CLEAR MEDIA LIMITED

白馬戶外媒體有限公司

Stock code: 100

Clear • China • Consumer

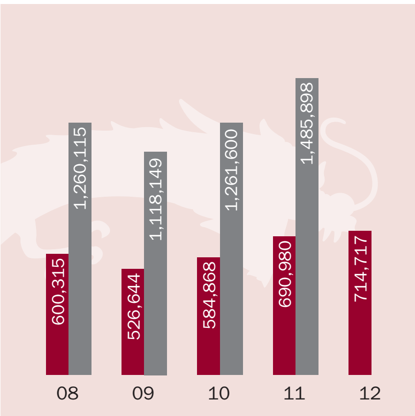
Interim Report 2012

Contents

Financial Highlights

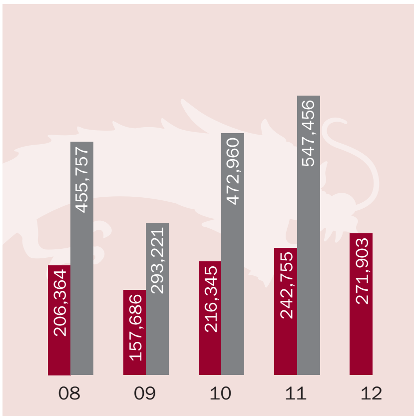
- The Group's total turnover increased by 3.4% to HK$715 million during the first half of 2012. Included in the 2011 business activities were sales generated by our Shenzhen bus body advertising business, an operation which was terminated in December 2011. If we were to exclude the impact brought about by the termination of this business, turnover of the Group increased by 13.2% to HK$715 million.
- EBITDA increased by 12.0% to HK$272 million.
- Net profit[1] increased by 15.5% to HK$84 million and net profit margin increased from 11% to 12% for the first half of 2012.
- Basic earnings per share increased by 15.5% to HK15.90 cents.

TURNOVER (HK$'000)



Six months ended 30 June
Year ended 31 December

EBITDA (HK$'000)



Six months ended 30 June
Year ended 31 December

[1] *Net profit attributable to shareholders of the Company*

Management Discussion and Analysis

INDUSTRY REVIEW

The world economy continued to struggle through uncertainty about the European sovereign debt crisis and the strength of the economic recovery in the United States which, in turn, hampered global economic revival in the first half of 2012. Faced with subdued global demand, the Chinese economy showed signs of a slowdown. The unfavourable global and domestic climate created a challenging operating environment for advertisers in the market and for our core advertising businesses.

The sentiment for advertising spending was mixed across the market. A good number of advertisers reduced their advertising spending amid the challenging environment but the shortfall was more than compensated by new orders from certain well known brands.

OPERATION REVIEW

Core Bus Shelter Advertising Business:

As of 30 June 2012, Clear Media operated the most extensive standardized bus shelter advertising network in Mainland China, with a total of 36,000 panels (1H2011: 33,000 panels) covering 28 cities. Thanks to our leading market position, our growth strategy and the efforts from our professional team, we grew our core bus shelter advertising revenue by 13.4% to HK$715 million (1H2011: HK$630 million), despite the challenging economic climate.

The adjustment to our 2012 advertising rate card was relatively high when compared to the adjustments in recent years. Accordingly, the average selling price ("ASP") increased by 9% in the first half of 2012.

The overall occupancy rate softened to 57% (1H2011: 61%) mainly as a result of the challenging economic climate, the increase in total number of panels and the relatively high increase in ASP.

In accordance with the value added tax pilot programme in Shanghai as stipulated by the Chinese Ministry of Finance and the State Administration of Taxation, effective from 1 January 2012, the business tax for our bus shelter advertising business in Shanghai was replaced by value added tax. Such tax replacement had the effect of reducing our turnover from Shanghai by HK$5 million.

OPERATION REVIEW (continued)

Core Bus Shelter Advertising Business: (continued)

Key Cities

For the six months ended 30 June 2012, our bus shelter advertising operations in Beijing, Guangzhou and Shanghai reported higher revenue numbers. Among the three key cities, the revenue performance was led by our operations in Beijing which was followed by that in Guangzhou and then, Shanghai.

Beijing

Revenue from Beijing increased by 17% for the first half of 2012 to HK$198 million (1H2011: HK$169 million) mainly due to the increase in bus shelter panels and the 9% increase in ASP. The average number of bus shelter panels increased by 12% following the acquisition of concession rights to operate about 700 bus shelter panels in Beijing, as stated in our public announcement dated 6 December 2011. On the back of the economic climate, the increase in bus shelter panels and the relatively high increase in ASP, the occupancy rate softened to 64% (1H2011: 66%).

Guangzhou

Revenue from Guangzhou increased by 10% for the first half of 2012 to HK$112 million (1H2011: HK$101 million) mainly due to a 22% increase in average panel numbers and the 12% rise in ASP. Occupancy rate temporarily softened to 47% (1H2011: 59%) due to time needed to fully integrate shelters acquired during the period.

Shanghai

Intense price competition from other street furniture formats remained during the first half of 2012. Revenue from Shanghai increased by 5% to HK$86 million. ASP remained relatively flat with a 2% increase. The average number of panels rose moderately by 3% and the occupancy rate remained at 50%.

Mid-Tier Cities

Revenue from all mid-tier cities increased by 14% to HK$317 million (1H2011: HK$278 million) for the six months ended 30 June 2012. ASP increased by 9% and the occupancy rate softened to 59% (1H2011: 61%). The average number of bus shelter panels increased by 7%.

Among the mid-tier cities where we operate, Chengdu, Shenzhen, Shenyang, Kunming, Zhengzhou, Nanchang, Nanning and Wuxi performed well with more than a 15% increase in revenue.

OPERATION REVIEW (continued)

Shenzhen Bus Body Advertising Business:

2011 was the last year we operated the bus body advertising business in Shenzhen according to the 5-year operating agreement signed in 2006. During the year ended 31 December 2011, the revenue from the bus body advertising business was HK$123 million and the underlying net profit was relatively small at approximately HK$2 million. During the six months ended 30 June 2012, there was no revenue (1H2011: HK$60 million) from this business.

FINANCIAL REVIEW

Turnover

The Group's total turnover increased by 3.4% to HK$715 million during the first half of 2012. Included in the 2011 business activities were sales generated by our Shenzhen bus body advertising business, an operation which was terminated in December 2011. If we were to exclude the impact brought about by the termination of this business, turnover of the Group increased by 13.2% to HK$715 million.

