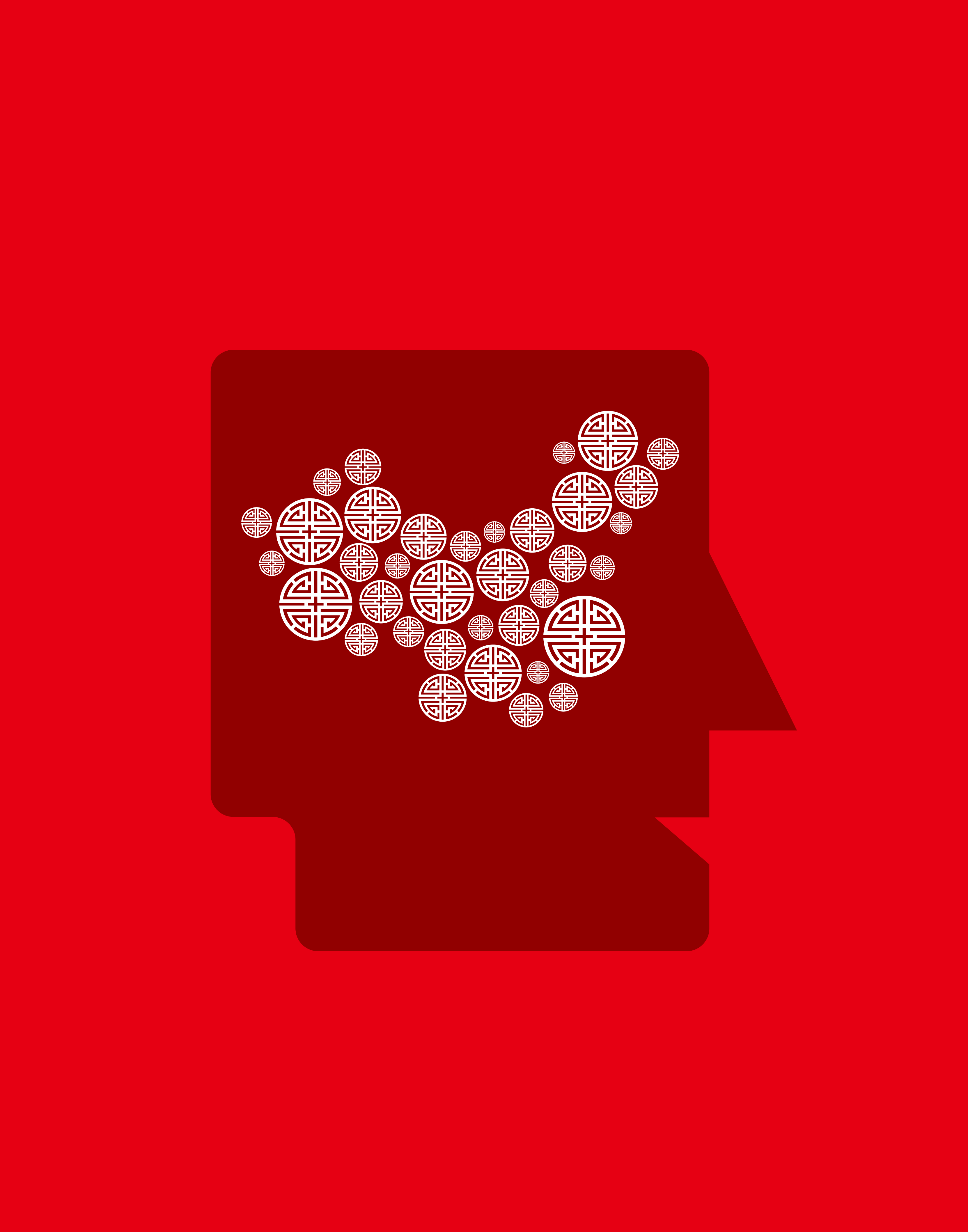
The Company will continue to implement its core strategy of striking an optimal balance between occupancy rate and ASP. To this end, we will not only keep up our efforts in developing new customers and expanding our existing mid- to large-scale clientele, but also further increase the capability of all district sales centres by increasing manpower and financial resources, as well as providing professional training. With a stronger focus on sales policies, we will further develop our local advertisers' business, increase occupancy rates and improve sales results on a city-by-city basis.

In 2011, we will introduce a more effective internal operating management system, enhance our operating efficiency, and improve the quality of our after-sales services to raise the Company's overall asset quality and yield.

Given our strong financial position and operating ability, we will search for and invest in other outdoor advertising formats with strategic value to increase our market control, while we continue to develop our core business.

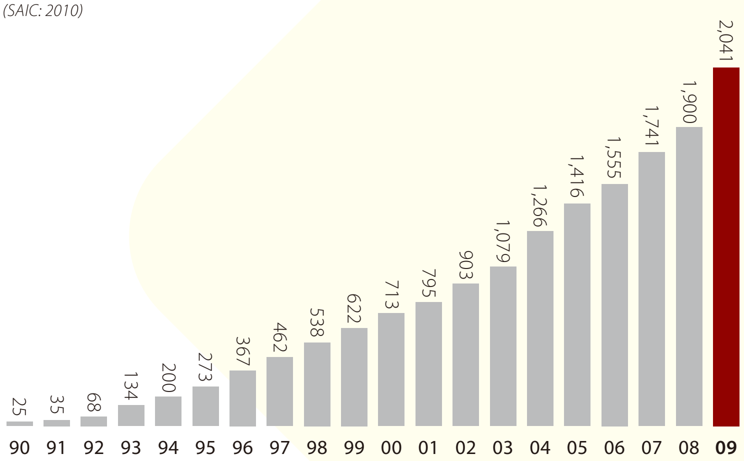
In conclusion, the Company will maintain its leadership in China's outdoor advertising industry and strive for greater business opportunities with its strong financial position, high-caliber management team, and solid business foundation. We are confident that the Group will continue to deliver outstanding results in 2011 and maximize returns for our shareholders.

Han Zi Jing
Chief Executive Officer
Clear Media Limited

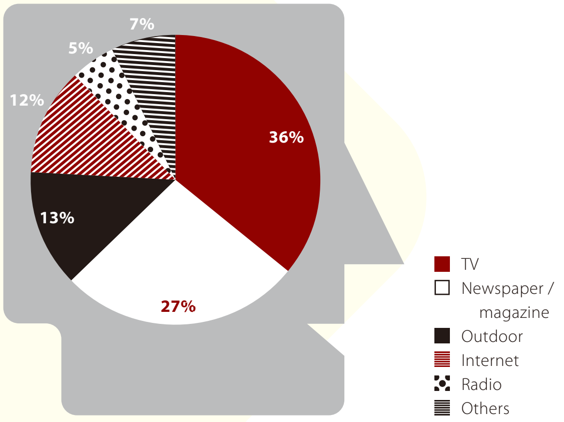


In 2010, Clear Media's net profit increased 4.3 times, on the back of a sound business strategy and the Shanghai World Expo and Guangzhou Asian Games.

Advertising Expenditure Growth in China (RMB 100 Million)
(SAIC: 2010)



Media Mix in China
(SAIC: 2010, Company estimates)



INDUSTRY OVERVIEW

As the world economy steadily recovered in 2010 in the aftermath of the global financial crisis, China has been leading the way with an impressive 10% growth in GDP. Rapid urbanisation, a rising middle-class, and increasing consumerism matched by greater availability of a wide range of goods — all these add value to advertising and foster a favourable environment for advertisers in China. Also enhancing growth in the advertising market in 2010 were the opportunities offered by the Shanghai World Expo in the third quarter and the Guangzhou Asian Games in the fourth.

Overall, the sentiment for advertising spending improved significantly in 2010. Chinese brands and local advertisers, in particular, were willing to invest aggressively in brand-building to lure a fast-expanding group of sophisticated consumers. The growing diversity of goods and the need to build consumer loyalty bring new opportunities to the advertising space, and spur the demand for creative media executions that require outdoor media providers to be more creative as well as to have the financial strength to sustain development.

Given the increasingly favourable conditions in China, opportunities in its outdoor media market are good, but challenges still exist. Global players in the advertising industry are acutely aware that Chinese consumers outnumber those in any other country but account for only 5.6% of the $35.9 trillion in global consumption, according to a study conducted by the Economist Intelligence Unit; therefore, they have been investing heavily in China's advertising market. Competition between outdoor advertising and other advertising formats continues to be keen. What is notable are the growth trends seen in metro and digital media formats. In order to compete, it is imperative for media operators to ensure that their products are creative and their operations are efficient and effective.

STRONG NETWORK

OPERATION REVIEW

Core Bus Shelter Advertising Business

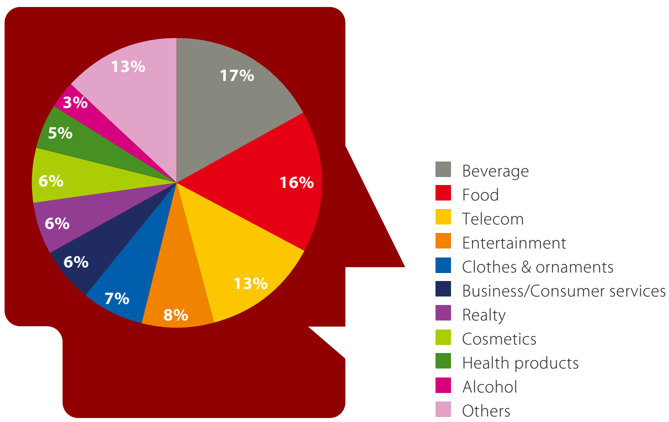
As at 31 December 2010, the Company operated the most extensive standardised bus shelters advertising network in China, with a total of over 33,000 panels in 28 major cities across China. Against the backdrop of the global economic recovery since mid-2009 and major events including the Shanghai World Expo and the Guangzhou Asian Games, turnover of our core bus shelter advertising business increased by 13% to HK$1,173 million for the year ended 31 December 2010, from HK$1,034 million in the previous year.

Average sale price ("ASP") increased by 8% for the year ended 31 December 2010 compared to the previous year, while occupancy rate improved from 57% to 61%. The 2010 Shanghai World Expo, which was held from May to October 2010, significantly boosted demand and selling prices of bus shelters in the city. (See Operation Review — Core Bus Shelter Advertising Business — Key Cities.)

The total number of bus shelter panels increased from approximately 31,000 as at 31 December 2009 to approximately 33,000 as at 31 December 2010, mainly due to the Group's strategic investment in Shanghai in preparation for the 2010 World Expo. The average number of bus shelter panels available for sale, calculated on a time-weighted basis, on the other hand, decreased by 2% to 29,443 panels (2009: 30,143 panels). Under the challenging operating environment in 2009, the Group subcontracted out and disposed of certain low-yield cities, including Tianjin and Chongqing, and temporarily removed low-efficiency bus shelters from the saleable inventory in order to save rental and direct costs. The termination of the short-term arrangement with the Hangzhou authority to operate certain panels in the second half of 2009 also contributed to the reduction in the average number of panels available for sale.

