CLEAR MEDIA LIMITED
白馬戶外媒體有限公司
Stock Code: 100

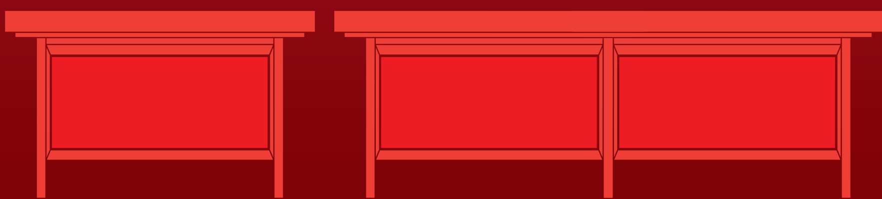
RIGHT MOVE, RIGHT DECISION

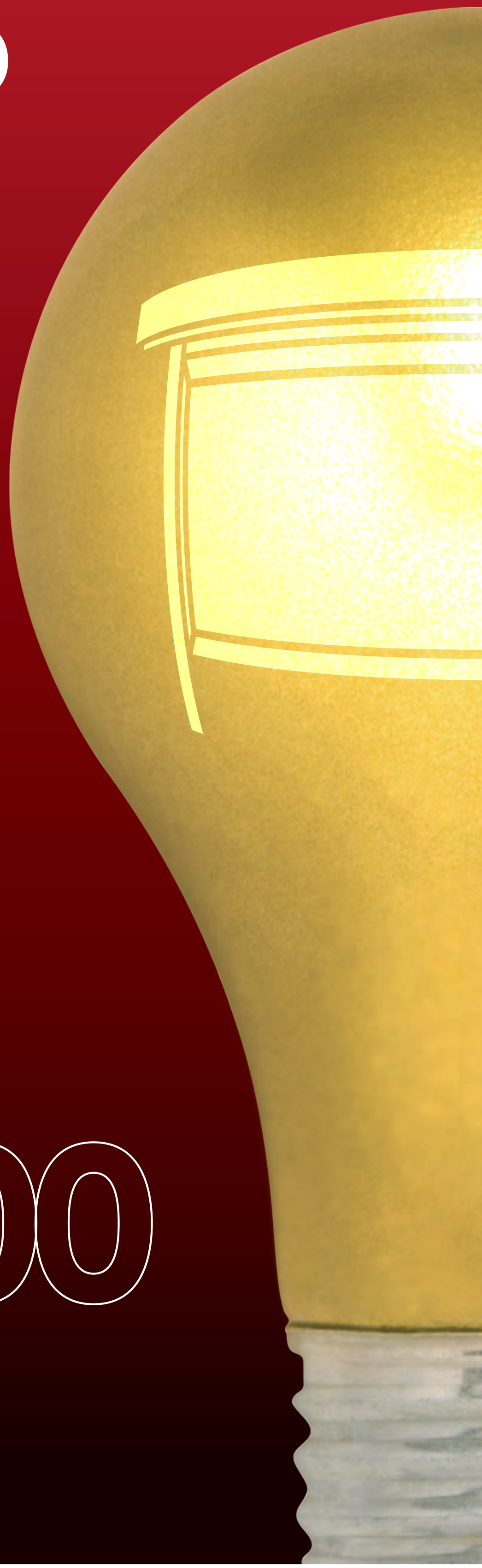
Annual Report 2012

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 Mainland China. One of our unique strengths is our strong shareholder base — a union of Clear Channel Outdoor (NYSE: CCO), one of the world's largest outdoor media companies, and White Horse, a renowned media company in China. In the past fourteen 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