Other Income

Other income increased from HK$1.5 million in the prior period to HK$11.3 million mainly due to higher bank fixed deposits interest income, as we placed larger amount of cash into fixed deposit and for a longer period of time during the period.

Expenses

During the six months ended 30 June 2012, the Group's total direct operating costs, including rental, electricity and maintenance costs, and sales and cultural levies, decreased by 3.1% to HK$312 million (1H2011: HK$322 million). As 2011 was the last year we operated the bus body advertising business in Shenzhen, there were no operating costs incurred by such business during the first half of 2012. The decrease in the Group's total direct operating costs was due to the absence of any operating costs incurred by the former bus body advertising business during the first half of 2012.

The rental costs for our core bus shelter advertising business increased by 13.5% during the current six-month period. This increase was roughly in line with the increase in turnover of the core bus shelter advertising business.

FINANCIAL REVIEW (continued)

Expenses (continued)

During the first half of 2012, the cleaning and maintenance costs for our core bus shelter business increased by 28% due to initiatives launched to raise the cleaning and maintenance standards of our bus shelters to maintain our advertising platform's premium pricing position. The Group's core bus shelter advertising business is expected to enjoy long-term benefit from the upgrading of standards and we will continue to make the appropriate amount of investment in this activity.

Sales and cultural levies decreased by 3.6% during the current six-month period due to the replacement of business tax by value added tax in accordance with the value added tax pilot programme in Shanghai and the termination of the Shenzhen bus body advertising business.

Total selling, general and administrative expenses, excluding depreciation and amortization, increased by 4%. Excluding the effect of the absence of any expense from the former bus body advertising business in the first half of 2012, the total selling, general and administrative expenses, excluding depreciation and amortisation would have increased by 11%, mainly due to higher staff costs and sales commission following the increase in sales activities, but offset by a lower provision being made for the impairment of accounts receivable.

EBITDA

The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 12% to HK$272 million (1H2011: HK$243 million) mainly due to higher turnover of the core bus shelter advertising business and termination of the Shenzhen bus body advertising business in the current period. EBITDA margin increased to 38% (1H2011: 35%).

EBIT

The Group's earnings before interest and tax ("EBIT") increased by 10% to HK$120 million for the current six-month period from HK$110 million in the same period last year, mainly due to higher turnover of the core bus shelter advertising business.

Finance Costs

During the period under review, the Group carried no debt hence the finance costs incurred were minimal at HK$1 million (1H2011: HK$1 million).

FINANCIAL REVIEW (continued)

Taxation

During the period, taxes provided for by the Group increased to HK$35 million for the six months ended 30 June 2012 from HK$29 million for the same period last year. This was primarily due to the increase in assessable profits of the core bus shelter advertising business during the current period and an increase in the underlying corporation tax rate as explained below.

According to the PRC Enterprise Income Tax Law effective 1 January 2008, the WHA Joint Venture, an indirect majority-owned subsidiary of the Company established in the Hainan Special Economic Zone of the PRC, was subject to a corporate income tax of 25% (2011: 24%–25%) for the head office and its branches on its assessable profits arising in the PRC for the year 2012.

Net Profit

Net profit increased by 16% to HK$84 million (1H2011: HK$73 million) for the six months ended 30 June 2012 on the back of the increase in the turnover of the core bus shelter advertising business and the increase in bank interest income, while the net profit margin increased to 12% (1H2011: 11%).

Cashflow

Net cash flows from operating activities for the current period increased to HK$228 million (1H2011: HK$213 million), mainly due to the higher operating profit and improvement in working capital management.

Net cash flows used in investing activities during the six months ended 30 June 2012 increased to HK$151 million (1H2011: HK$24 million) mainly due to construction and acquisitions of bus shelter advertising panels.

As there were no external financing needs, there was no cash flow from financing activities.

Free cash flow, defined as EBITDA (before losses on disposal and write off of concession rights and other assets and equity-settled share option expenses) less cash outflow on capital expenditure, less income tax and net interest expense, decreased to HK$58 million for the current six-month period compared to HK$169 million in the same period last year. The decrease was mainly due to a higher level of capital expenditure spent on expanding the Group's bus shelter network, partially compensated by a higher EBITDA generated in the current period.

FINANCIAL REVIEW (continued)

Trade Receivables

Settlements from the major customers are typically slower in the first six months of the year. As a result, the accounts receivable balance outstanding for more than 180 days has increased from HK$73 million as at 31 December 2011 to HK$88 million as at 30 June 2012. However, due to management's continuous effort in tightening cash collection process, the Group's total accounts receivable balance due from third parties decreased by 4% to HK$492 million as at 30 June 2012 from HK$515 million as at 31 December 2011. None of the accounts receivable was due from connected persons, as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Accounts receivable from GWH are disclosed separately and discussed below.

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

Average accounts receivable outstanding days, on a time-weighted basis, improved to 108 days for the current six-month period from 119 days for the same period last year. As at 30 June 2012, the provision for impairment of accounts receivables decreased to HK$35 million from HK$40 million as at 31 December 2011. We will continue to closely monitor the accounts receivable balance and ensure the level of provision is appropriate and prudent.

Due from Related Party

As at 30 June 2012, the amount due from GWH increased to HK$154 million from HK$134 million as at 31 December 2011, mainly due to slower payment from customers represented by GWH. Main bulk of the GWH customers are domestic enterprises and settlement tend to be slower in the first six months. We will continue to work closely with GWH to expedite collection in the second half of the year.

Prepayments, Deposits and Other Receivables

The Group's total prepayments, deposits and other receivables as at 30 June 2012 increased to HK$191 million from HK$186 million as at 31 December 2011.

FINANCIAL REVIEW (continued)

Prepayments, Deposits and Other Receivables (continued)

The balance of prepayments, deposits and other receivables as at 30 June 2012 includes a deposit receivable amounting to HK$12 million (31 December 2011: HK$15 million), which has been placed with an independent third party in Guangzhou (the "Guangzhou Bus Body Advertising Rights Deposit"). The arrangement was terminated in November 2009. HK$3 million was settled during the current period and the remaining balance of HK$12 million is expected to be repaid in the second half of 2012.