The top three industries that contributed to the Company's turnover were beverages, food and telecommunications. Advertiser sentiment improved significantly compared to 2009. The rapid recovery of many local and Chinese brands after the global economic slowdown and the increased spending on advertising by the World Expo sponsors have helped to boost orders from the food and beverage sectors.

Clear Media's Client Mix 2010 (by industry)



CITY HIGHLIGHTS:
Contribution of Top Ten Cities to Bus Shelter Advertising Revenue (2010)

City	% of Turnover
Beijing	24
Guangzhou	15
Shanghai	15
Chengdu	8
Nanjing	5
Shenzhen	5
Hangzhou	5
Xi'an	4
Jinan	2
Shijiazhuang	2

Key Cities

In 2010, sales generated by the top three cities — Beijing, Shanghai and Guangzhou — increased by 15% to HK$637 million (2009: HK$555 million), mainly due to a 6% increase in ASP, an improvement of occupancy rate from 55% to 59%, and a 1% increase in average number of bus shelters. Sales from the top three cities accounted for 54% of the total sales from our core bus shelter business (2009: 54%) while average number of bus shelter panels accounted for 41% of the Group's total number of bus shelters panels (2009: 40%).

Beijing

Sales revenue from Beijing increased by 9% for the year ended 31 December 2010 to HK$285 million (2009: HK$261 million) mainly due to a 2% increase in ASP and an improvement in occupancy rate from 56% to 62%. This is in line with the Group's strategy of striking an optimal balance between rate card increase and maximising occupancy rate. The Group also temporarily dismantled and relocated some bus shelters in Beijing for future redeployment in order to save direct costs; hence, the average number of bus shelters in Beijing decreased by 4% during the current year.

Shanghai

Sales revenue from Shanghai increased by 30% to HK$177 million for the year ended 31 December 2010 (2009: HK$136 million) mainly due to the higher customer demand during the World Expo period, and the increase in number of bus shelter panels available for sale during the year. ASP increased by 9% year-on-year and occupancy rate improved from 50% to 52%.

In preparation for the 2010 World Expo, the Shanghai authorities tightened controls over the outdoor media market including dismantling and refurbishing of most outdoor advertising formats in the city. According to the new initiatives, the Group re-constructed and replaced a number of existing bus shelters (the "Old Bus Shelters") with the newly-designed format approved by the local authorities. As a result of the re-construction project, which was completed prior to the 2010 World Expo that commenced in May 2010, the average number of bus shelter panels in Shanghai increased by 14%. The Group will continue to invest and further expand its bus shelter network in Shanghai.

Guangzhou

Sales revenue from Guangzhou increased by 11% to HK$175 million (2009: HK$158 million), mainly due to an 8% increase in ASP and an improvement in occupancy rate to 61% (2009: 59%). In preparation for the Guangzhou Asian Games, the Group co-operated with the local authorities and temporarily dismantled and relocated some bus shelters. As a result, the average number of bus shelters decreased slightly by 1% in the past year. To cope with the competition from other small- to medium-sized outdoor media players and to better serve the local customers, a new sales branch was set up in Guangzhou in 2009.

Mid-Tier Cities

Revenue from all mid-tier cities increased by 12% to HK$536 million for the year ended 31 December 2010 from HK$479 million in the previous year. ASP increased by 8% and occupancy rate improved from 58% to 62%. The average number of bus shelter panels, on the other hand, deceased by 5%, mainly due to the termination of the short-term arrangement between the Group and the Hangzhou authority to operate around 600 panels, the long-term subcontracting of the operation in Tianjin and the disposal of the operation in Chongqing.

During the year under review, Chengdu, Hangzhou, Nanjing and Xi'an performed relatively well, thanks to the Group's district sales centres established in recent years to boost local sales and cultivate new local advertisers. Shenzhen, on the other hand, has been negatively affected by the strong price competition from other local outdoor operators and metro players.

The Group will continue to review the lower-yield cities, implement suitable measures to further improve efficiency, and reallocate resources and expand into selected mid-tier cities with high growth potential.

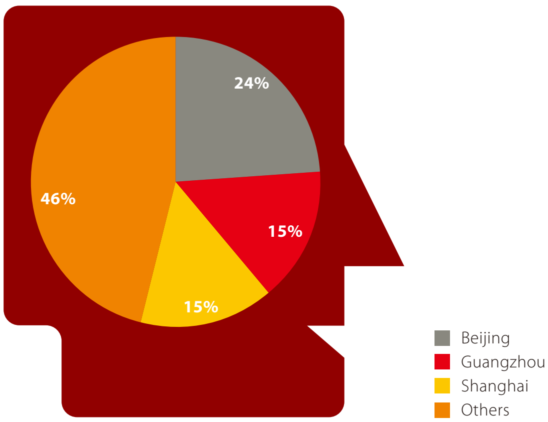
Shenzhen Bus Body Advertising Business

Since early 2007, the Group began to lease, operate and manage the bus body advertising business of 3,000 buses in Shenzhen. For the year ended 31 December 2010, sales from this business venture amounted to HK$87 million, representing a 14% increase compared to HK$77 million in the previous year. The Group negotiated with the Shenzhen authority in order to freeze the rental cost; and as a result, net loss from this business has been kept at HK$5 million for both years ended 31 December 2010 and 2009.

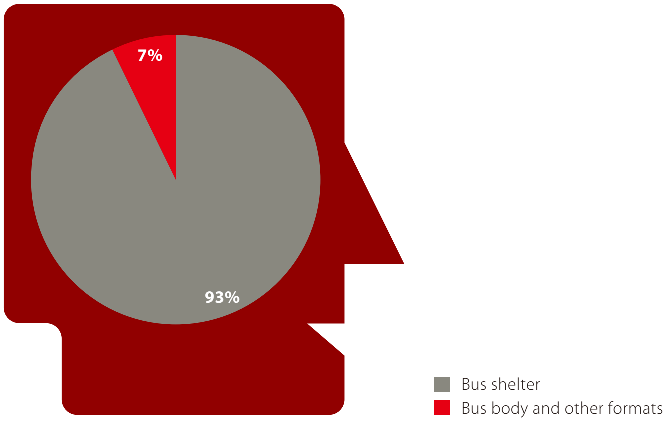
Other Advertising Formats

In light of the changes in market conditions in 2009, the Group restructured its non-core businesses and terminated its arrangement with an independent third party in connection with the bus body subcontracting business in Guangzhou. As a result, revenue from the Group's other advertising formats decreased to HK$2 million for the year ended 31 December 2010 from HK$7 million in the previous year.

Turnover by Geographical Location in 2010



Turnover by Operation in 2010



FINANCIAL REVIEW

Turnover

As a result of the global economic recovery and major events including 2010 Shanghai World Expo and Guangzhou Asian Games held in China, the Group's turnover increased by 13% to HK$1,262 million for the year ended 31 December 2010 from HK$1,118 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 increased by 13% year-on-year, to HK$1,173 million, from HK$1,034 million in 2009.

The Group's Shenzhen bus body advertising business generated HK$87 million of revenue for the year ended 31 December 2010, an increase of 14%, from HK$77 million in the previous year. Contributions from other advertising formats decreased to HK$2 million from HK$7 million year-on-year after the Group's bus body subcontracting business in Guangzhou was terminated.

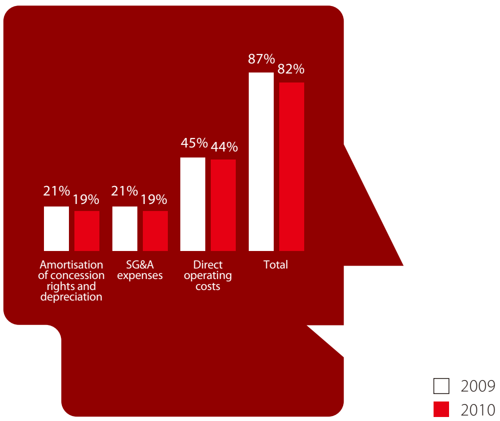
Expenses

During the year under review, the Group's total direct operating costs, including rental, electricity, maintenance, sales and cultural levies and production cost, increased by 11%, to HK$560 million for the year ended 31 December 2010, from HK$505 million in the previous year. The Group continued to exercise cautious cost control and as a result, total direct operating costs, as a percentage of total sales, decreased to 44% for the current year from 45% in the previous year.

Total rental costs increased by 7% for the year ended 31 December 2010 mainly due to the higher rental rates for the new bus shelters in Shanghai during the current year and the one-off cost savings achieved in 2009 after active negotiation with the local authorities. Total rental costs, as a percentage of total revenue, however, decreased to 24% for the current year from 26% in the previous year. Cleaning and maintenance costs, sales and cultural levies and electricity costs, remained at 8%, 8% and 4%, respectively, of total revenue.

Amortisation charges incurred on the bus shelters and other advertising formats increased by 4%, to HK$239 million (2009: HK$230 million). Despite the 2% decrease in average inventory available for sale, amortisation charges increased due mainly to the charges booked for the bus shelters that had been subcontracted and redeployed, and the new shelters added in Shanghai during the year. As a percentage of total sales, amortisation expenses decreased to 19% compared to 21% in the previous year.

Cost Breakdown by % Turnover



Total selling, general and administrative expenses, excluding depreciation and amortisation, decreased by 5% to HK$221 million for the year ended 31 December 2010 (2009: HK$233 million), mainly due to a write-back of HK$20 million share option expenses incurred in previous years in connection with 6,500,000 shares of options granted in June 2007 (the "2007 Options"). The vesting condition of the 2007 Options was not met and as such the corresponding share option expenses recognised in previous years amounting to HK$20 million was reversed in the current year ("Share Option Expense Adjustment"). Excluding the impact of the Share Option Expense Adjustment, total selling, general and administrative expenses, excluding depreciation and amortisation, increased by 3% to 241 million, due to higher staff costs but offset by a lower provision being made for the impairment of accounts receivable.

The Group continued to impose control over selling and marketing expenses and indirect overheads. Total selling, general and administrative expenses, excluding the impact of the Share Option Expense Adjustment, depreciation and amortisation, as a percentage of total sales, therefore, decreased to 19% for the year ended 31 December 2010 from 21% in the previous year.

Other expenses of HK$87 million for the year ended 31 December 2009 mainly represented the one-off loss on disposal and write-down 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 — Core Bus Shelter Advertising Business — Key cities — Shanghai).

EBITDA

The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 61% to HK$473 million for the year ended 31 December 2010 from HK$293 million in the previous year mainly due to the higher turnover in the current year and cautious control over direct and indirect costs. EBITDA margin increased from 26% to 37%. Excluding the one-off loss on disposal and write-down of concession rights and other assets and the Share Option Expense Adjustment, EBITDA would have increased by 21% from HK$380 million to HK$460 million year-on-year, while EBITDA margin would have increased from 34% to 37%.

EBIT

The Group's earnings before interest and tax ("EBIT") increased by 298%, to HK$227 million, for the year ended 31 December 2010, from HK$57 million in the previous year. Excluding the impact from the one-off loss on disposal and write-down of concession rights and other assets and the Share Option Expense Adjustment, EBIT would have increased by 49% to HK$215 million, mainly due to higher sales turnover coupled with cautious control over direct and indirect costs.