DELIVER
EVERY SECOND



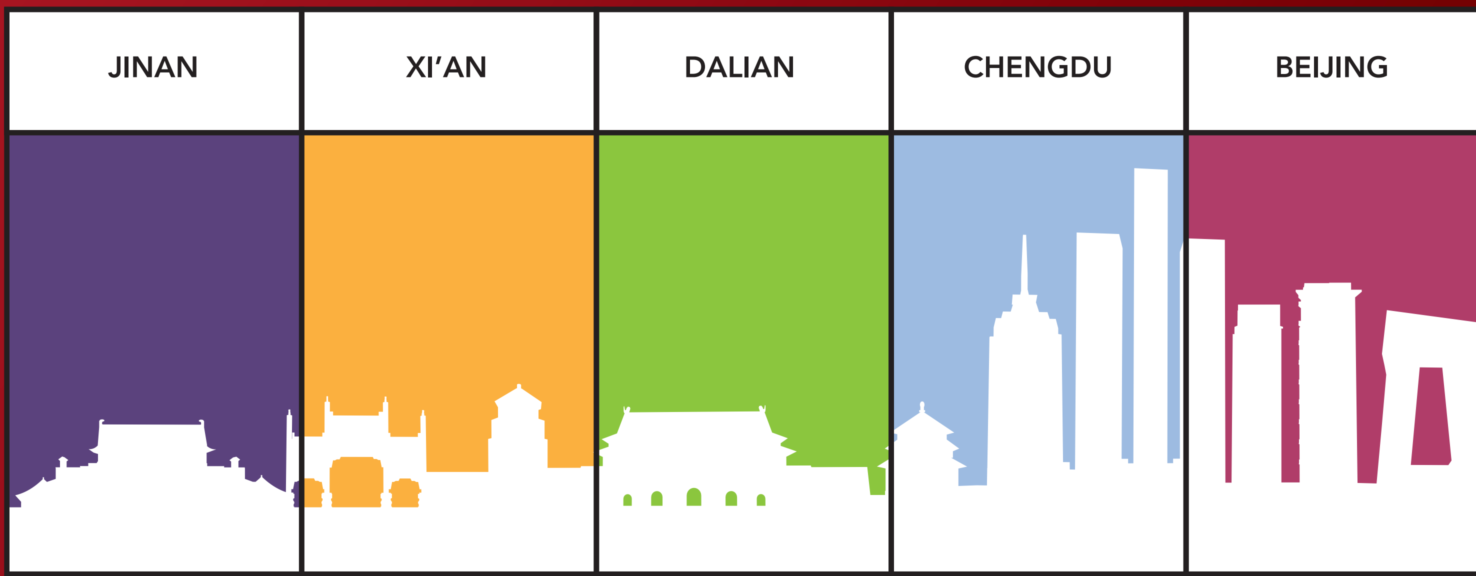


60 Minutes an Hour
24 Hours a Day
7 Days a Week
365 days a Year

31,536,000
SECONDS


Service
Market
Customer

CHINA COVERAGE



28 Cities

OVER 37,000 PANELS


SHANGHAI
GUANGZHOU
HANGZHOU
SHENZHEN
SHENYANG
Manage
Operate
Control

CONSUMER
FOCUS

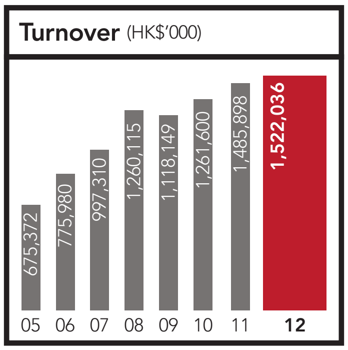
Social Consumption

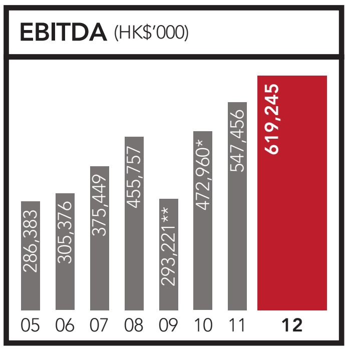
RMB 21 TRILLION

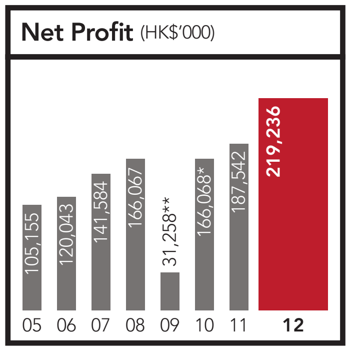

MOVIE
CAMERA
FOOD
COMPUTER
TELECOMMU-NICATION
FASHION
SPORT
COSMETIC
SUPERMARKET
APPLIANCE
HEALTH PRODUCTS
CLEANING
MUSIC PLAYER
APPAREL
SOFT DRINK
INTERNET

FINANCIAL HIGHLIGHTS

	2012	2011
Full Year Results (HK$'000)		
Turnover	**1,522,036**	1,485,898
EBITDA	**619,245**	547,456
Operating profit	**312,284**	275,129
Net profit	**219,236**	187,542
Basic EPS (HK cents)	**41.44**	35.45
Consolidated Statement of Financial Position Data (HK$'000)		
Cash and cash equivalents	**1,289,724**	973,226
Total assets	**4,017,026**	3,733,576
Total liabilities	**639,598**	576,698
Equity attributable to owners of the parent	**3,274,602**	3,078,602
Cash Flow Data (HK$'000)		
Cash generated from operations	**681,653**	674,173
Net increase in cash and cash equivalents	**316,498**	301,936
Financial Ratios		
Current ratio	**3.63 times**	3.48 times
EBITDA margin	**40.7%**	36.8%
Net profit margin	**14.4%**	12.6%
Debt-to-equity ratio	**0.0%**	0.0%







* Amounts include the effect of the Share Option Expenses Adjustment of HK$20 million recorded in the year ended 31 December 2010.