The increase of prepayments, deposits and other receivables was mainly due to the increase of bank fixed deposit interest receivables and other business-related deposits and receivables, partially offset by the write down of unipoles prepaid rental and the partial settlement of the Guangzhou Bus Body Advertising Rights Deposit during the period.

Long-term Prepayments, Deposits and Other Receivables

Total long-term prepayments, deposits and other receivables includes a non-current portion of a prepaid bus shelter lease payment amounting to HK$12 million (31 December 2011: HK$13 million).

Other Payables and Accruals

The Group's total payables and accruals as at 30 June 2012 were HK$416 million, compared to HK$454 million as at 31 December 2011. Despite the higher capital expenditure incurred for the six months ended 30 June 2012, the main bulk of this expenditure relates to the acquisition of shelters with shorter payment terms. As such bus shelter capital expenditure payables as of 30 June 2012 was lower than the prior period and this has resulted in a decrease in the total payables and accruals. It would be inappropriate to give the turnover days against sales figures as the payable is more closely related to capital expenditure incurred for the acquisition of bus shelter concession rights.

Assets and Liabilities

As at 30 June 2012, the Group's total assets amounted to HK$3,762 million, a 1% increase from HK$3,734 million, as at 31 December 2011. The Group's total liabilities decreased to HK$552 million as at 30 June 2012, from HK$577 million as at 31 December 2011. Net assets as at 30 June 2012 increased by 2% to HK$3,211 million from HK$3,157 million as at 31 December 2011. This was mainly a result of the retention of the net profit earned in the six months ended 30 June 2012. Net current assets increased from HK$1,321 million as at 31 December 2011, to HK$1,384 million as at 30 June 2012.

As at 30 June 2012, the Group's total cash and bank balances amounted to HK$1,051 million (31 December 2011: HK$973 million).

FINANCIAL REVIEW (continued)

Share Capital and Shareholders' Equity

There was no change in share capital during the period. Total shareholders' equity for the Group as at 30 June 2012 rose by 2%, to HK$3,211 million, from HK$3,157 million as at 31 December 2011. The Group's reserves as at 30 June 2012 amounted to HK$3,068 million, a 1% increase over the corresponding balance of HK$3,026 million as at 31 December 2011. This was mainly a result of the retention of the net profit earned in the six months ended 30 June 2012, partially offset by the decrease of foreign currency translation reserve and the reclassification of the 2011 final dividend to current liability upon the approval of the 2011 final dividend at the annual general meeting on 1 June 2012. The Group undertook no share repurchases during the period.

Exposure to Foreign Exchange Risk

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

The average exchange rate of the RMB has appreciated by 2.96% against the Hong Kong Dollar during the period ended 30 June 2012 as compare with the same period last year. The Group's turnover and costs are largely denominated in RMB, which will largely offset each other. However, as the Group's net profit is reported in Hong Kong Dollars, the 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. The operating assets are translated to Hong Kong Dollar at the 30 June 2012 spot rate. Despite the increase in the average foreign exchange rate of RMB over the comparing six months period, the spot rate as of 30 June 2012 depreciated slightly as compared with the spot rate as at 31 December 2011. This has resulted in a decrease in the foreign currency translation reserve of approximately HK$18 million (1H 2011: increase of HK$63 million).

FINANCIAL REVIEW (continued)

Liquidity, Financial Resources, Borrowing and Gearing

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

As at 30 June 2012, the Group's total cash and cash equivalents amounted to HK$1,051 million (HK$973 million as at 31 December 2011). As at the end of the same period, the Group had bills payable of HK$7 million (31 December 2011: HK$53 million). The Group had no short-term or long-term debt outstanding as at 30 June 2012 (31 December 2011: Nil).

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

Capital Expenditure

For the six months ended 30 June 2012, the Group spent HK$147 million on the construction of new bus shelters and acquisition of concession rights, and HK$5 million on fixed assets, compared to HK$53 million and HK$2 million, respectively, for the same period last year. Total capital expenditure increased for the current period mainly due to higher capital expenditure outlays on expansion of the Group's bus shelter network.

Material Acquisitions and Disposals

There were no other material acquisitions or disposals of any subsidiaries, associates or joint ventures of the Group during the six months ended 30 June 2012.

Employment, Training and Development

As at 30 June 2012, the Group had a total of 522 employees, an increase of 4% over the same period in 2011. Total wages and salaries increased by 9% during the current six-month period mainly due to salary increments and higher sales commissions earned by our employees.

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

FINANCIAL REVIEW (continued)

Charges on Group Assets

As at 30 June 2012, a Group had time deposits of RMB3 million (approximately HK$4 million) pledged as securities for bills payable of RMB6 million (approximately HK$7 million).

As at 30 June 2012, the bank deposit of RMB2 million (approximately HK$2 million) was frozen by the PRC Court in respect of a rental dispute in China. The disputed amount was fully recognised in the consolidated financial statements. The Directors of the Company are of the view that the rental dispute will not have any material impact on the consolidated financial statements of the Group.

Capital Commitments

As at 30 June 2012, the Group had capital commitments contracted but not provided for in relation to the construction of bus shelters amounting to HK$29 million (31 December 2011: HK$25 million).

Contingent Liabilities

During the six months ended 30 June 2012, except for the rental dispute as disclosed in the "Charges on Group Assets" section above, neither the Company nor any of its subsidiaries has engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or arbitration of material importance is pending or threatened against the Company or any of its subsidiaries.

OUTLOOK

Our management remains cautious about the global economic climate and the slowing Chinese economy during the remainder of 2012 and in the foreseeable future. In the second half of 2012, there will also be a risk that advertisers may allocate relatively more of their marketing budgets towards the television sector where the London 2012 Olympic games will be broadcast. This may create a temporary advertising budget dilution effect for other media platforms including our bus shelter panels.

Although there appears to be a number of short-term challenges including the ones mentioned above, we are optimistic about the long-term prospects of the advertising industry in Mainland China. China's continuous transformation from an export-led to a domestic consumption driven economy is expected to create extra opportunities for the overall advertising industry. Our bus shelter advertising business is well positioned to benefit from further urbanization in China.

Going forward, we will endeavor to strengthen and broaden our core advertising business by expanding our bus shelter network through organic buildout and acquisitions, and by deploying new display or interactive technology at the right time. Riding on our solid business foundation and financial strength, we will be actively exploring complementary advertising formats and segments to widen our advertising footprint profitably.