Finance Costs

During the year under review, the Group carried no debt hence finance cost incurred was minimal at HK$3 million (2009: HK$4 million).

Taxation

Taxes levied on the Group increased to HK$51 million for the year ended 31 December 2010 from HK$19 million in the previous year, mainly due to the increase in assessable profits as a result of the higher sales activities, and the lower loss on disposal and write-down of concession rights booked during the year.

According to the PRC Enterprise Income Tax Law effective on 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 23.5% (2009: 22.5%) on its assessable profits arising in the PRC for the year ended 31 December 2010. The tax rate will increase eventually to 25% in 2012. The deferred tax balances have been adjusted accordingly to reflect the tax rates that are expected to apply in the respective periods when the assets are realised or the liabilities are settled.

Net Profit

Net profit increased by 4.3 times to HK$166 million for the year ended 31 December 2010, from HK$31 million in the previous year. Excluding the one-off loss on disposal and write-down of concession rights and other assets and the Share Option Expense Adjustment, net profit would have increased by 64% to HK$151 million from HK$92 million, with a net profit margin of 12% (2009: 8%).

Liquidity and Financial Resources

The Group continued to enjoy a healthy financial position at the end of 2010, with cash and cash equivalents amounting to HK$671 million as at 31 December 2010, compared to HK$421 million at the end of 2009. As at 31 December 2010, the Group had bills payable of HK$71 million (31 December 2009: HK$97 million). There was no other short-term or long-term debt outstanding as at 31 December 2010 (2009: Nil).

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

Cash Flow

Net cash flows from operating activities increased to HK$478 million for the year ended 31 December 2010 from HK$382 million in the previous year, primarily due to the higher operating profit and an improvement in working capital management during the year.

Net cash flows used in investing activities increased to HK$261 million for the year ended 31 December 2010 from HK$176 million in the previous year due mainly to the higher capital expenditure outlay on expansion of the Group's bus shelter network particularly in Shanghai in preparation for the 2010 World Expo.

Net cash flows from financing activities increased to HK$34 million for the year ended 31 December 2010 from HK$5 million in the previous year. This was mainly due to the increase in share capital as a result of the exercise of 4,632,000 shares of options. During the year ended 2009, the short-term loan from Clear Channel International B.V. was fully repaid.

In 2010, the Group's free cash flow decreased to HK$151 million from HK$165 million in the previous year. Free cash flow is defined as EBITDA (before losses on disposal and writedown 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 higher capital expenditure and income tax during the current year as compared with the previous year.

Trade Receivables

The Group's accounts receivable balance due from third parties increased by 19%, to HK$445 million, as at 31 December 2010, from HK$374 million as at 31 December 2009. This was mainly due to the higher sales during the current 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 119 days for the current year, compared with 125 days for 2009. As at 31 December 2010, the provision for impairment of accounts receivable increased to HK$39 million from HK$37 million as at 31 December 2009. 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 2010, the amount due from GWH increased to HK$142 million, from HK$130 million as at 31 December 2009, mainly due to a higher 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 2010 decreased to HK$261 million, from HK$287 million as at 31 December 2009.

Total prepayments, deposits and other receivables included the receivables from BMIC amounting to RMB80 million (approximately HK$94 million) (31 December 2009: RMB134 million (approximately HK$152 million)).

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.

BMIC repaid RMB54 million to WHA Joint Venture during the year. On 25 January 2011, WHA Joint Venture entered into a revised agreement with BMIC (the "Revised Agreement"), pursuant to which, certain property interests in the PRC have been assigned to WHA Joint Venture as security for the outstanding balances and will be transferred to WHA Joint Venture unless BMIC repays the amount in full. Both parties agreed that RMB30 million will be repaid by the end of February 2011 and the remaining balances by the end of April 2011.

The decrease of prepayments, deposits and other receivables was mainly due to a partial repayment of the BMIC Receivable amounting to RMB54 million during the year.

In addition, the balance of prepayments, deposits and other receivables for the year ended 31 December 2010 included a deposit amounting to HK$25 million (31 December 2009: HK$25 million), which has been placed with an independent third party in connection with the acquisition of bus body advertising rights in Guangzhou (the "Guangzhou Bus Body Advertising Rights Deposit"). This balance was previously classified under long-term prepayments, deposits and other receivables as at 31 December 2009. The arrangement has been terminated and the balance is due for repayment in 2011.

Long-term Prepayments, Deposits and Other Receivables

Total long-term prepayments, deposits and other receivables decreased year-on-year, from HK$41 million to HK$15 million, due mainly to the reclassification of the Guangzhou Bus Body Advertising Rights Deposit to Prepayments, Deposits and Other Receivables in current assets. Total long-term prepayments, deposits and other receivables as at 31 December 2010 included the non-current portion of a prepaid bus shelter lease payment of HK$15 million (31 December 2009: HK$16 million).

Other Payables and Accruals

The Group's total payables and accruals as at 31 December 2010 increased to HK$377 million, from HK$344 million as at 31 December 2009 mainly due to an increase in bus shelter rental cost payables. It would be inappropriate to give the turnover days against sales figures as the payable is more closely related to capital expenditure incurred for the acquisition of bus shelter concession rights.

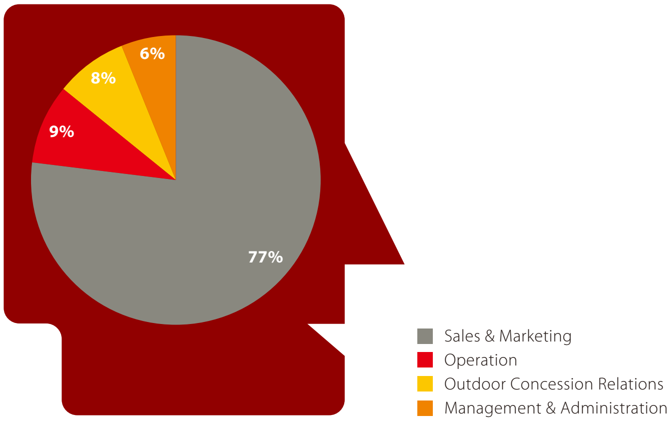
Assets and Liabilities

As at 31 December 2010, the Group's total assets increased by 12% to HK$3,253 million, from HK$2,914 million as at 31 December 2009. The Group's total liabilities increased by 19% to HK$447 million from HK$376 million. Net assets increased by 11% to HK$2,806 million from HK$2,538 million. This was mainly a result of the retention of net profit earned during the year and foreign exchange gain from translation of the Group's RMB operation in mainland China. Net current assets increased from HK$903 million to HK$1,148 million.

Share Capital and Shareholders' Funds

Total issued and fully paid share capital increased to HK$52,900,050 as at 31 December 2010 from HK$52,436,850 as at 31 December 2009. During the year, 4,632,000 share options were exercised at a subscription price of HK$3.51. Total equity for the Group as at 31 December 2010 rose by 11%, to HK$2,806 million, from HK$2,538 million as at 31 December 2009. The Group's reserves as at 31 December 2010 amounted to HK$2,694 million, a 11% increase over the corresponding balance of HK$2,435 million as at 31 December 2009. This was mainly a result of the retention of the net profit earned for the year ended 31 December 2010 and the foreign exchange difference from translation of the Group's RMB operation in mainland China. The Group undertook no share repurchases during the year under review.

Full-time Employees 2010



Exposure to Foreign Exchange Risk

The Group's only investment in China remains its operating vehicle, the WHA Joint Venture, which only conducts business within the PRC. Other than 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 average exchange rate of the RMB has appreciated by 1.25% against the Hong Kong Dollars during the year. The Group's turnover and costs are largely denominated in RMB, which will largely offset each other. However, as the Group's net profit is reported in Hong Kong Dollars, the appreciation of RMB will have a positive impact on the Group's net profit.

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 appreciated during the year, this has resulted in an increase in foreign currency translation reserve of approximately HK$92 million (2009: HK$16 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 2010 the Group expanded its network by acquiring concession rights to build bus shelters, most of which were in Shanghai. During the year ended 31 December 2010, the Group spent HK$260 million on the construction of new bus shelters and acquisition of concession rights, compared to HK$222 million in 2009. Total capital expenditure increased for the current year mainly due to the construction of new bus shelters in Shanghai (see Operation Review — Core Bus Shelter Advertising Business — Key Cities). An additional HK$12 million was spent to acquire other fixed assets (2009: HK$5 million).

Material Acquisitions and Disposals

There were no 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 2010, the Group had a total of 518 employees, a decrease of 7% compared to 31 December 2009. Total staff costs for 2010 was maintained at 10% of the Group's turnover (2009: 10%). Total wages and salaries increased by 15% year-on-year mainly due to salary increment and higher sales commission incurred.

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 2011 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 a 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 schemes 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 (Chapter 485 of the Laws of Hong Kong) 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 2010 other than time deposits of RMB30 million (approximately HK$35 million) pledged as securities for bills payable of RMB60 million (approximately HK$71 million).

Capital Commitments

As at 31 December 2010, the Group had capital commitments contracted but not provided for in relation to the construction of bus shelters amounting to HK$15 million (31 December 2009: HK$35 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.

OUTLOOK

Against the backdrop of solid macro-economic conditions, robust consumption growth, and the willingness of advertisers to invest in brand-building, we are optimistic about the growth prospects of the advertising industry in China in 2011 and beyond. On the supply side, the tightening of regulatory policies, as seen in Shanghai and Guangzhou in the last couple of years, will benefit the Group as the outdoor media market becomes more rational. Our advanced bookings, based on early negotiations with major advertisers, are encouraging and our order book on-hand has reached approximately 30% of our full-year sales target. It is typical for most advertisers to finalise their annual marketing budgets in the first couple of months of the year.

In 2011, the Group will focus on the following areas of our business operations:

Our investments will be targeted and selective. We will continue to expand our bus shelter network in cities where we have a strong presence, as well as in other cities with high growth potential. Beyond our core bus shelter advertising format, we are constantly looking into other advertising formats and segments to build presence and to provide high-quality, innovative channels to meet advertisers' needs.

We will continue our efforts to strike an optimal balance between rate-card increases, occupancy rates and our number of clients. We will foster a stronger customer-centric mindset in our sales force and we will tailor-make business plans and introduce more flexibility in our product packages. In addition to giving more autonomy and pricing flexibility to our district sales centres, we will increase their resources by offering more staff training and conducting client-presentation roadshows to nurture a growing base of mid- to small-tier local clients.

Improving the quality and yield of our assets is vital to our long-term success. A key strategy will be improving our internal management system which includes the roll-out of an electronic inventory-management system that will enable centralised management, which we believe will ultimately raise the efficiency and the value of our existing assets.

With our growth-driven strategies, client-focused channels and healthy balance sheet, along with strong cash position, we are committed to delivering long-term profitable growth for our shareholders.

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 thirteen 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. 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.

WHY DID CLEAR MEDIA DIVERSIFY INTO BUS BODY ADVERTISING IN SHENZHEN?