** Amounts include the effect of the one-off non-cash charges resulted from the change in display format mandated by the Shanghai authorities preparing for the 2010 World Expo.

FACT SHEET AT A GLANCE

SHAREHOLDER INFORMATION AS AT 31 DECEMBER 2012

51.34%	19.98%	5.06%
Clear Channel KNR Neth Antilles NV	International Value Advisers, LLC	Asia Landmark Master Fund Ltd.

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 2012	529,000,500 shares
Market Capitalization	
• as at HK$4.16 per share (based on closing price on 31 December 2012)	HK$2,201 million (approximately US$283 million)
Stock Code	
• Hong Kong Stock Exchange	100
• Reuters	0100.HK
• Bloomberg	100 HK
Financial Year End	31 December

EXECUTIVE CHAIRMAN'S STATEMENT

Dear Shareholders,

2012 was a challenging year with Chinese economic growth moderating on the back of negative international sentiment surrounding the ongoing European sovereign debt crisis and the uncertainty of macro economic policy in the United States. Despite the challenging environment, we managed to grow our core bus shelter advertising revenue by 11.8% and further increase our advertising panel numbers to 37,000. This achievement reinforced our position as China's leading bus shelter advertising company. Our EBITDA, EBIT and net profit margins increased notwithstanding the difficult operating environment.

Although we maintain a cautious view on the near-term revenue growth owing to the current economic environment, we remain optimistic for the long-term prospects of the street furniture sector in China given the continuous expansion of domestic consumption and ongoing urbanization. Going forward, we will continue to invest in cities to develop our advertising networks to meet the needs of our customers for today, tomorrow and beyond.

Our strong balance sheet puts us in good position to take advantage of the right acquisition opportunities should they arise in these more challenging economic times. On the technology front, we will put more focus on exploring the emerging trends in digital out-of-home advertising. We will draw on the digital learning's of our largest shareholder, Clear Channel, to create more flexible and dynamic advertising opportunities for our customers.

I would like to take this opportunity to express my sincere gratitude to our Board, our management and our staff for their excellent effort and dedication to making our company the success it is today. We will continue our commitment to the highest levels of transparency and maintain our passion for good corporate governance.

For the year 2012, we increased our final dividend to HK 15 cents per share (2011: HK 5 cents per share). We remain committed to creating more value for our shareholders as your reward for the faith and support shown to us.

Yours Sincerely
Mark Thewlis
Executive Chairman

CEO'S REPORT

The operating environment was challenging during 2012. Chinese economic growth moderated and there were a series of unfavorable factors including the London 2012 Olympic Games, slowdown in the movie industry ahead of the 18th National Congress and the tension between China and Japan, adversely affecting our 2012 revenue performance.

On the other hand, international and major advertisers were increasingly convinced about the effectiveness of our bus shelter advertising platform which remained as an important part of their outdoor advertising budgets and we secured new orders from certain renowned international brands.

Leveraging our leading market position, high-quality assets and efforts from our management team, our core bus shelter advertising revenue increased by 11.8% to HK$1,522 million in 2012, from HK$1,361 million in 2011, amid a tough environment.

The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 13.1% to HK$619 million (2011: HK$547 million), EBITDA margin increased to 40.7% (2011: 36.8%). Net profit increased by 16.9% to HK$219 million (2011: HK$188 million). Basic earnings per share was HK$41.44 cents, representing a 16.9% increase from the previous year. For the year 2012, the Directors proposed a final dividend of HK15 cents per share (2011: HK5 cents per share).

In 2012, we added more than 2,000 panels to our bus shelter network. 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 14%. The overall occupancy rate softened to 59% (2011: 66%) mainly as a result of the challenging operating environment, the 9% increase in average number of panels and the relatively high increase in ASP.

For the year ended 31 December 2012, sales in the top three cities — Beijing, Shanghai and Guangzhou — increased by 14% to HK$851 million (2011: HK$747 million) and accounted for 56% of total sales of the core bus shelter business (2011: 55%).