Condensed Consolidated Income Statement

For the six months ended 30 June 2012

	Notes	For the six months ended 30 June 2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Revenue	4	**714,717**	690,980
Cost of sales	6	**(459,962)**	(451,556)
Gross profit		**254,755**	239,424
Other income	4	**11,293**	1,549
Selling and distribution costs		**(76,692)**	(70,252)
Administrative expenses		**(53,783)**	(55,201)
Other expenses	6	**(4,347)**	(4,470)
Finance costs	5	**(1,304)**	(1,456)
PROFIT BEFORE TAX		**129,922**	109,594
Income tax expenses	7	**(34,902)**	(28,661)
PROFIT FOR THE PERIOD		**95,020**	80,933
ATTRIBUTABLE TO:			
Owners of the parent		**84,126**	72,853
Non-controlling interests		**10,894**	8,080
		95,020	80,933
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	8	**HK15.90 cents**	HK13.77 cents
Diluted	8	**HK15.77 cents**	HK13.62 cents

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
PROFIT FOR THE PERIOD	**95,020**	80,933
Other comprehensive income:		
Exchange differences on translation of foreign operations	**(17,240)**	62,300
Income tax effect	**—**	—
Other comprehensive income for the period, net of tax	**(17,240)**	62,300
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**77,780**	143,233
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	**66,617**	136,234
Non-controlling interests	**11,163**	6,999
	77,780	143,233

Condensed Consolidated Statement of Financial Position

As at 30 June 2012

	Notes	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**35,115**	29,515
Concession rights	11	**1,820,490**	1,837,588
Long-term prepayments, deposits and other receivables	12	**12,430**	13,437
Total non-current assets		**1,868,035**	1,880,540
CURRENT ASSETS			
Trade receivables	13	**492,437**	514,818
Prepayments, deposits and other receivables	14	**190,932**	185,803
Due from a related party	15	**154,236**	133,919
Pledged deposits	16	**5,999**	45,270
Cash and cash equivalents	16	**1,050,613**	973,226
Total current assets		**1,894,217**	1,853,036
CURRENT LIABILITIES			
Other payables and accruals		**416,299**	453,666
Deferred income		**8,405**	10,822
Tax payable		**59,202**	67,745
Dividend payable	9	**26,450**	—
Total current liabilities		**510,356**	532,233
NET CURRENT ASSETS		**1,383,861**	1,320,803
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,251,896**	3,201,343
NON-CURRENT LIABILITIES			
Deferred tax liabilities, net		**41,378**	44,465
Total non-current liabilities		**41,378**	44,465
Net assets		**3,210,518**	3,156,878
EQUITY			
Equity attributable to owners of the parent			
Issued capital	17	**52,900**	52,900
Retained earnings		**1,305,325**	1,221,199
Other components of equity		**1,762,854**	1,778,053
Proposed final dividend	9	**—**	26,450
		3,121,079	3,078,602
Non-controlling interests		**89,439**	78,276
Total equity		**3,210,518**	3,156,878

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

	Attributable to owners of the parent									
	Issued capital HK$'000	Share premium account HK$'000	Share option reserve HK$'000	Contributed surplus HK$'000	Foreign currency translation reserve HK$'000	Retained earnings HK$'000	Proposed final dividend HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
As at 1 January 2011	52,900	795,246	8,700	351,007	478,544	1,060,107	—	2,746,504	59,719	2,806,223
Profit for the period	—	—	—	—	—	72,853	—	72,853	8,080	80,933
Other comprehensive income	—	—	—	—	63,381	—	—	63,381	(1,081)	62,300
Total comprehensive income for the period	—	—	—	—	63,381	72,853	—	136,234	6,999	143,233
Equity-settled share option arrangements	—	—	2,252	—	—	—	—	2,252	—	2,252
At 30 June 2011 (unaudited)	52,900	795,246	10,952	351,007	541,925	1,132,960	—	2,884,990	66,718	2,951,708
As at 1 January 2012	52,900	795,246	13,544	351,007	618,256	1,221,199	26,450	3,078,602	78,276	3,156,878
Profit for the period	—	—	—	—	—	84,126	—	84,126	10,894	95,020
Other comprehensive income	—	—	—	—	(17,509)	—	—	(17,509)	269	(17,240)
Total comprehensive income for the period	—	—	—	—	(17,509)	84,126	—	66,617	11,163	77,780
Final 2011 dividend declared	—	—	—	—	—	—	(26,450)	(26,450)	—	(26,450)
Equity-settled share option arrangements	—	—	2,310	—	—	—	—	2,310	—	2,310
At 30 June 2012 (unaudited)	52,900	795,246	15,854	351,007	600,747	1,305,325	—	3,121,079	89,439	3,210,518

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Cash generated from operations	**274,164**	222,393
Income taxes paid	**(45,902)**	(8,945)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**228,262**	213,448
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(150,886)**	(24,118)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**—**	—
NET INCREASE IN CASH AND CASH EQUIVALENTS	**77,376**	189,330
Cash and cash equivalents at beginning of period	**973,226**	671,338
Effects of foreign exchange rate changes, net	**11**	(23)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,050,613**	860,645

Notes to Condensed Consolidated Financial Statements

30 June 2012

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 Group is engaged in the operation of outdoor advertising business. There were no significant changes in the nature of the Group's principal activities during the period.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2011.

New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011, except for the adoption of new standards, interpretations and amendments effective for annual periods beginning 1 January 2012, noted below:

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

The adoption of the above new standards and interpretations has had no material effect on the Group's results of operations or financial position.

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

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

4. REVENUE AND OTHER INCOME

	For the six months ended 30 June	
	2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Revenue		
Rental from outdoor advertising spaces	**714,717**	690,980
Other income		
Bank interest income	**11,293**	1,549

5. FINANCE COSTS

	For the six months ended 30 June	
	2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Other finance costs	**1,304**	1,456

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Cost of services provided	**153,252**	146,477
Operating lease rentals on bus shelters, unipoles and bus body operations	**159,121**	175,891
Amortisation of concession rights	**147,589**	129,188
Cost of sales	**459,962**	451,556
Impairment of trade receivables	**—**	2,430
Auditors' remuneration	**1,144**	850
Depreciation of property, plant and equipment	**4,381**	4,066
Other expenses:		
Loss on disposal of concession rights	**769**	4,528
Write down of unipoles prepaid rental	**3,643**	—
Gain on disposal of items of property, plant and equipment	**(65)**	(58)
	4,347	4,470
Operating lease rentals on buildings	**12,392**	12,057
Employee benefits expense (including directors' remuneration):		
Wages and salaries	**69,929**	64,340
Equity-settled share option expenses	**2,310**	2,252
Pension scheme contributions	**93**	88
	72,332	66,680
Foreign exchange (gains)/losses, net	**(11)**	23
Bank interest income	**(11,293)**	(1,549)

7. TAX

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current — Hong Kong profits tax	**—**	—
Current — PRC corporate income tax	**37,989**	19,222
Deferred tax	**(3,087)**	9,439
Total tax charge for the period	**34,902**	28,661

Hong Kong profits tax has not been provided as the Group has no assessable profits arising in Hong Kong during the period (six months ended 30 June 2011: Nil). Taxes on profits assessable in the PRC have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof.