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.

WHAT IS YOUR CASH POSITION AND GEARING RATIO?

The Group continued to enjoy a healthy financial position, with net cash of HK$671 million as at 31 December 2010. During the year of 2010, the Group generated strong free cash flow of HK$151 million. Free cash flow is defined as EBITDA (before losses on disposal 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 2010. Our current policy is to maintain a capital structure with low level of gearing, which will be reviewed on an annual 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.

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

JINGSHENG HUANG

Mr. Huang, aged 53, is Managing Director at Bain Capital, based in Shanghai China. Prior to Bain Capital, 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, Co-founder/Vice President of Marketing at Mtone Wireless and Lecturer at Communication University of China. Mr. Huang currently serves as Board Director at Shanda Interactive (NASDAQ: SNDA), SinoMedia (HK: 00623), Clear Media (HK: 00100), and Besunyen (HK: 00926). Mr. Huang received an M.B.A. from Harvard Business School, an M.A. from Stanford University and a B.A. from Beijing Foreign Studies University.

Deputy Chairman
Chairman of the Remuneration Committee
Non-Executive Director

WILLIAM ECCLESHARE

Mr. Eccleshare, aged 55, 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 career, 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 57, 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 Buspak Advertising (Hong Kong) Limited.

In 2004, Mr. Cosgrove was appointed a Director of APN News & Media Limited, a company listed on the Australian Stock Exchange. He is Chairman of GlobeCast Australia, a broadcasting business in Australia and New Zealand.

Chief Executive Officer and Executive Director

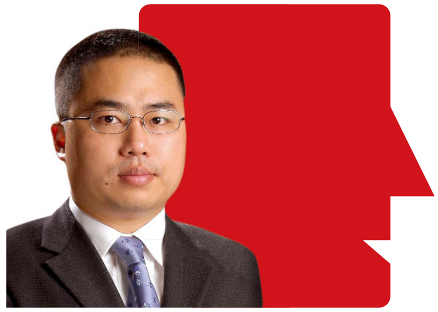
HAN ZI JING

Mr. Han, aged 55, has been with the Group since 1998. Before that, he was General Manager of Guangdong White Horse Group Corporation, a diversified company with interests ranging from property to medical equipment. Mr. Han was also Director of the Hong Kong Overseas Representative Office of China Science and Technology Association, a liaison body between the PRC Government and the international science and technology communities. Mr. Han has a Bachelor's degree and graduated from a post-graduate course at the South China Normal University. He is a brother of Mr. Han Zi Dian.

Chief Financial Officer and Executive Director

TEO HONG KIONG

Mr. Teo, aged 46, joined the Group in 1999 from PricewaterhouseCoopers. He worked in both the Singapore and Beijing offices of PricewaterhouseCoopers where he held senior positions. He graduated from the National University of Singapore and is a Certified Public Accountant in Singapore.



Chief Operating Officer and Executive Director

ZHANG HUAI JUN

Zhang Huai Jun (Harrison), aged 40, 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 General 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

JONATHAN BEVAN

Mr. Bevan, aged 39, has been an alternate Director of the Company since 2007 and was a non-executive director of the Company between 2003 and 2007. He is currently the Chief Operating Officer of Clear Channel International which operates the outdoor interests in Europe and Asia of Clear Channel Outdoor Holdings, Inc. (Clear Channel). He has 13 years experience in the outdoor advertising industry having previously held a number of positions at Clear Channel, most recently including Chief Financial Officer of Clear Channel International from November 2006 to November 2009. Prior to joining Clear Channel he was trained as a Chartered Accountant at Coopers and Lybrand (now PricewaterhouseCoopers). He graduated in Economics from Bristol University in the United Kingdom.

Non-Executive Director

MARK THEWLIS

Mr. Thewlis, aged 44, 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 47, 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 55, 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 64, 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 63, 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.

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 2010:

	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				5/5
Mr. Zhang Huai Jun *(Chief Operating Officer)*	5/5				5/5
NON-EXECUTIVE DIRECTORS					
Mr. Jingsheng Huang *(Chairman)*	5/5			1/1	
Mr. William Eccleshare	5/5		1/1		
Mr. Peter Cosgrove	5/5	4/4	1/1	1/1	
Mr. Mark Mays (resigned as non-executive director with effect from 19 May2010)	0/5				
Mr. Jonathan Bevan (appointed as non-executive director with effect from 19 May 2010)	5/5				5/5
Mr. Mark Thewlis	5/5				5/5
Mr. Han Zi Dian (brother of Mr. Han Zi Jing)	0/5				
ALTERNATE DIRECTORS					
Mr. Zou Nan Feng (alternate to Zhang Huai Jun and Han Zi Dian)	0/5				
INDEPENDENT NON-EXECUTIVE DIRECTORS					
Mr. Desmond Murray	5/5	4/4	1/1	1/1	
Mr. Wang Shou Zhi	5/5	4/4	1/1	1/1	
Ms. Leonie Ki Man Fung	4/5	3/4	1/1	1/1	

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 page 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.

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 2010.

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 2010, 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:

	2010	2009
	HK$'000	HK$'000
Audit fees	**1,580**	1,505
Non-audit fees	**616**	336

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 2011.

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 once in 2010 to review and approve the directors' remuneration packages.

MEMBERS OF THE REMUNERATION COMMITTEE

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

REMUNERATION POLICY

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

EXECUTIVE DIRECTORS' REMUNERATION: BASIC SALARY

The Remuneration Committee annually reviews and approves the basic salary of all executive directors of the Group. Details of each executive director's salary are in "Notes to Financial Statements" on pages 76 to 78.

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 46 to 50 of the "Report of the Directors."

NON-EXECUTIVE DIRECTORS' REMUNERATION

All fees paid to non-executive directors for their services to the Group are subject to annual review and approval by the Remuneration Committee. The Group also offers its non-executive directors reimbursement of invoices for out-of-pocket expenses incurred by them while discharging their duties as directors, such as attending meetings on behalf of the Group. Full details of all such fees paid to non-executive directors during 2010 can be found on pages 76 to 77 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 2010 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 and two non-executive directors 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*
Jonathan Bevan, *Non-Executive Director*
Mark Thewlis, *Non-Executive Director*

The Capital Expenditure Committee met five times in 2010 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.

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.

INTERNAL CONTROL, INTERNAL AUDIT AND FINANCIAL REPORTING (CONTINUED)

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 2010, 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 2010 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 52 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 2010, 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 2010.

DIRECTORS' INTERESTS

Full details of individual director's interests in the shares and share options of the Company are set out on pages 43 to 50 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 6 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 529,000,500. 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

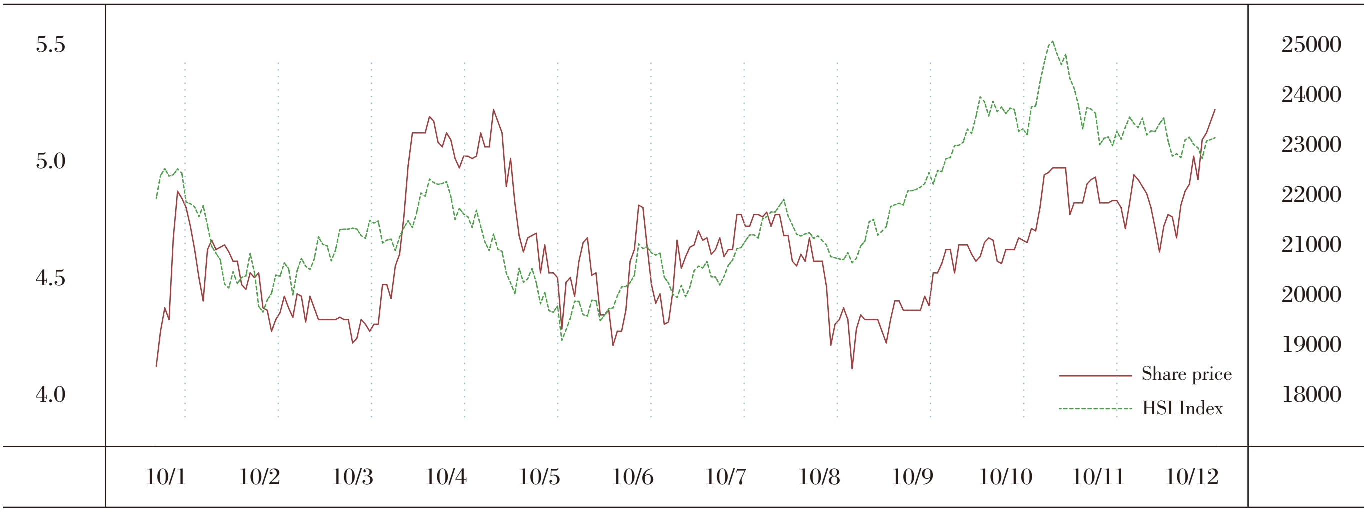
The Group regards open communication with both existing and potential investors as being vital to its sustained success. To this end, the Group insists on full, honest, equal and timely disclosure of all essential information regarding its business to the investment community. The Group is committed 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 2011

Results Announcement 2010	31 January
Annual General Meeting	Early June
Interim Results Announcement	Early August
Financial Year End	31 December

Share Price Performance



Sources: (Bloomberg)

74.9 million shares were traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2010.
The highest trading price for the share was HK$5.20 on 30 April and 31 December 2010 and the lowest was HK$4.10 on 4 January 2010.

The directors of the Company are pleased to present their report together with the audited financial statements of the Group for the year ended 31 December 2010.

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 2010 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 53 to 104.

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 107. 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				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Profit attributable to:					
– Owners of the parent	**166,068**	31,258	166,067	141,584	120,043
– Non-controlling interests	**10,323**	5,332	16,873	13,248	9,189
Assets and liabilities					
Total assets	**3,253,272**	2,914,352	2,959,055	2,737,970	2,433,574
Total liabilities	**(447,049)**	(376,291)	(485,193)	(585,603)	(580,448)
Total equity	**2,806,223**	2,538,061	2,473,862	2,152,367	1,853,126

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 2010 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 23 and 24 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 25 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES
As at 31 December 2010, the Company's retained earnings and other components of equity available for cash distribution and/or distribution in specie amounted to HK$1,331,428,000 (2009: HK$1,269,575,000). 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 (2009: 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 28 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 2010:

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. At the Special General Meeting held on 3 March 2010, the independent shareholders approved the Framework Agreement and the annual cap amounts of the transactions under the Framework Agreement for the years 2010, 2011 and 2012.

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 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 2010 was approximately RMB3,000,000 (equivalent to approximately HK$3,447,000). 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 10 January 2010, China Outdoor Media Investment (Hong Kong) Company Limited ("China Outdoor Media (HK)"), an indirect 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 the China Outdoor Media (HK)'s entitlement of 90% of the after tax profits of the WHA Joint Venture for a further year to the end of the fiscal year 2010. In consideration of extension of such profit sharing arrangement, China Outdoor Media (HK) made a one-off payment of HK$250,000 to Hainan White Horse.