Among the three top-tier cities, Beijing was the best performing city. Revenue from Beijing increased by 20% to HK$427 million (2011: HK$357 million) mainly due to the increase in bus shelter panels and the 17% increase in ASP. The average number of bus shelter panels increased by 11% 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 challenging operating environment, the increase in bus shelter panels and the relatively high increase in ASP, the occupancy rate softened to 65% (2011: 70%).

There was marked improvement in the revenue performance in Shanghai. Revenue from Shanghai increased by 10% to HK$186 million. ASP increased by 17%. The average number of panels increased by 6%. The occupancy rate, on the other hand, softened to 51% (2011: 57%).

Revenue from Guangzhou increased by 9% to HK$239 million (2011: HK$220 million) mainly due to 20% increase in average panel numbers and the 13% rise in ASP. The occupancy rate softened to 50% (2011: 62%).

Revenue derived from all mid-tier cities increased by 9% to HK$668 million for the year. ASP increased by 9% and occupancy rate softened to 61% in 2012 from 66% in 2011. The average number of bus shelter panels increased by 7%. There were ten cities with double digit revenue increase.

CEO'S REPORT

Our management maintains a cautious view on the expectation of near-term revenue growth given the current economic environment.

In the long-run, Clear Media is optimistic about the prospects of the advertising sector in China on the back of continuous development of domestic consumption and urbanisation.

Going forward, our management plans to further expand our bus shelter advertising network by increasing the total number of bus shelter panels and raise the average panel yield which is the function of both the ASP and the average occupancy rate.

In future, the Group expect to utilize its financial resources to strengthen and broaden our core advertising business by expanding our bus shelter network, to consider deployment of new display or interactive technology at the right time, to actively explore mergers and acquisition opportunity with a view to profitably expand our advertising footprint in China and to return wealth to shareholders.

Han Zi Jing

Chief Executive Officer

Clear Media Limited

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In 2012, Chinese economic growth moderated on the back of the sentiment surrounding the ongoing European sovereign debt crisis, the concerns on a full resolution of the fiscal cliff and the pace of the economic recovery in the United States. The operating environment for both advertisers and media operators was challenging.

Overall, advertisers remained cautious with their advertising spend. During the year, apart from the relatively soft economic growth, our revenue performance was adversely affected by a number of factors. The broadcast of the London 2012 Olympic Games on television initiated a temporary rebalancing of advertising budgets towards the relevant television channels. The slowdown in the movie industry, ahead of the 18th National Congress which took place in November, affected the advertising revenue contribution from the entertainment sector. Since September, Japanese brands appeared to have significantly reduced their advertising spend amid the tension between China and Japan.

That said, international and major domestic advertisers were increasingly convinced about the effectiveness of our bus shelter advertising platform which remained as an important part of their outdoor advertising budgets. Domestic consumption in Mainland China continued to expand during the year. We secured new orders from certain renowned international brands with revenue gain offsetting the decline in sales to some of the key customers. Accordingly, we managed to grow our bus shelter advertising revenue by 11.8% despite the multitude of unfavorable factors described above.

OPERATION REVIEW

CORE BUS SHELTER ADVERTISING BUSINESS

2012 was the last year of our latest 3-year plan. We managed to add more than 2,000 panels to our bus shelter network, an achievement that reinforced our leading position in China's nationwide, standardized bus shelter advertising network. We currently operate approximately 37,000 panels (2011: 35,000 panels) covering 28 cities in China, an exposure that made us the largest bus shelter advertising operator in the country.

Leveraging our leading market position, high-quality assets and efforts from our management team, our core bus shelter advertising revenue increased by 11.8% to HK$1,522 million in 2012, from HK$1,361 million in 2011, amid a tough environment.

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 14% in 2012.

The overall occupancy rate softened to 59% (2011: 66%) mainly as a result of the challenging operating environment, the 9% increase in average 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. Similar value added tax programme also came into effect in September 2012 for Beijing and November 2012 for Guangzhou. These tax changes had the effect of reducing our turnover by HK$10 million in 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

KEY CITIES

During 2012, our bus shelter advertising operations in Beijing, Guangzhou and Shanghai reported higher revenue numbers. Beijing performed well with 20% increase in advertising revenue. Shanghai also marked improvement in revenue performance with 10% increase in sales in 2012, compared to the 4% decline in 2011.

Beijing

Among the three top-tier cities, Beijing was the best performing city. Revenue from Beijing increased by 20% to HK$427 million (2011: HK$357 million) mainly due to the increase in bus shelter panels and the 17% increase in ASP. The average number of bus shelter panels increased by 11% 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 challenging operating environment, the increase in bus shelter panels and the relatively high increase in ASP, the occupancy rate softened to 65% (2011: 70%).