According to the Enterprise Income Tax Law of the PRC effective on 1 January 2008, Hainan White Horse Advertising Media Investment Company Limited ("WHA Joint Venture"), a subsidiary of the Company established in the Hainan Special Economic Zone of the PRC, was subject to a corporate income tax of 25% (2011: 24%–25%) for the head office and its branches on its assessable profits arising in the PRC for the year 2012.

As at 30 June 2012, no deferred tax has been recognised 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 recognised totalled approximately HK$22,833,000 at 30 June 2012 (31 December 2011: HK$20,722,000).

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the period is based on the profit attributable to ordinary equity holders of the parent of HK$84,126,000 (six months ended 30 June 2011: HK$72,853,000) and the weighted average number of 529,000,500 (six months ended 30 June 2011: 529,000,500) ordinary shares in issue during the period.

The calculation of the diluted earnings per share for the period is based on the profit attributable to ordinary equity holders of the parent of HK$84,126,000 (six months ended 30 June 2011: HK$72,853,000). The weighted average number of ordinary shares used in the calculation is the 529,000,500 (six months ended 30 June 2011: 529,000,500) ordinary shares in issue during the period, as used in the basic earnings per share calculation; and the weighted average of 4,456,000 (six months ended 30 June 2011: 5,873,000) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

9. DIVIDEND

The Board of Directors resolved not to pay any interim dividend to shareholders in respect of the six months ended 30 June 2012(six months ended 30 June 2011: Nil). A dividend that relates to the year ended 31 December 2011 of HK$26,450,025 (HK5 cents per share) was approved at the annual general meeting on 1 June 2012 and was recorded as a liability in the condensed consolidated financial statements.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group acquired property, plant and equipment at a cost of HK$5,324,000 (six months ended 30 June 2011: HK$1,626,000), and incurred construction in progress at a cost of HK$13,754,000 (six months ended 30 June 2011: HK$4,422,000).

Property, plant and equipment with a net book value of nil were disposed of by the Group during the six months ended 30 June 2012 (six months ended 30 June 2011: HK$4,000), resulting in a net gain on disposal of HK$65,000 (six months ended 30 June 2011: HK$58,000).

11. CONCESSION RIGHTS

During the six months ended 30 June 2012, the Group acquired concession rights at a cost of HK$141,881,000 (six months ended 30 June 2011: HK$57,049,000), including concession rights transferred from construction in progress of HK$8,918,000 (six months ended 30 June 2011: HK$8,383,000).

Notes to Condensed Consolidated Financial Statements

30 June 2012

11. CONCESSION RIGHTS (continued)

Concession rights with a net book value of HK$1,467,000 were disposed of by the Group during the six months ended 30 June 2012 (six months ended 30 June 2011: HK$4,572,000), resulting in a net loss on disposal of HK$769,000 (six months ended 30 June 2011: HK$4,528,000).

12. LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance as at 30 June 2012 included a non-current portion of a prepaid bus shelter lease payment amounting to HK$12,430,000 (31 December 2011: HK$13,437,000).

13. 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	
	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Current to 90 days	**278,218**	281,021
91 days to 180 days	**160,721**	200,084
Over 180 days	**88,103**	73,272
	527,042	554,377
Less: Provision for impairment of trade receivables	**(34,605)**	(39,559)
Total trade receivables, net	**492,437**	514,818

13. TRADE RECEIVABLES (continued)

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

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
At 1 January	**39,559**	38,701
Impairment losses recognised (note 6)	**—**	2,430
Amount written off as uncollectible	**(4,954)**	(1,572)
At 30 June	**34,605**	39,559

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:

	30 June 2012	31 December 2011
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Neither past due nor impaired	**325,299**	414,465
Less than 3 months past due	**42,910**	21,008
Over 3 months past due	**531**	—
	368,740	435,473

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.

Notes to Condensed Consolidated Financial Statements

30 June 2012

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance of prepayments, deposits and other receivables as at 30 June 2012 included a deposit receivable amounting to HK$12,000,000 (31 December 2011: HK$15,000,000), 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. HK$3,000,000 was settled during the current period. The remaining balance of HK$12,000,000 is repayable in 2012. The carrying amount of the outstanding deposit approximates to its fair value and is secured by the title to certain assets.

15. DUE FROM A RELATED PARTY

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

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Current to 90 days	**57,043**	45,231
91 days to 180 days	**32,945**	53,110
Over 180 days	**64,248**	35,578
	154,236	133,919

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

16. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

As at 30 June 2012, the Group's cash and bank balances and pledged deposits denominated in Renminbi ("RMB") amounted to HK$980,646,000 (31 December 2011: HK$969,157,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

All of the Group's bank balances and pledged deposits are placed with registered banking institutions in the PRC and Hong Kong. Bank balances and pledged deposits kept with each bank do not exceed 20% of the Group's total bank and pledged deposits balances as at 30 June 2012.

16. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (continued)

As at 30 June 2012, the Group had pledged deposits of RMB3,000,000 (equivalent to approximately HK$3,680,000) (31 December 2011: RMB26,700,000 (equivalent to approximately HK$32,935,000)) to banks as security for bills payable of RMB6,000,000 (equivalent to approximately HK$7,360,000) (31 December 2011: RMB43,000,000 (equivalent to approximately HK$53,041,000)).

The Group had pledged deposits of RMB10,000,000 (equivalent to approximately HK$12,335,000) for a guarantee issued by a bank of RMB20,000,000 (equivalent to approximately HK$24,670,000) for the Group's Shenzhen bus body advertising business as at 31 December 2011, which were fully discharged in the current period.