China Outdoor Media (HK) has an option to further extend such profit sharing agreement for a further year thereafter to the end of the fiscal year 2011, subject to a further one-off payment of HK$250,000. 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 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$200 million and HK$30 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) the transactions 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	
Peter Cosgrove	
Mark Mays	(resigned as non-executive director with effect from 19 May 2010)
Jonathan Bevan	(resigned as alternate director to Mark Mays, William Eccleshare and Mark Thewlis, and appointed as non-executive director with effect from 19 May 2010)
Mark Thewlis	
Han Zi Dian	

Independent non-executive directors:
Leonie Ki Man Fung
Wang Shou Zhi
Desmond Murray

Alternate directors:

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 28 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 2010, 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 2010:

	Number of shares held, capacity and nature of interest					Percentage of
Name of director	**Directly beneficially owned**	**Through spouse or minor children**	**Through controlled corporation**	**Beneficiary of a trust**	**Total**	**the Company's issued share capital**
Han Zi Jing	–	–	7,700,000	–	7,700,000	1.46%
Zhang Huai Jun	349,000	–	–	–	349,000	0.07%

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 2010, 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 47 to 50.

B. Long positions in the shares of Clear Channel Outdoor Holdings, Inc. as 31 December 2010:
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**
William Eccleshare	7,507	–	–	–	7,507	0.002
Jonathan Bevan	19,458	–	–	–	19,458	0.006
Mark Thewlis	8,078	–	–	–	8,078	0.002

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

C. Right to acquire shares in Clear Channel Outdoor Holdings, Inc. as at 31 December 2010:

Name of director	Date of Grant	Number of Outstanding Options as at 31 December 2010	Option Period	Subscription Price per share of Clear Channel Outdoor Holdings, Inc.
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	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
	24/02/2010	15,523	24/02/2011 – 24/02/2020	US$9.570
	24/02/2010	15,524	24/02/2012 – 24/02/2020	US$9.570
	24/02/2010	15,523	24/02/2013 – 24/02/2020	US$9.570
	24/02/2010	15,524	24/02/2014 – 24/02/2020	US$9.570
	10/09/2010	15,895	10/09/2011 – 10/09/2020	US$10.400
	10/09/2010	15,896	10/09/2012 – 10/09/2020	US$10.400
	10/09/2010	15,895	10/09/2013 – 10/09/2020	US$10.400
	10/09/2010	15,897	10/09/2014 – 10/09/2020	US$10.400
	13/12/2010	5,120	10/09/2011 – 24/02/2019	US$13.750
	13/12/2010	5,120	10/09/2012 – 24/02/2019	US$13.750
	13/12/2010	5,120	10/09/2013 – 24/02/2019	US$13.750
Jonathan Bevan	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
	24/02/2010	15,863	24/02/2011 – 24/02/2020	US$9.57
	24/02/2010	15,863	24/02/2012 – 24/02/2020	US$9.57
	24/02/2010	15,863	24/02/2013 – 24/02/2020	US$9.57
	24/02/2010	15,862	24/02/2014 – 24/02/2020	US$9.57

Name of director	Date of Grant	Number of Outstanding Options as at 31 December 2010	Option Period	Subscription Price per share of Clear Channel Outdoor Holdings, Inc.
Mark Thewlis	13/02/2006	6,250	13/02/2009 – 19/02/2013	US$19.85
	13/02/2006	6,250	13/02/2010 – 19/02/2013	US$19.85
	13/02/2006	12,500	13/02/2011 – 19/02/2013	US$19.85
	23/05/2007	6,625	23/05/2008 – 23/05/2017	US$29.03
	23/05/2007	6,625	23/05/2009 – 23/05/2017	US$29.03
	23/05/2007	6,625	23/05/2010 – 23/05/2017	US$29.03
	23/05/2007	6,625	23/05/2011 – 23/05/2017	US$29.03
	16/05/2008	13,250	16/05/2009 – 16/05/2018	US$20.64
	16/05/2008	13,250	16/05/2010 – 16/05/2018	US$20.64
	16/05/2008	13,250	16/05/2011 – 16/05/2018	US$20.64
	16/05/2008	13,250	16/05/2012 – 16/05/2018	US$20.64
	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
	24/02/2010	11,897	24/02/2011 – 24/02/2020	US$9.57
	24/02/2010	11,897	24/02/2012 – 24/02/2020	US$9.57
	24/02/2010	11,897	24/02/2013 – 24/02/2020	US$9.57
	24/02/2010	11,897	24/02/2014 – 24/02/2020	US$9.57
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 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.

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 was determined by the board of directors and communicated to each grantee. The board of directors may provide restrictions on the period during which the options may be exercised. There are no performance targets which must be achieved before any of the options can be exercised except for the share options granted on 29 June 2007. Share options granted on 29 June 2007 (the "2007 Options") would not become vested unless the Company achieved an average annual earnings per share growth of 5% each year in the first three full financial years after the grant date. As the vesting condition has not been met, the share option expenses of the 2007 Options recognised in previous years amounting to HK$20 million were reversed during the year.

The subscription price for the Company's shares under the New Scheme and the Old Scheme was a price determined by the board of directors and notified to each grantee. The subscription price was the highest of: (i) the nominal value of a share; (ii) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; and (iii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant. An option shall be deemed to have been granted and accepted by an eligible participant (as defined in the 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 2010, the aggregate number of shares issuable under share options granted under both the New Scheme and the Old Scheme was 20,500,000, which represented approximately 3.88% of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 20,500,000 additional ordinary shares of HK$0.10 each in the Company and proceeds, before relevant share issue expenses, of approximately HK$93,665,000.

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	1,900,000	–	(1,900,000)	–	–	–	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	4.26	4.46
	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	–	–
		7,000,000	–	(1,900,000)	(1,000,000)	–	4,100,000						
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	–	–
		2,300,000	–	–	–	–	2,300,000						

Name or category of participant	Type of share option scheme	Number of share options: At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options*	Exercise period	Exercise price per share ** HK$	Price of the Company's shares ***: At grant date of options HK$	Immediately before the exercise date HK$	At exercise date of options HK$
Zhang Huai Jun	The Old Scheme	666,000	–	(666,000)	–	–	–	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	4.26	4.46
	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	–	–
		3,066,000	–	(666,000)	–	–	2,400,000						
Zou Nan Feng	The Old Scheme	666,000	–	(666,000)	–	–	–	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	4.26	4.46
	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	–	–
		2,266,000	–	(666,000)	–	–	1,600,000						

		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 **	At grant date of options	Immediately before the exercise date	At exercise date of options
										HK$	HK$	HK$	HK$
Others													
Members of senior management and other employees of the Group	The Old Scheme	1,400,000	–	(1,400,000)	–	–	–	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	5.15	5.10
	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	–	–
		13,400,000	–	(1,400,000)	(1,900,000)	–	10,100,000						
In aggregate	The Old Scheme	4,632,000	–	(4,632,000)	–	–	–	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	4.53	4.65
	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	–	–
		28,032,000	–	(4,632,000)	(2,900,000)	–	20,500,000						

* The vesting period of the share options is from the date of grant until the commencement of the exercise period except for the 2007 Options which would not become vested until the end of the third year after the grant date unless the Company achieved an average annual earnings per share growth of 5% each year for the first three full financial years after the grant date. As the vesting condition has not been met the share option expenses of the 2007 Options recognised in previous years amounting to HK$20 million were reversed during the year.

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

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

During the year ended 31 December 2010, no share options were granted by the Company.

Apart from the foregoing, at no time during the year ended 31 December 2010 was the Company, or any of its subsidiaries, a party to any arrangement to enable the directors or any of their respective spouses 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 2010, 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	51.34%
International Value Advisers, LLC	2	77,960,770	14.74%
Samana Capital L.P.	3	41,744,000	7.89%

Notes:

1. As at 31 December 2010, 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 of the Company 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 30 December 2010, 77,960,770 shares of the Company were held by it.

3. Samana Capital L.P. notified the Stock Exchange that as at 1 February 2010, 41,744,000 shares of the Company were held by it.

Save as disclosed above, as at 31 December 2010, 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 2010, 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
31 January 2011

ERNST & YOUNG
安永

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

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

We have audited the consolidated financial statements of Clear Media Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 53 to 104, which comprise the consolidated and company statements of financial position as at 31 December 2010, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated 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 consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

Ernst & Young
Certified Public Accountants
Hong Kong
31 January 2011

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
Revenue	6	**1,261,600**	1,118,149
Cost of sales		**(798,612)**	(734,574)
Gross profit		**462,988**	383,575
Other income	6	**2,626**	2,545
Selling and distribution costs		**(129,049)**	(113,645)
Administrative expenses		**(99,008)**	(125,623)
Other expenses	7	**(7,529)**	(87,243)
Finance costs	10	**(2,796)**	(3,657)
PROFIT BEFORE TAX	7	**227,232**	55,952
Income tax expense	11	**(50,841)**	(19,362)
PROFIT FOR THE YEAR		**176,391**	36,590
ATTRIBUTABLE TO:			
Owners of the parent	12	**166,068**	31,258
Non-controlling interests		**10,323**	5,332
		176,391	36,590
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	13	**31.50 cents**	5.96 cents
Diluted	13	**31.14 cents**	5.96 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	2010 HK$'000	2009 HK$'000
Profit for the year	**176,391**	36,590
Other comprehensive income:		
Exchange differences on translating foreign operations	**90,117**	16,309
Income tax	**–**	–
Other comprehensive income for the year, net of tax	**90,117**	16,309
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**266,508**	52,899
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	**257,748**	47,639
Non-controlling interests	**8,760**	5,260
	266,508	52,899

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**33,228**	36,950
Concession rights	16	**1,650,998**	1,573,787
Long-term prepayments, deposits and other receivables	17	**14,588**	40,824
Total non-current assets		**1,698,814**	1,651,561
CURRENT ASSETS			
Trade receivables	18	**445,312**	374,201
Prepayments, deposits and other receivables	19	**260,788**	287,011
Due from a related party	20	**141,531**	129,630
Pledged deposits	21	**35,489**	51,230
Cash and cash equivalents	21	**671,338**	420,719
Total current assets		**1,554,458**	1,262,791
CURRENT LIABILITIES			
Other payables and accruals		**376,624**	344,358
Deferred income		**7,717**	6,897
Tax payable		**22,131**	8,235
Total current liabilities		**406,472**	359,490
NET CURRENT ASSETS		**1,147,986**	903,301
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,846,800**	2,554,862
NON-CURRENT LIABILITIES			
Net deferred tax liabilities	22	**40,577**	16,801
Total non-current liabilities		**40,577**	16,801
Net assets		**2,806,223**	2,538,061
EQUITY			
Equity attributable to owners of the parent			
Issued capital	23	**52,900**	52,437
Retained earnings	25(a)	**1,060,107**	894,039
Other components of equity	25(a)	**1,633,497**	1,540,626
		2,746,504	2,487,102
Non-controlling interests		**59,719**	50,959
Total equity		**2,806,223**	2,538,061