Shanghai

There was marked improvement in the revenue performance in Shanghai. Revenue from Shanghai increased by 10% to HK$186 million. ASP increased by 17%. The average number of panels increased by 6%. The occupancy rate, on the other hand, softened to 51% (2011: 57%).

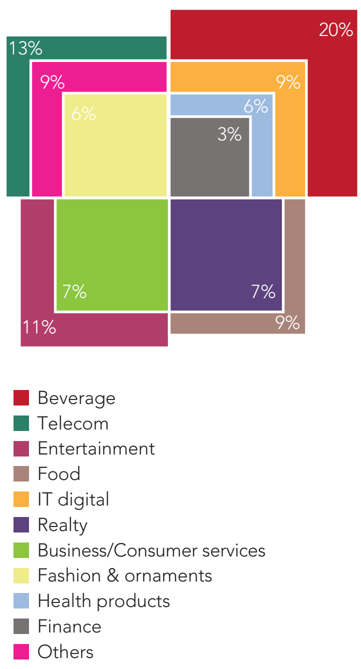
Guangzhou

Revenue from Guangzhou increased by 9% to HK$239 million (2011: HK$220 million) mainly due to 20% increase in average panel numbers and the 13% rise in ASP. The occupancy rate softened to 50% (2011: 62%).

Mid-Tier Cities

Revenue derived from all mid-tier cities increased by 9% to HK$668 million for the year. ASP increased by 9% and occupancy rate softened to 61% in 2012 from 66% in 2011. The average number of bus shelter panels increased by 7%. There were ten cities with double digit revenue increase.

Clear Media's Client Mix 2012
(by industry)



MANAGEMENT DISCUSSION AND ANALYSIS

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 year ended 31 December 2012, there was no revenue from this business.

FINANCIAL REVIEW

TURNOVER

The Group's total turnover increased by 2.4% to HK$1,522 million during the year ended 31 December 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 11.8% to HK$1,522 million.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER INCOME

Other income increased from HK$7.6 million in the prior year to HK$25.1 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 year.

EXPENSES

During the year ended 31 December 2012, the Group's total direct operating costs, including rental, electricity and maintenance costs, and sales and cultural levies, decreased by 4.2% to HK$641 million (2011: HK$669 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 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 year.

The rental costs for our core bus shelter advertising business increased by 12.7% during the year. This increase was roughly in line with the increase in turnover of the core bus shelter advertising business.

During 2012, the cleaning and maintenance costs for our core bus shelter business increased by 24.5% 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 the standards and we will continue to make the appropriate amount of investment in this activity.

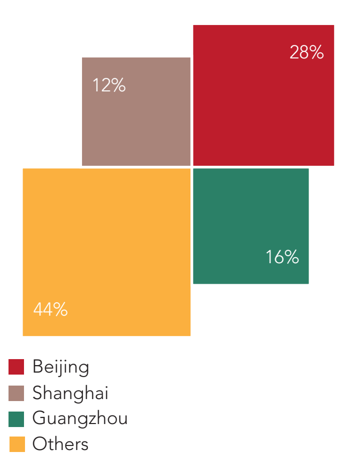
Sales and cultural levies decreased by 3.9% during the year due to the replacement of business tax by value added tax in Shanghai, Beijing and Guangzhou and the termination of the Shenzhen bus body advertising business.

Total selling, general and administrative expenses, excluding depreciation and amortization, increased by 2%. Excluding the effect of the absence of any expense from the former bus body advertising business in 2012, the total selling, general and administrative expenses, excluding depreciation and amortisation would have increased by 9.6%, 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 13.1% to HK$619 million (2011: HK$547 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 40.7% (2011: 36.8%).

Turnover by Geographical Location in 2012



MANAGEMENT DISCUSSION AND ANALYSIS

EBIT

The Group's earnings before interest and tax ("EBIT") increased by 13.5% to HK$312 million for the year from HK$275 million in 2011, mainly due to higher turnover of the core bus shelter advertising business.

FINANCE COSTS

During the year, the Group carried no debt hence the finance costs incurred were minimal at HK$2.6 million (2011: HK$3 million).

TAXATION

During the year, taxes provided for by the Group increased to HK$91 million for the year ended 31 December 2012 from HK$71 million in 2011. This was primarily due to the increase in assessable profits of the core bus shelter advertising business during the year 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%) on its assessable profits arising in the PRC for the year 2012.