As at 30 June 2012, a bank deposit of RMB1,890,000 (equivalent to approximately HK$2,319,000) was frozen by the PRC Court in respect of a rental dispute in China. The disputed amount is fully recognised in the condensed consolidated financial statements. The Directors of the Company are of the view that the rental dispute will not have any material impact on the condensed consolidated financial statements of the Group.

17. ISSUED CAPITAL

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'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 of HK$0.10 each (31 December 2011: 529,000,500)	**52,900**	52,900

18. RESERVES

The amount of the Group's reserves and the movements therein for the current period and prior period are presented in the condensed consolidated statement of changes in equity on page 17 of the report.

Notes to Condensed Consolidated Financial Statements

30 June 2012

19. RELATED PARTY TRANSACTIONS

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

		For the six months ended 30 June	
	Notes	**2012 (Unaudited) HK$'000**	2011 (Unaudited) HK$'000
Agency commission paid to GWH	(i)	**6,394**	13,485
Sales to GWH	(ii)	**84,501**	97,136
Creative services fees payable to GWH	(iii)	**1,845**	1,790

Notes:

(i) The agency commission paid to GWH was based on the standard percentage of gross sales rental revenue for outdoor advertising spaces payable to other major third party agencies used by the Group. On 8 February 2010, the WHA Joint Venture entered into a three-year framework agreement with GWH for the years 2010, 2011 and 2012 on substantially the same terms as the framework agreements previously entered into between the WHA Joint Venture and GWH. GWH is a related party of the Company because of one of the directors of the Company, Mr. Han Zi Dian, is able to exercise influence over the management and day-to-day operations as director and general manager of GWH and controls the composition of a majority of the board of directors of GWH with his indirect interest of 14.2% in GWH.

(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 3 March 2011 the WHA Joint Venture entered into a creative services agreement with GWH effective from 1 January 2011 to 31 December 2013, whereby GWH agreed to provide creative design services for poster, 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. The Group expects the total creative service fees payable to GWH to be approximately RMB3,000,000 for 2012 and 2013, respectively.

19. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

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

On 11 May 2012, 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 2012 at a consideration of a one-off payment of HK$250,000 to Hainan White Horse.

(b) Outstanding balances with a related party

The Group had outstanding receivables from GWH of HK$154,236,000 (31 December 2011: HK$133,919,000), 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

	For the six months ended 30 June	
	2012 (Unaudited) HK$'000	2011 (Unaudited) HK$'000
Short-term employee benefits	**6,200**	5,257
Equity-settled share option expenses	**1,185**	1,316
Pension scheme contributions	**24**	23
Total compensation paid to key management personnel	**7,409**	6,596

20. COMMITMENTS

(a) Capital commitments

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Contracted, but not provided for:		
The construction of bus shelters for which concession rights are held	**29,213**	24,563

(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 8 years, and those for concession rights are negotiated for terms ranging from 5 to 15 years.

At 30 June 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Within one year	**310,815**	317,781
In the second to fifth year, inclusive	**839,057**	828,215
After five years	**1,013,376**	1,040,821
	2,163,248	2,186,817

21. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 2 August 2012.

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

As at 30 June 2012, 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 of Hong Kong Ltd. (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (the "Model Code"), were as follows:

A. Long Positions in Ordinary Shares of the Company as at 30 June 2012:

	Number of shares held, capacity and nature of interest					
Name of director	Directly beneficially owned	Through spouse or minor children	Through controlled corporation (Note)	Beneficiary of a trust (Note)	Total	% of the Company's issued share capital
Peter Cosgrove	—	—	—	250,000	250,000	0.05%
Han Zi Jing	—	—	7,700,000	—	7,700,000	1.46%
Zhang Huai Jun	349,000	—	—	—	349,000	0.07%

Note: The 250,000 shares are held by Media General Superannuation Fund of which Mr. Cosgrove is the sole beneficiary.

The 7,700,000 shares are held by Outdoor Media China, Inc. ("OMC"), a company incorporated in Western Samoa of Offshore Chambers. As at 30 June 2012, 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 34 to 39.

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

B. Long Positions in the Shares of Clear Channel Outdoor Holdings, Inc. as 30 June 2012: (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	11,192	—	—	—	11,192	0.004
Jonathan Bevan	9,358	—	—	—	9,358	0.003
Mark Thewlis	10,708	—	—	—	10,708	0.003

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 30 June 2012:

Name of director	Date of grant	Number of outstanding options as at 30 June 2012	Option period	Subscription price per share of Clear Channel Outdoor Holdings, Inc.
William Eccleshare	10/09/2009	29,455	10/09/2009–10/09/2019	US$4.05
	10/09/2009	33,336	10/09/2010–10/09/2019	US$4.05
	10/09/2009	60,007	10/09/2011–10/09/2019	US$4.05
	10/09/2009	40,007	10/09/2012–10/09/2019	US$4.05
	10/09/2009	40,008	10/09/2013–10/09/2019	US$4.05
	24/02/2010	15,523	24/02/2011–24/02/2020	US$3.48
	24/02/2010	15,524	24/02/2012–24/02/2020	US$3.48
	24/02/2010	15,523	24/02/2013–24/02/2020	US$3.48
	24/02/2010	15,524	24/02/2014–24/02/2020	US$3.48
	10/09/2010	15,895	10/09/2011–10/09/2020	US$4.31
	10/09/2010	15,896	10/09/2012–10/09/2020	US$4.31
	10/09/2010	15,895	10/09/2013–10/09/2020	US$4.31
	10/09/2010	15,897	10/09/2014–10/09/2020	US$4.31
	13/12/2010	5,120	10/09/2011–13/12/2020	US$7.66
	13/12/2010	5,120	10/09/2012–13/12/2020	US$7.66
	13/12/2010	5,120	10/09/2013–13/12/2020	US$7.66
	21/02/2011	22,500	21/02/2012–21/02/2021	US$8.97
	21/02/2011	22,500	21/02/2013–21/02/2021	US$8.97
	21/02/2011	22,500	21/02/2014–21/02/2021	US$8.97
	21/02/2011	22,500	21/02/2015–21/02/2021	US$8.97
	26/03/2012	22,500	26/03/2013–26/03/2022	US$7.90
	26/03/2012	22,500	26/03/2014–26/03/2022	US$7.90
	26/03/2012	22,500	26/03/2015–26/03/2022	US$7.90
	26/03/2012	22,500	26/03/2016–26/03/2022	US$7.90