Han Zi Jing
Director

Teo Hong Kiong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2010

	Attributable to owners of the parent								
	Issued share capital	**Share premium account**	**Share option reserve**	**Contributed surplus**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
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
As at 1 January 2010	52,437	767,043	35,712	351,007	386,864	894,039	2,487,102	50,959	2,538,061
Profit for the year	–	–	–	–	–	166,068	166,068	10,323	176,391
Other comprehensive income	–	–	–	–	91,680	–	91,680	(1,563)	90,117
Total comprehensive income for the year	–	–	–	–	91,680	166,068	257,748	8,760	266,508
Share options exercised	463	22,349	(6,554)	–	–	–	16,258	–	16,258
Share issue expenses	–	(4)	–	–	–	–	(4)	–	(4)
Transfer of share option reserve upon the expiry of share options	–	5,858	(5,858)	–	–	–	–	–	–
Equity-settled share option arrangements	–	–	(14,600)	–	–	–	(14,600)	–	(14,600)
At 31 December 2010	52,900	795,246	8,700	351,007	478,544	1,060,107	2,746,504	59,719	2,806,223

	Notes	2010 HK$'000	2009 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**227,232**	55,952
Adjustments for:			
Loss on disposal, write off and write down of concession rights	7	**7,675**	87,432
Impairment of trade receivables	7	**12,863**	26,120
Gain on disposal of items of property, plant and equipment	7	**(146)**	(189)
Depreciation of property, plant and equipment	7	**7,040**	6,513
Recognition of prepaid lease payment		**1,747**	1,699
Amortisation of concession rights	7	**238,518**	229,644
Foreign exchange losses/(gains), net	7	**30**	(4)
Interest on other borrowings	10	**–**	777
Other finance costs	10	**2,796**	2,880
Equity-settled share option expense		**(14,600)**	11,300
Interest income	6	**(2,626)**	(2,545)
		480,529	419,579
Decrease in long-term prepayments, deposits and other receivables		**–**	5,000
(Increase)/decrease in trade receivables		**(70,957)**	107,351
Decrease/(increase) in prepayments, deposits and other receivables		**78,079**	(7,752)
Increase in an amount due from a related party		**(7,392)**	(49,584)
Increase/(decrease) in other payables and accruals		**12,054**	(66,402)
Increase/(decrease) in deferred income		**580**	(5,515)
Cash generated from operations		**492,893**	402,677
Interest paid		**–**	(1,842)
Income taxes paid		**(14,864)**	(19,063)
Net cash flows from operating activities		**478,029**	381,772
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment, excluding construction in progress		**(11,728)**	(5,113)
Proceeds from disposal of property, plant and equipment		**174**	197
Proceeds from disposal and refund of unamortised concession rights	16	**1,378**	21,860
Purchase of concession rights		**(252,176)**	(201,046)
Interest received		**1,195**	8,324
Net cash flows used in investing activities		**(261,157)**	(175,778)
Net cash flows used in investing activities		**(261,157)**	(175,778)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		**16,258**	–
Share issue expenses		**(4)**	–
Decrease in the loan from a related party		**–**	(54,843)
Decrease in pledged deposits		**17,523**	59,933
Net cash flows from financing activities		**33,777**	5,090
NET INCREASE IN CASH AND CASH EQUIVALENTS		**250,649**	211,084
Cash and cash equivalents at beginning of year		**420,719**	209,631
Effect of foreign exchange rate changes, net		**(30)**	4
CASH AND CASH EQUIVALENTS AT END OF YEAR		**671,338**	420,719
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**671,338**	420,719

STATEMENT OF FINANCIAL POSITION

31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**419**	577
Interests in subsidiaries	15	**1,371,113**	1,329,732
Total non-current assets		**1,371,532**	1,330,309
CURRENT ASSETS			
Prepayments, deposits and other receivables		**1,739**	1,285
Cash and cash equivalents		**29,977**	28,152
Total current assets		**31,716**	29,437
CURRENT LIABILITIES			
Other payables and accruals		**10,220**	2,022
Total current liabilities		**10,220**	2,022
NET CURRENT ASSETS		**21,496**	27,415
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,393,028**	1,357,724
Net assets		**1,393,028**	1,357,724
EQUITY			
Equity attributable to owners of the parent			
Issued capital	23	**52,900**	52,437
Retained earnings	25(b)	**69,781**	40,082
Other components of equity	25(b)	**1,270,347**	1,265,205
Total equity		**1,393,028**	1,357,724

1. CORPORATE INFORMATION

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

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

On 31 July 2008, the merger of Clear Channel Communications, Inc. ("Clear Channel") with CC Media Holdings, Inc. ("CC Media"), a corporation formed by private equity funds co-led by Bain Capital Partners LLC and Thomas H. Lee Partners LP (the "Private Equity Group"), was completed (the "Acquisition"). The common stocks of 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 and accounting principles generally accepted in Hong Kong. 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 the "Group") for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. 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 intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Effective from 1 January 2010, losses within a subsidiary are attributable to the non-controlling interest even if that results in a deficit balance. Prior to 1 January 2010, losses incurred by the Group were attributable to the non-controlling interest until the balance was reduced to nil.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in 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 Improvements to subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 Leases – *Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	Presentation of Financial Statements – *Classification by the borrower of Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised) and amendments to HKAS 7 included in Improvements to HKFRSs 2009, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

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

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) Improvements to HKFRSs 2009 issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

2.3 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 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters* [2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets* [4]
HKFRS 9	*Financial Instruments* [5]
HKAS 24 (Revised)	*Related Party Disclosures* [3]
HKAS 32 Amendment	Amendment to HKAS 32 Financial Instruments: Presentation – *Classification of Rights Issues* [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [3]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [2]

Apart from the above, the HKICPA has issued Improvements to HKFRSs 2010 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

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

While the adoption of those changes will result in changes in the accounting policy, the changes are unlikely to have any significant impact on the Group. Further information about those changes that are expected to have a significant impact on the Group's policies is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions"). The changes resulting from the Amendments only affect the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other requirements in HKAS 39 in respect of liabilities are carried forward into HKFRS 9. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of these additions.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting, derecognition and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2013.

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government. The Group expects to adopt HKAS 24 (Revised) from 1 January 2011 and the comparative related party disclosures will be amended accordingly.

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2011. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) HKFRS 3 *Business Combinations*: Clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

    In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

    The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

(b) HKAS 1 *Presentation of Financial Statements*: Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

(c) HKAS 27 *Consolidated and Separate Financial Statements*: Clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

Joint ventures

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

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

A joint venture is treated as:

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets other than goodwill

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

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

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 an impairment loss is credited to the income statement in the period in which it arises.

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)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

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 and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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 on bus shelters, unipoles and bus bodies in the People's Republic of China (the "PRC") and include any directly attributable costs of bringing bus shelters, unipoles and bus bodies to their present condition and location for their intended use.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating leases

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

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. 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.

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.

The Group's financial assets include cash and bank balances, pledged deposits, trade and other receivables and amounts due from a related party.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in administrative expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement in other operating expenses and removed from the available-for-sale investment valuation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as other income in accordance with the policies set out for "Revenue recognition" below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

The Group evaluates its available-for-sale financial assets whether the ability and intention to sell them in the near term are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

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 when:

- the rights to receive cash flows from the asset have expired; or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, 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. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to administrative expenses in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Group's financial liabilities mainly include other payables.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

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 income statement.

Cash and cash equivalents

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

For the purpose of the 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 income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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.

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. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

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

(b) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(c) dividend income, when the shareholders' right to receive payment has been established.

Deferred income

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

Employee benefits

Share-based payment transactions

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

The cost of equity-settled transactions with employees for grants after 7 November 2002 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.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. 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 income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service 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, if the original terms of the award are met. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Share-based payment transactions (continued)

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. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. 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. All cancellations of equity-settled transaction awards are treated equally.

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

Pension schemes and other retirement benefits

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

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

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. All other borrowing costs are expensed in the period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by entities in the Group are initially recorded using their respective 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 income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the overseas subsidiaries of the Company is currency other than 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 income statements are 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 component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND 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.

In the process of applying the Group’s accounting policies, management has made the following judgements and estimations. The key assumptions concerning the future and other key sources of judgements and 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. When value in use calculations are undertaken, management must estimate the expected future cash flows from the assets and choose a suitable discount rate in order to calculate the present value of those cash flows.

Withholding taxes arising from the distributions of dividends

The Group’s determination as to whether to accrue for withholding taxes from the distribution of dividends from a subsidiary in the PRC according to the relevant tax jurisdictions is subject to judgement on the timing of the payment of the dividend, where the Group considers that if it is probable that the profits of the subsidiary in the PRC will not be distributed in the foreseeable future, then no withholding taxes are provided.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Provision for impairment of trade and other receivables

The Group estimates the provision for impairment of trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of each year.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

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 all 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:

	2010 **HK$'000**	2009 HK$'000
Revenue		
Rental revenue from outdoor advertising spaces	**1,261,600**	1,118,149
Other income		
Interest income	**2,626**	2,545

7. PROFIT BEFORE TAX

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

	Notes	**2010 HK$'000**	2009 HK$'000
Cost of services provided		**252,253**	218,311
Operating lease rentals on bus shelters, unipoles and bus body operations		**307,841**	286,619
Amortisation of concession rights	16	**238,518**	229,644
Cost of sales		**798,612**	734,574
Impairment of trade receivables	18	**12,863**	26,120
Auditors' remuneration		**1,580**	1,505
Depreciation of property, plant and equipment	14	**7,040**	6,513
Other expenses:			
Write down of concession rights		**–**	4,292
Gain on disposal of items of property, plant and equipment		**(146)**	(189)
Loss on disposal and write off of concession rights		**7,675**	83,140
		7,529	87,243
Operating lease rentals on buildings		**21,978**	18,752
Employee benefit expense (including directors' remuneration (note 8)):			
Wages and salaries		**119,009**	103,910
Equity-settled share option expense			
– Reversal of previous years*		**(20,000)**	–
– Current year		**5,400**	11,300
Pension scheme contributions **		**186**	181
		104,595	115,391
Foreign exchange losses/(gains), net		**30**	(4)
Interest income		**(2,626)**	(2,545)

Note:

* On 29 June 2007, the Company granted 6.5 million share options with an exercise price of HK$8.53 ("the 2007 Options"). The 2007 Options would not become vested unless the Company achieves an average annual earnings per share growth of 5% each year in the first three full financial years after the grant date.

As the vesting condition has not been met, the share option expenses of the 2007 Options recognised in previous years amounting to HK$20 million were reversed during the current year.

** At 31 December 2010, the Group had no forfeited contributions available to reduce its contributions to the pension scheme(s) in future years (2009: Nil).