NET PROFIT

Net profit increased by 16.9% to HK$219 million (2011: HK$188 million) for the year ended 31 December 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 14.4% (2011: 12.6%).

CASH FLOW

Net cash flows from operating activities decreased by 9% to HK$593 million for the year ended 31 December 2012 from HK$649 million in the previous year. The decrease was mainly due to the higher income tax paid and the effect of working capital changes, partially offset by the higher operating profit for the year.

Net cash flows used in investing activities decreased to HK$250 million for the year ended 31 December 2012 from HK$347 million in the previous year mainly due to the lower capital expenditure outlay on acquisition of bus shelter concession rights. In particular, the Group made acquisitions of bus shelter concession rights in Guangzhou, Shenyang, Wuxi and Wuhan during the year.

Net cash flows used in financing activities amounted to HK$26 million for the year ended 31 December 2012. This was mainly due to the final dividends for the year 2011 paid to the shareholders during the year.

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, increased to HK$278 million for the year ended 31 December 2012 compared to HK$159 million in the previous year. The increase was mainly due to the higher EBITDA generated in 2012 and lower capital expenditure during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

TRADE RECEIVABLES

Due to management's continuous effort in tightening cash collection process, the Group's total accounts receivable balance due from third parties decreased by 14% to HK$444 million as at 31 December 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 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 advanced payments are 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 diversity of numerous customers.

Average accounts receivable outstanding days, on a time-weighted basis, improved to 104 days for the current year from 106 days in the previous year. As at 31 December 2012, the provision for impairment of accounts receivables decreased to HK$32 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 A RELATED PARTY

As at 31 December 2012, the amount due from GWH increased to HK$177 million from HK$134 million as at 31 December 2011. The increase was mainly due to the higher sales sourced from GWH and relates to the current to 90 days outstanding days category. Main bulk of the GWH customers are domestic enterprises and settlement tend to be slower in 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 2012 increased to HK$214 million from HK$186 million as at 31 December 2011.

The balance of prepayments, deposits and other receivables for the year ended 31 December 2012 includes a deposit receivable amounting to HK$5 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$10 million was settled during the year. The independent third party agreed to settle the remaining balance of HK$5 million by offsetting it with certain bus shelter rental payables in 2013.

The balance as at 31 December 2012 also included a receivable from Hainan White Horse Advertising Co., Ltd. ("Hainan White Horse"), the non-controlling shareholder of the WHA Joint Venture, amounting to HK$130 million (31 December 2011: HK$119 million), which are unsecured, interest-free and have no fixed terms of repayment.

The increase of prepayments, deposits and other receivables was mainly due to the increase of bus shelter rental prepayments, 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 Deposits during the year.

LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group's total long-term prepayments, deposits and other receivables as at 31 December 2012 increased to HK$55 million from HK$13 million as at 31 December 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

The increase of long-term prepayments, deposits and other receivables was mainly due to a long-term prepayment amounting to RMB36 million (equivalent to HK$44 million) placed with an independent third party during the year in connection with the extension of the Group's certain bus shelter concession rights in the PRC.

The balance as at 31 December 2012 also includes a non-current portion of a prepaid bus shelter lease payment amounting to HK$11 million (31 December 2011: HK$13 million).

OTHER PAYABLES AND ACCRUALS

The Group's total payables and accruals as at 31 December 2012 were HK$521 million, compared to HK$454 million as at 31 December 2011. The increase was mainly due to 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 2012, the Group's total assets amounted to HK$4,017 million, a 8% increase from HK$3,734 million, as at 31 December 2011. The Group's total liabilities increased to HK$640 million as at 31 December 2012, from HK$577 million as at 31 December 2011. Net assets as at 31 December 2012 increased by 7% to HK$3,377 million from HK$3,157 million as at 31 December 2011. This was mainly a result of the retention of the net profit earned during the year. Net current assets increased from HK$1,321 million as at 31 December 2011, to HK$1,557 million as at 31 December 2012.

As at 31 December 2012, the Group's total cash and bank balances amounted to HK$1,290 million (31 December 2011: HK$973 million).

SHARE CAPITAL AND SHAREHOLDERS' EQUITY

There was no change in share capital during the year. Total shareholders' equity for the Group as at 31 December 2012 rose by 7%, to HK$3,377 million, from HK$3,157 million as at 31 December 2011. The Group's reserves as at 31 December 2012 amounted to HK$3,222 million, a 6% 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 during the year. The Group undertook no share repurchases during the year.