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

C. Right to Acquire Shares in Clear Channel Outdoor Holdings, Inc. as at 30 June 2012: (continued)

Name of director	Date of grant	Number of outstanding options as at 30 June 2012	Option period	Subscription price per share of Clear Channel Outdoor Holdings, Inc.
Jonathan Bevan	13/02/2006	3,125	13/02/2009–13/02/2013	US$13.76
	13/02/2006	3,125	13/02/2010–13/02/2013	US$13.76
	13/02/2006	6,250	13/02/2011–13/02/2013	US$13.76
	23/05/2007	6,625	23/05/2008–23/05/2017	US$22.94
	23/05/2007	6,625	23/05/2009–23/05/2017	US$22.94
	23/05/2007	6,625	23/05/2010–23/05/2017	US$22.94
	23/05/2007	6,625	23/05/2011–23/05/2017	US$22.94
	16/05/2008	13,750	16/05/2009–16/05/2018	US$14.55
	16/05/2008	13,750	16/05/2010–16/05/2018	US$14.55
	16/05/2008	13,750	16/05/2011–16/05/2018	US$14.55
	16/05/2008	13,750	16/05/2012–16/05/2018	US$14.55
	06/02/2009	26,879	06/02/2010–06/02/2019	US$3.05
	06/02/2009	26,879	06/02/2011–06/02/2019	US$3.05
	06/02/2009	26,880	06/02/2012–06/02/2019	US$3.05
	06/02/2009	26,881	06/02/2013–06/02/2019	US$3.05
	24/02/2010	15,863	24/02/2011–24/02/2020	US$3.48
	24/02/2010	15,863	24/02/2012–24/02/2020	US$3.48
	24/02/2010	15,863	24/02/2013–24/02/2020	US$3.48
	24/02/2010	15,862	24/02/2014–24/02/2020	US$3.48
	21/02/2011	16,000	21/02/2012–21/02/2021	US$8.97
	21/02/2011	16,000	21/02/2013–21/02/2021	US$8.97
	21/02/2011	16,000	21/02/2014–21/02/2021	US$8.97
	21/02/2011	16,000	21/02/2015–21/02/2021	US$8.97
	26/03/2012	25,000	26/03/2013–26/03/2022	US$7.90
	26/03/2012	25,000	26/03/2014–26/03/2022	US$7.90
	26/03/2012	25,000	26/03/2015–26/03/2022	US$7.90
	26/03/2012	25,000	26/03/2015–26/03/2022	US$7.90

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

C. Right to Acquire Shares in Clear Channel Outdoor Holdings, Inc. as at 30 June 2012: (continued)

Name of director	Date of grant	Number of outstanding options as at 30 June 2012	Option period	Subscription price per share of Clear Channel Outdoor Holdings, Inc.
Mark Thewlis	13/02/2006	6,250	13/02/2009–13/02/2013	US$13.76
	13/02/2006	6,250	13/02/2010–13/02/2013	US$13.76
	13/02/2006	12,500	13/02/2011–13/02/2013	US$13.76
	23/05/2007	6,625	23/05/2008–23/05/2017	US$22.94
	23/05/2007	6,625	23/05/2009–23/05/2017	US$22.94
	23/05/2007	6,625	23/05/2010–23/05/2017	US$22.94
	23/05/2007	6,625	23/05/2011–23/05/2017	US$22.94
	16/05/2008	13,250	16/05/2009–16/05/2018	US$14.55
	16/05/2008	13,250	16/05/2010–16/05/2018	US$14.55
	16/05/2008	13,250	16/05/2011–16/05/2018	US$14.55
	16/05/2008	13,250	16/05/2012–16/05/2018	US$14.55
	06/02/2009	20,160	06/02/2010–06/02/2019	US$3.05
	06/02/2009	20,160	06/02/2011–06/02/2019	US$3.05
	06/02/2009	20,159	06/02/2012–06/02/2019	US$3.05
	06/02/2009	20,161	06/02/2013–06/02/2019	US$3.05
	24/02/2010	11,897	24/02/2011–24/02/2020	US$3.48
	24/02/2010	11,897	24/02/2012–24/02/2020	US$3.48
	24/02/2010	11,897	24/02/2013–24/02/2020	US$3.48
	24/02/2010	11,897	24/02/2014–24/02/2020	US$3.48
	21/02/2011	13,750	21/02/2012–21/02/2021	US$8.97
	21/02/2011	13,750	21/02/2013–21/02/2021	US$8.97
	21/02/2011	13,750	21/02/2014–21/02/2021	US$8.97
	21/02/2011	13,750	21/02/2015–21/02/2021	US$8.97
	26/03/2012	13,750	26/03/2013–26/03/2022	US$7.90
	26/03/2012	13,750	26/03/2014–26/03/2022	US$7.90
	26/03/2012	13,750	26/03/2015–26/03/2022	US$7.90
	26/03/2012	13,750	26/03/2016–26/03/2022	US$7.90
Teo Hong Kiong	11/11/2005	2,500	11/11/2010–11/11/2015	US$11.91

Save as disclosed above, none of the directors or 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 "Share Option Schemes" below, at no time during the six months ended 30 June 2012 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.

Supplementary Information

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 in 2010.

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

As at 30 June 2012, the aggregate number of shares issuable under share options granted under both the New Scheme and the Old Scheme was 13,450,000, which represented approximately 2.54% 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 13,450,000 additional ordinary shares of HK$0.10 each in the Company and proceeds, before relevant share issue expenses, of approximately HK$36,718,500.