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"), is analysed as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Fees:	**2,850**	2,566
Other emoluments:		
Salaries, allowances and benefits in kind	**9,354**	8,801
Performance-related bonuses	**546**	423
Employee share option benefits		
– Reversal of previous years	**(10,743)**	–
– Current year	**2,631**	5,919
Pension scheme contributions	**74**	71
	1,862	15,214
	4,712	17,780

(a) Independent non-executive directors

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

	2010	2009
	HK$'000	HK$'000
Mr. Desmond Murray	**280**	252
Ms. Leonie Ki Man Fung	**140**	126
Mr. Wang Shou Zhi	**140**	126
	560	504

Directors' fees paid to Mr. Desmond Murray were for his role as an independent non-executive director and Chairman of the Audit Committee. There were no other emoluments payable to the independent non-executive directors during the year (2009: 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$'000	Employee share option benefits – reversal of previous year HK$'000	Employee share option benefits – current year HK$'000	Pension scheme contributions HK$'000	Total emoluments HK$'000
2010							
Executive directors:							
Mr. Han Zi Jing	500	3,671	–	(4,603)	991	12	571
Mr. Teo Hong Kiong	500	2,208	–	(2,456)	572	12	836
Mr. Zhang Huai Jun	450	1,509	344	(2,456)	610	41	498
	1,450	7,388	344	(9,515)	2,173	65	1,905
Non-executive directors:							
Mr. Jingsheng Huang	140	–	–	–	–	–	140
Mr. William Eccleshare	140	–	–	–	–	–	140
Mr. Peter Cosgrove	280	500	–	–	–	–	780
Mr. Mark Mays (resigned as a director on 19 May 2010)	53	–	–	–	–	–	53
Mr. Jonathan Bevan	87	–	–	–	–	–	87
Mr. Mark Thewlis	140	–	–	–	–	–	140
Mr. Han Zi Dian	–	123	–	–	–	–	123
	840	623	–	–	–	–	1,463
Alternate directors:							
Mr. Zou Nan Feng	–	1,343	202	(1,228)	458	9	784
	2,290	9,354	546	(10,743)	2,631	74	4,152
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)

During the year, performance-related bonuses of HK$546,000 were paid to directors (2009: HK$423,000). No directors waived or agreed to waive any remuneration during the year (2009: 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 (2009: Nil).

9. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the year included four (2009: 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	
	2010	2009
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**1,416**	1,375
Performance-related bonuses	**100**	100
Employee share option benefits		
– Reversal of previous years	**(614)**	–
– Current year	**210**	387
Pension scheme contributions	**12**	12
	1,124	1,874

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

	Number of employees	
	2010	2009
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**–**	1
	1	1

10. FINANCE COSTS

	Group 2010 HK$'000	2009 HK$'000
Interest on other borrowings wholly repayable within five years	**–**	777
Other finance costs	**2,796**	2,880
	2,796	3,657

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 2010 HK$'000	2009 HK$'000
Group:		
Current – Hong Kong profits tax	**–**	–
Current – PRC corporate income tax	**27,065**	25,898
Deferred tax (note 22)	**23,776**	(6,536)
Total tax charge for the year	**50,841**	19,362

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 2010 HK$'000	2009 HK$'000
Profit before tax	**227,232**	55,952
Tax at the applicable statutory tax rate	**51,810**	12,618
Income not subject to tax	**(3,394)**	(3,495)
Expenses not deductible for tax	**1,871**	4,862
Adjustments in respect of current tax of previous periods	**–**	5,300
Tax loss not recognised	**554**	76
Tax charge at the Group's effective rate of 22.4% (2009: 34.6%)	**50,841**	19,362

11. TAX (continued)

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 23.5% (2009: 22.5%) 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 OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent of the Company for the year ended 31 December 2010 includes a profit of HK$29,699,000 (2009: HK$8,471,000) which has been dealt with in the financial statements of the Company (note 25 (b)).

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

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

The calculation of the 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:

	2010 **HK$'000**	2009 HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**166,068**	31,258

	Number of shares	
	2010	2009
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**527,249,793**	524,368,500
Effect of dilution – weighted average number of ordinary shares:		
Share options	**6,121,194**	360,228
	533,370,987	524,728,728

The diluted earnings per share amount of the year is based on the profit for the year of HK$166,068,000 (2009: HK$31,258,000) and the weighted average number of ordinary shares in issue during the year of 533,370,987 (2009: 524,728,728).

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 2010					
At 31 December 2009 and at 1 January 2010:					
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
At 1 January 2010, net of accumulated depreciation	3,292	5,703	8,450	19,505	36,950
Additions	3,062	2,767	5,899	48,277	60,005
Disposals	–	(27)	(1)	–	(28)
Depreciation provided during the year	(1,181)	(2,092)	(3,767)	–	(7,040)
Transfers	–	–	–	(57,895)	(57,895)
Exchange realignment	108	192	363	573	1,236
At 31 December 2010, net of accumulated depreciation	5,281	6,543	10,944	10,460	33,228
At 31 December 2010:					
Cost	21,526	24,622	33,759	10,460	90,367
Accumulated depreciation	(16,245)	(18,079)	(22,815)	–	(57,139)
Net carrying amount	5,281	6,543	10,944	10,460	33,228

14. PROPERTY, PLANT AND EQUIPMENT (continued)

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 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

15. INTERESTS IN SUBSIDIARIES

	Company 2010 HK$'000	2009 HK$'000
Unlisted shares, at cost	**487,273**	487,273
Due from subsidiaries	**883,840**	842,459
	1,371,113	1,329,732

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 (2009: HK$567,000,000) 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 Direct	Percentage of equity attributable to the Company Indirect	Principal activities
China Outdoor Media Investment Inc.	British Virgin Islands	Ordinary HK$34,465	100	–	Investment holding
China Outdoor Media Investment (Hong Kong) Company Limited ("China Outdoor Media (HK)")	Hong Kong	Ordinary HK$1,000	–	100	Investment holding
WHA Joint Venture	PRC	US$60,000,000/ US$60,000,000	–	80 (Note)	Operation of outdoor advertising business

Note:

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

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

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

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

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

On 10 January 2010, China Outdoor Media (HK) and Hainan White Horse signed an agreement to amend the Joint Venture Agreement, extending the term of the China Outdoor Media (HK)'s entitlement of 90% of the after tax profits of the WHA Joint Venture for a further year to the end of the fiscal year 2010 at a consideration of a one-off payment of HK$250,000 to Hainan White Horse.

China Outdoor Media (HK) has an option to further extend such profit sharing agreement for a further year thereafter to the end of the fiscal year 2011, subject to a further one-off payment of HK$250,000.

16. CONCESSION RIGHTS

	Group HK$'000
31 December 2010	
Cost at 1 January 2010, net of accumulated amortisation	1,573,787
Additions	212,039
Transfer from construction in progress	57,895
Disposals, write off and write down	(9,053)
Amortisation during the year	(238,518)
Exchange realignment	54,848
At 31 December 2010	1,650,998
At 31 December 2010:	
Cost	3,246,802
Accumulated amortisation	(1,595,804)
Net carrying amount	1,650,998
31 December 2009	
At 1 January 2009:	
Cost	2,916,685
Accumulated amortisation	(1,214,037)
Net carrying amount	1,702,648
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 and at 1 January 2010:	
Cost	2,899,169
Accumulated amortisation	(1,325,382)
Net carrying amount	1,573,787

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 spaces 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 2010, the weighted average remaining term of the concession rights currently held by the Group was approximately eight years. In terms of renewal rights, approximately 63% 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.

17. LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance as at 31 December 2010 included a non-current portion of a prepaid bus shelter lease payment amounting to HK$14,588,000 (31 December 2009: HK$15,824,000).

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. 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	
	2010	2009
	HK$'000	HK$'000
Current to 90 days	**220,660**	182,287
91 days to 180 days	**135,561**	127,310
Over 180 days	**127,792**	101,921
	484,013	411,518
Less: Provision for impairment of trade receivables	**(38,701)**	(37,317)
Total trade receivables, net	**445,312**	374,201

18. TRADE RECEIVABLES (continued)

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

	Group	
	2010	2009
	HK$'000	HK$'000
At 1 January	**37,317**	25,667
Impairment losses recognised (note 7)	**12,863**	26,120
Amount written off as uncollectible	**(11,479)**	(14,470)
At 31 December	**38,701**	37,317

The above provision for impairment of trade receivables is a provision to cover balances for which the Group may not be able to recover the amounts from the customers in full. 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:

	2010	2009
	HK$'000	HK$'000
Neither past due nor impaired	**320,522**	302,677
Less than 3 months past due	**69,201**	45,296
Over 3 months past due	**1,923**	12,488
	391,646	360,461

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

The balance of prepayments, deposits and other receivables as at 31 December 2010 included a receivable with Beijing Pangu Investment Co., Ltd. ("BMIC") amounting to RMB79,950,840 (31 December 2009: 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. Therefore, 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.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

BMIC repaid RMB54 million to WHA Joint Venture during the year. On 25 January 2011, WHA Joint Venture entered into a revised agreement with BMIC (the "Revised Agreement"), pursuant to which, certain property interests in the PRC have been assigned to WHA Joint Venture as security for the outstanding balances and will be transferred to WHA Joint Venture unless BMIC repays the amount in full. Both parties agreed that RMB30 million will be repaid by the end of February 2011 and the remaining balances by the end of April 2011.

In addition, the balance of prepayments, deposits and other receivables for the year ended 31 December 2010 included a deposit amounting to HK$25,000,000 (31 December 2009: HK$25,000,000), which 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 was terminated in November 2009 and the deposit is due for repayment in 2011. The carrying amount of the deposit approximates to its fair value and is secured by the title to certain assets. The deposit was classified under long-term prepayments, deposits and other receivables as at 31 December 2009.

20. DUE FROM A RELATED PARTY

	Group	
	2010	2009
	HK$'000	HK$'000
Guangdong White Horse Advertising Company Limited ("GWH")	**141,531**	129,630

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	
	2010	2009
	HK$'000	HK$'000
Current to 90 days	**34,191**	35,169
91 days to 180 days	**45,005**	30,802
Over 180 days	**62,335**	63,659
	141,531	129,630

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$675,563,000 (2009: HK$442,887,000). 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 2010, the Group had pledged deposits of RMB30,197,000 (equivalent to approximately HK$35,489,000) (2009: RMB45,108,000 (equivalent to approximately HK$51,230,000)) to banks as security for bills payable of RMB60,395,000 (equivalent to approximately HK$70,978,000) (2009: RMB85,214,000 (equivalent to approximately HK$96,779,000)).

22. 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 2010 HK$'000	Depreciation and amortisation allowance in excess of related depreciation and amortisation and other temporary differences 2009 HK$'000
At 1 January	**(32,723)**	(30,064)
Deferred tax charged to the income statement during the year (note 11)	**(9,999)**	(2,659)
At 31 December	**(42,722)**	(32,723)

22. DEFERRED TAX (continued)

Deferred tax assets

	Group Deductible temporary differences 2010 HK$'000	Deductible temporary differences 2009 HK$'000
At 1 January	**15,922**	6,727
Deferred tax credited/(charged) to the income statement during the year (note 11)	**(13,777)**	9,195
At 31 December	**2,145**	15,922
Net deferred tax liabilities at 31 December	**(40,577)**	(16,801)

The Group has tax losses arising in Hong Kong. Deferred tax assets have not been recognised in respect of the tax losses since the possibilities of utilizing such amount is considered remote.