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. 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 year under review, the Group did not issue any financial instruments for hedging purposes.

The average exchange rate of the RMB has appreciated by 1.60% against the Hong Kong Dollar 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The majority of our operating assets are located in the PRC and are denominated in RMB. The operating assets are converted into Hong Kong Dollar at the 31 December 2012 spot rate. Despite the increase in the average foreign exchange rate of RMB during the year, the sport rate of RMB as of 31 December 2012 has depreciated slightly against the Hong Kong Dollar as compared with the spot rate as at 31 December 2011. This has resulted in a decrease of foreign currency translation reserve of approximately HK$1 million (2011: increase of HK$140 million).

LIQUIDITY, FINANCIAL RESOURCES, BORROWING AND GEARING

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

As of 31 December 2012, the Group's total cash and cash equivalents amounted to HK$1,290 million (HK$973 million as at 31 December 2011). As at the same year end, the Group had bills payable of HK$44 million (31 December 2011: HK$53 million). The Group had no short term or long-term debt outstanding as at 31 December 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 will continue to invest and expand our bus shelter network and explore investment opportunities in alternative media assets with an aim to maximise return to shareholders.

CAPITAL EXPENDITURE

For the year ended 31 December 2012, the Group invested HK$248 million on the construction of bus shelters and acquisition of concession rights, and HK$8 million on fixed assets, compared to HK$383 million and HK$12 million, respectively, in 2011. Total capital expenditure decreased for the current year was mainly due to lower capital expenditure outlay 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 year.

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 31 December 2012, the Group had a total of 537 employees, an increase of 6% compared to 31 December 2011. Total wages and salaries increased by 4% year-on-year mainly due to salary increment and higher sales commission 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 individual interests with the Group's interests. Training courses and conferences aimed at improving team members' knowledge and skills were organized throughout the year.

CHARGES ON GROUP ASSETS

As at 31 December 2012, the Group had time deposits of RMB18 million (approximately HK$22 million) pledged as collaterals for bills payable of RMB36 million (approximately HK$44 million).

As at 31 December 2012, a bank deposit of RMB2 million (equivalent to approximately HK$2 million) was frozen by the PRC Court in respect of a rental dispute in China. The dispute was settled and the bank deposit was unfrozen in January 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

As at 31 December 2012, the Group had capital commitments contracted but not provided for in relation to the construction of bus shelters amounting to HK$5 million (31 December 2011: HK$25 million).

CONTINGENT LIABILITIES

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 maintains a cautious view on the expectation of near-term revenue growth given the current economic environment.

In the long-run, Clear Media is optimistic about the prospects of the advertising sector in China on the back of continuous development of domestic consumption and urbanisation.

Going forward, our management plans to further expand our bus shelter advertising network by increasing the total number of bus shelter panels and raise the average panel yield which is the function of both the ASP and the average occupancy rate.

In future, the Group expect to utilize its financial resources to strengthen and broaden our core advertising business by expanding our bus shelter network, to consider deployment of new display or interactive technology at the right time, to actively explore mergers and acquisition opportunity with a view to profitably expand our advertising footprint in China and to return wealth to shareholders.

BIOGRAPHIES OF DIRECTORS

Executive Chairman
Chairman of the Nomination Committee
Chairman of the Capital Expenditure Committee
Chairman of the Directors' Securities Dealing Committee
Executive Director

MARK THEWLIS

Mr. Thewlis, aged 46, is currently the Executive Chairman of the Company. He was the Regional President Asia Pacific for Clear Channel International Limited ("CCI"), a London-based subsidiary of Clear Channel Outdoor Holdings, Inc. which is the controlling shareholder of the Company and whose shares are listed on the New York Stock Exchange ("COO"). Mr. Thewlis managed the radio and outdoor advertising operations throughout the Asia Pacific region for COO. He is a consultant to CCI. Mr. Thewlis was a Senior Vice President — Operations of CCI, based in London, with responsibility for a number of business units throughout Europe. During the period between October 2002 and June 2005, Mr. Thewlis held the position of Director of Finance for CCI.

Prior to joining COO in 2002, Mr. Thewlis was the Chief Financial Officer for Adshel Street Furniture Pty Ltd in Australia, a joint venture between COO and APN News & Media Limited. Mr. Thewlis was involved with the early development of the business, including business development, capital expenditure management 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.