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 and outstanding 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 period	Granted during the period	Exercised during the period	Expired during the period	Forfeited during the period	At the end of the period	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	1,500,000	—	—	—	—	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	—	—
		4,100,000	—	—	—	—	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						
Zhang Huai Jun	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	—	—
		2,400,000	—	—	—	—	2,400,000						

Supplementary Information

Name or category of participant	Type of share option scheme	Number of share options: At the beginning of the period	Granted during the period	Exercised during the period	Expired during the period	Forfeited during the period	At the end of the period	Date of grant of share options*	Exercise period	Exercise price per share** HK$	Price of the Company's shares***: At grant date of options HK$	Immediately before the exercise date HK$	At exercise date of options HK$
Director (continued)													
Zou Nan Feng	The Old Scheme	400,000	—	—	—	—	400,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	—	—
	The New Scheme	400,000	—	—	—	—	400,000	20/05/2009	21/05/2012 to 20/05/2016	2.73	2.73	—	—
	The New Scheme	400,000	—	—	—	—	400,000	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	—	—
	The New Scheme	400,000	—	—	—	—	400,000	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	—	—
		1,600,000	—	—	—	—	1,600,000						
Other													
Member of senior management and other employees of the Group	The Old Scheme	2,800,000	—	—	—	—	2,800,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	—	—
	The New Scheme	2,183,333	—	—	—	—	2,183,333	20/05/2009	21/05/2012 to 20/05/2016	2.73	2.73	—	—
	The New Scheme	2,183,333	—	—	—	—	2,183,333	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	—	—
	The New Scheme	2,183,334	—	—	—	—	2,183,334	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	—	—
		9,350,000	—	—	—	—	9,350,000						
In aggregate	The Old Scheme	6,300,000	—	—	—	—	6,300,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	—	—
	The New Scheme	4,483,332	—	—	—	—	4,483,332	20/05/2009	21/05/2012 to 20/05/2016	2.73	2.73	—	—
	The New Scheme	4,483,332	—	—	—	—	4,483,332	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	—	—
	The New Scheme	4,483,336	—	—	—	—	4,483,336	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	—	—
		19,750,000	—	—	—	—	19,750,000						

* 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. The vesting condition was not met and the share option expenses of the 2007 Options recognised in previous years amounting to HK$20 million were reversed in 2010.

** 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 six months ended 30 June 2012, no share options were granted by the Company.

Apart from the foregoing, at no time during the six months ended 30 June 2012 was the Company, or any of its subsidiaries, a party to any arrangement to enable the directors or any of their respective spouse or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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

As at 30 June 2012, 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	105,851,770	20.01%
Asia Landmark Master Fund Ltd	3	26,769,000	5.06%

Notes:

1. As at 30 June 2012, 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 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 19 July 2011, 105,851,770 shares of the Company were held by it.

3. Asia Landmark Master Fund Ltd. notified the Stock Exchange that as at 27 October 2011, 26,769,000 shares of the Company were held by it.

Corporate Governance

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

Corporate governance practices adopted by the Group during the period from 1 January 2012 to 31 March 2012 were in line with the code provisions set out in the former Code on Corporate Governance Practices effective before 1 April 2012 and as set out in the former Appendix 14 to the Listing Rules.

Corporate governance practices adopted by the Group during the period from 1 April 2012 to 30 June 2012 are in line with the code provisions set out in the revised Corporate Governance Code and Corporate Governance Report effective from 1 April 2012 and as set out in the revised Appendix 14 to the Listing Rules.

None of the Directors is aware of any information that would reasonably indicate that Clear Media is not, or was not for any part of the period from 1 January 2012 to 31 March 2012, in compliance with the code provisions set out in the former Code on Corporate Governance Practices contained in the former Appendix 14 of the Listing Rules.

None of the Directors is aware of any information that would reasonably indicate that Clear Media is not, or was not for any part of the period from 1 April 2012 to 30 June 2012, in compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules.

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

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

Audit Committee

The Audit Committee is comprised of a majority of independent non-executive Directors with substantial expertise in finance as well as relevant market experience. The Committee has reviewed the accounting policies and practices adopted by the Group as well as the unaudited interim financial statements for the six months period ended 30 June 2012. The Committee has also discussed with the external auditors their work in relation to the interim review. As part of discharging its responsibilities, the Committee has also met with the internal auditor and monitored his work on internal controls, risk management and financial reporting matters.

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

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

Factsheet at a Glance

Listing:	Main Board of The Stock Exchange of Hong Kong Limited
Listing Date:	19 December 2001
Ordinary Shares:	
• Shares in issue as at 30 June 2012	529,000,500 shares
Nominal Value:	HK$0.10 per share
Market Capitalization:	
• as at HK$4.00 per share *(based on closing price on 29 June 2012)*	HK$2,116 million (approximately US$272 million)
Stock Code:	
• Hong Kong Stock Exchange	100
• Reuters	0100.HK
• Bloomberg	100 HK
Financial Year End:	31 December
Business Area:	Outdoor Media

Corporate Information

DIRECTORS:

Zhu Jia *(Non-Executive Chairman of the Board, the Nomination Committee and the Directors' Securities Dealing Committee)*
William Eccleshare *(Non-Executive Director, Deputy Chairman)*
Peter Cosgrove *(Non-Executive Director, Deputy Chairman and Chairman of the Cash Committee)*
Han Zi Jing *(Executive Director and Chief Executive Officer)*
Teo Hong Kiong *(Executive Director and Chief Financial Officer)*
Zhang Huai Jun *(Executive Director and Chief Operating Officer)*
Jonathan Bevan *(Non-Executive Director)*
Mark Thewlis *(Non-Executive Director and Chairman of the Capital Expenditure Committee)*
Han Zi Dian *(Non-Executive Director)*
Desmond Murray *(Independent Non-Executive Director, Chairman of the Audit Committee and the Remuneration Committee)*
Leonie Ki Man Fung *(Independent Non-Executive Director)*
Wang Shou Zhi *(Independent Non-Executive Director)*
Zou Nan Feng *(Alternate Director to Zhang Huai Jun and Han Zi Dian)*

Company Secretary:	Jeffrey Yip
Head Office:	16th Floor, Sunning Plaza 10 Hysan Avenue Causeway Bay Hong Kong
Registered Office:	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Legal Advisors:	*Hong Kong and United States Law* Sullivan & Cromwell *PRC Law* King & Wood PRC Lawyers *Bermuda Law* Conyers Dill & Pearman
Auditors:	Ernst & Young
Principal Bankers:	Shanghai Pudong Development Bank HSBC

Corporate Information

PRINCIPAL SHARE REGISTRAR:
Butterfield Corporate Services Limited
11 Rosebank Centre
Bermudiana Road
Hamilton Bermuda

HONG KONG SHARE REGISTRAR:
Tricor Tengis Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

AUTHORISED REPRESENTATIVES:
Teo Hong Kiong
Jeffrey Yip

INVESTOR RELATIONS CONTACT:
Jeffrey Yip

PR CONSULTANT:
iPR Ogilvy Ltd.

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