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

As at 31 December 2010, no deferred tax has been recognized by the Group for withholding taxes that would be payable on the unremitted earnings of WHA Joint Venture as management considered that it is not probable that WHA Joint Venture will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in WHA Joint Venture for which deferred tax liabilities have not been recognized totaled approximately HK$12,871,000 at 31 December 2010 (2009: HK$10,110,000).

23. SHARE CAPITAL

	2010 **HK$'000**	2009 HK$'000
Shares		
Authorised:		
1,000,000,000 ordinary shares of HK$0.10 each	**100,000**	100,000
Issued and fully paid:		
529,000,500 ordinary shares (2009: 524,368,500) of HK$0.10 each (2009: HK$0.10)	**52,900**	52,437

During the year ended 31 December 2010, the subscription rights attaching to 4,632,000 share options were exercised at a subscription prices HK$3.51 per share, resulting in the issue of 4,632,000 shares of HK$0.10 each for a total consideration, before expenses, of HK$16,258,000. The related transaction costs amounted to HK$4,000.

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

	Number of shares in issue	**Issued share capital** HK$'000	**Share premium account** HK$'000	**Total** HK$'000
At 1 January 2010	524,368,500	52,437	767,043	819,480
Share options exercised	4,632,000	463	22,349	22,812
Share issue expenses	–	–	(4)	(4)
Transfer of share option reserve upon the expiry of share options	–	–	5,858	5,858
At 31 December 2010	529,000,500	52,900	795,246	848,146

24. 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.

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 was determined by the board of directors and communicated to each grantee. The board of directors may provide restrictions on the period during which the options may be exercised. There are no performance targets which must be achieved before any of the options can be exercised except for the share options granted on 29 June 2007. Share options granted on 29 June 2007 (the "2007 Options") would 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. As the vesting condition has not been met, the share option expenses of the 2007 Options recognised in previous years amounting to HK$20 million were reversed during the year.

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.

24. SHARE OPTION SCHEMES (continued)

As at 31 December 2010, the aggregate number of shares issuable under share options granted under both the New Scheme and the Old Scheme was 20,500,000, which represented approximately 3.88% of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 20,500,000 additional ordinary shares of HK$0.10 each in the Company and proceeds, before relevant share issue expenses, of approximately HK$93,665,000.

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 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	1,900,000	–	(1,900,000)	–	–	–	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	4.26	4.46
	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	–	–
		7,000,000	–	(1,900,000)	(1,000,000)	–	4,100,000						

24. 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)													
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	–	–
		2,300,000	–	–	–	–	2,300,000						
Zhang Huai Jun	The Old Scheme	666,000	–	(666,000)	–	–	–	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	4.26	4.46
	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	–	–
		3,066,000	–	(666,000)	–	–	2,400,000						

24. 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	666,000	–	(666,000)	–	–	–	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	4.26	4.46
	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	–	–
		2,266,000	–	(666,000)	–	–	1,600,000						

24. 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	1,400,000	–	(1,400,000)	–	–	–	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	5.15	5.10
	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	–	–
		13,400,000	–	(1,400,000)	(1,900,000)	–	10,100,000						

24. 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$
In aggregate	The Old Scheme	4,632,000	–	(4,632,000)	–	–	–	28/05/2003	28/05/2006 to 27/05/2010	3.51	3.50	4.53	4.65
	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	–	–
		28,032,000	–	(4,632,000)	(2,900,000)	–	20,500,000						

* The vesting period of the share options is from the date of grant until the commencement of the exercise period except for the 2007 Options which would not become vested until the end of the third year after the grant date unless the Company achieved an average annual earnings per share growth of 5% each year for the first three full financial years after the grant date. As the vesting condition has not been met, the share option expenses of the 2007 Options recognised in previous years amounting to HK$20 million were reversed during the year.

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

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

During the year ended 31 December 2010, no share options were granted by the Company.

Apart from the foregoing, at no time during the year ended 31 December 2010 was the Company, or any of its subsidiaries, a party to any arrangement to enable the directors or any of their respective spouses or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

25. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 56 of the financial statements.

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

(b) Company

	Share option reserve HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Foreign currency translation reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2009	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
Profit for the year	–	–	–	–	29,699	29,699
Other comprehensive income	–	–	–	3,951	–	3,951
Total comprehensive income for the year	–	–	–	3,951	29,699	33,650
Issue of shares	(6,554)	22,349	–	–	–	15,795
Share issue expenses	–	(4)	–	–	–	(4)
Transfer of share option reserve upon the expiry of share options	(5,858)	5,858	–	–	–	–
Equity-settled share option arrangements	(14,600)	–	–	–	–	(14,600)
At 31 December 2010	8,700	795,246	449,773	16,628	69,781	1,340,128

25. 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.

26. COMMITMENTS

(a) Capital commitments

	Group	
	2010	2009
	HK$'000	HK$'000
Contracted, but not provided for:		
The construction of shelters for which concession rights are held	**15,058**	35,418

(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 2010, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Within one year	**265,980**	250,395
In the second to fifth year, inclusive	**759,311**	676,931
After five years	**1,057,564**	416,265
	2,082,855	1,343,591

26. COMMITMENTS (continued)

(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 2010, the amount of the total minimum guaranteed payment under the above contract is analysed as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Within one year	**69,551**	57,625
In the second to fifth year, inclusive	**–**	67,213
	69,551	124,838

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.

27. 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 against threatened the Company.

28. 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	**2010** HK$'000	2009 HK$'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)	**28,588**	23,277
Sales to GWH	(ii)	**161,999**	131,903
Creative services fees payable to GWH	(iii)	**3,447**	3,404

28. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

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 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.

(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 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 10 January 2010, China Outdoor Media (HK), an indirect wholly owned subsidiary of the Company, and Hainan White Horse, signed an agreement to amend the Joint Venture Agreement, extending the term of the China Outdoor Media (HK)'s entitlement of 90% of the after-tax profits of the WHA Joint Venture for a further year to the end of the fiscal year 2010 at a consideration of a one-off payment of HK$250,000 to Hainan White Horse.

China Outdoor Media (HK) has an option to further extend such profit sharing agreement for a further year thereafter to the end of the fiscal year 2011, subject to a further one-off payment of HK$250,000.

(b) Outstanding balances with related parties

The Group had outstanding receivables from GWH of HK$141,531,000 (31 December 2009: HK$129,630,000), 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:

	2010 **HK$'000**	2009 HK$'000
Short-term employee benefits	**9,900**	9,224
Equity-settled share option expense		
– Reversal of previous years	**(10,743)**	–
– Current year	**2,631**	5,919
Pension scheme contributions	**74**	71
Total compensation paid to key management personnel	**1,862**	15,214

29. 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	
	2010	2009
	HK$'000	HK$'000
Long-term receivables	**–**	25,000
Other receivables	**234,171**	255,875
Trade receivables	**445,312**	374,201
Due from a related party	**141,531**	129,630
Pledged deposits	**35,489**	51,230
Cash and cash equivalents	**671,338**	420,719
	1,527,841	1,256,655

Financial liabilities

	Financial liabilities at amortised cost	
	2010	2009
	HK$'000	HK$'000
Other payable	**247,193**	260,490
	247,193	260,490

30. 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 other payables, which arise directly from its operations.

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

Foreign Exchange Risk

The Group's only investment in the PRC remains is its operating vehicle, WHA Joint Venture, which solely conducts business within the PRC. Leaving aside 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 is located in the PRC and is 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
2010		
If Hong Kong dollar weakens against RMB	5%	8,895
If Hong Kong dollar strengthens against RMB	(5%)	(8,895)
2009		
If Hong Kong dollar weakens against RMB	5%	3,191
If Hong Kong dollar strengthens against RMB	(5%)	(3,191)

30. 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. 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 2010, with cash and cash equivalents amounting to HK$671 million as at 31 December 2010, an increase from HK$421 million in 2009.

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:

			2010		
	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	**–**	**–**	**247,193**	**–**	**247,193**
	–	**–**	**247,193**	**–**	**247,193**

			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

30. 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 2010.

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 other payables and accruals, less pledged deposits and cash and cash equivalents. Capital includes equity attributable to owners of the parent. The gearing ratio as at the end of the reporting period is as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
Other payables and accruals	**376,624**	344,358
Less:		
Pledged deposits	**(35,489)**	(51,230)
Cash and cash equivalents	**(671,338)**	(420,719)
Net surplus	**(330,203)**	(127,591)
Equity attributable to owners of the parent	**2,746,504**	2,487,102
Total capital	**2,746,504**	2,487,102
Capital and net debt	**2,416,301**	2,359,511
Gearing ratio	**–**	–

31. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 January 2011.

GLOSSARY

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

GLOSSARY

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	(profits attributable to owners of the parent/average total assets) x 100%
return on equity	(profits attributable to owners of the parent/average equity attributable to owners of the parent) x 100%
SAIC	State Administration for Industry and Commerce
street furniture/street furniture displays	Includes such forms of outdoor advertising as bus shelters, taxi stands, road signs, phone kiosks, information and newspaper stands, public toilets, free-standing information panels, benches and street lights.
transit	Advertising displays affixed to moving vehicles or positioned in the common areas of transit stations, terminals and airports.
unipoles	Large-format advertising displays intended for viewing at extended distances, generally more than 50 feet. Unipole displays include, but are not limited to, 30-sheet posters, 8-sheet posters, vinyl-wrapped posters, bulletins, wall murals, and stadia or arena signage.
12-sheet equivalent	One actual 12-sheet panel, or two 6-sheet panels, or three 4-sheet panels.

FINANCIAL SUMMARY

	2010	2009	2008	2007	2006
RESULTS (HK$'000)					
Revenue	**1,261,600**	1,118,149	1,260,115	997,310	775,980
EBITDA	**472,960**	293,221	455,757	375,449	305,376
EBIT	**227,402**	57,064	242,342	189,925	153,368
Profit attributable to owners of the parent	**166,068**	31,258	166,067	141,584	120,043
CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA (HK$'000)					
Current assets	**1,554,458**	1,262,791	1,045,214	977,708	899,141
Current liabilities	**406,472**	359,490	461,856	472,457	248,025
Equity attributable to owners of the parent	**2,746,504**	2,487,102	2,428,163	2,120,927	1,832,060
CASH FLOW DATA (HK$'000)					
Operating cashflow	**492,893**	402,677	439,024	330,194	225,256
FINANCIAL RATIOS					
Return on equity (%)	**6.3**	1.3	7.3	7.2	7.1
Current ratio (times)	**3.82**	3.51	2.26	2.07	3.63
EBITDA margin (%)	**37.5**	26.2	36.2	37.6	39.4
Net profit margin (%)	**13.2**	2.8	13.2	14.2	15.5

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
Jonathan Bevan
Mark Thewlis
Han Zi Dian

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

Alternate Director:
Zou Nan Feng (alternate to Zhang Huai Jun and Han Zi Dian)

Company Secretary
Alan Chan

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King & Wood PRC Lawyers

Bermuda Law
Conyers Dill & Pearman

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Ernst & Young

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Shanghai Pudong Development Bank

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