Deputy Chairman
Non-Executive Director

WILLIAM ECCLESHARE

Mr. Eccleshare, aged 57, is currently the Chief Executive Officer of Clear Channel Outdoor Holdings, Inc. (CCO). Prior to his appointment by CCO effective from January 2012, Mr. Eccleshare was the President and Chief Executive Officer of Clear Channel International (CCI), a subsidiary of CCO. Before his appointment by CCI effective from September 2009, Mr. Eccleshare was the 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 the 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
Chairman of the Cash Committee
Non-Executive Director

PETER COSGROVE

Mr. Cosgrove, aged 59, has been a Board Member of the Company since 2001. He is the founder of the Buspak group of companies in Australia, New Zealand and Hong Kong and he has more than 20 years' experience in the publishing, broadcasting and outdoor advertising industries. He is the Non-Executive Chairman of Buspak Hong Kong (since June 2003) as well as the Non-Executive Chairman of APN News & Media Limited (Director since December 2003), which is listed on both the Australian Securities Exchange and the New Zealand Exchange. Mr. Cosgrove is the Chairman of GlobeCast Australia Pty Limited (since June 2002), a broadcasting company and he is a Director of APN Media (NZ) Limited (since February 2013), which is listed on the New Zealand Exchange.

BIOGRAPHIES OF DIRECTORS

Chief Executive Officer
Executive Director

HAN ZI JING

Mr. Han, aged 57, 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 postgraduate course at the South China Normal University. He is a brother of Mr. Han Zi Dian.

Chief Financial Officer
Executive Director

TEO HONG KIONG

Mr. Teo, aged 48, 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
Executive Director

ZHANG HUAI JUN

Zhang Huai Jun (Harrison), aged 42, 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.

BIOGRAPHIES OF DIRECTORS

Non-Executive Director

ZHU JIA

Mr. Zhu, aged 50, is currently a managing director of Bain Capital Asia, LLC. He has extensive experience in investing and capital markets transactions. Since joining Bain Capital in 2006, Mr. Zhu has led most of Bain Capital's investments in China. Before joining Bain Capital Asia, LLC in 2006, he was a managing director of the investment banking division of and the chief executive officer of the China business of Morgan Stanley Asia Limited. Mr. Zhu is currently the non-executive Chairman of ASIMCO Technologies Limited. He is also a non-executive director of Gome Electrical Appliances Holding Limited, SinoMedia Holding Limited, Greatview Aseptic Packaging Company Limited, and Sunac China Holdings Limited, the shares of which are listed on the Stock Exchange of Hong Kong, and a director of Youku.com, the shares of which are listed on the New York Stock Exchange.

Non-Executive Director

JONATHAN BEVAN

Mr. Bevan, aged 41, has been non-executive director since May 2010. Prior to this he was an alternate Director of the Company from November 2007 to May 2010 and was a non-executive director of the Company between December 2003 and November 2007. He is the Managing Director and Chief Operating Officer of Clear Channel International (CCI) which operates the outdoor interests of Clear Channel Outdoor Holdings Inc in Europe, Latin America, Australia and Asia. He has over 15 years experience in out of home advertising having previously held a number of positions at CCI, most recently including Chief Financial Officer from 2006 to 2009 and Chief Operating Officer from 2009 to January 2012. Prior to joining CCI he trained as a Chartered Accountant at Coopers and Lybrand (now PricewaterhouseCoopers). He graduated in Economics from Bristol University in the United Kingdom.

Chairman of the Audit Committee
Chairman of the Remuneration Committee
Independent Non-Executive Director

DESMOND MURRAY

Mr. Murray, aged 57, is a qualified accountant and a member of the Hong Kong Institute of Certified Public Accountants. Since June 2011, he has been appointed as an Independent Non-Executive Director of Sun Art Retain Group Limited which is listed on the Main Board of the Hong Kong Stock Exchange. 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.

BIOGRAPHIES OF DIRECTORS

Independent Non-Executive Director

WANG SHOU ZHI

Mr. Wang, aged 66, 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 is the Dean of Cheung Kong School of Art and Design, Shantou University since December 2011, and prior to that he was the Vice Dean. Mr. Wang has been 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 65, has over 30 years of experience in integrated communication and marketing services. She was the founder, partner, chairman and chief executive officer of Grey Hong Kong Advertising Limited and Grey China Advertising Limited. Ms. Ki is currently an executive director of New World Development Company Limited and an independent non-executive director of Sa Sa International Holdings Limited, both of which are listed on the Hong Kong Stock Exchange. Ms. Ki is committed to community and public services. She is currently the director of Chow Tai Fook Charity Foundation and New World Group Charity Foundation Limited, a life member of the Children's Cancer Foundation, vice chairman of UNICEF Hong Kong Committee, trustee member of the Ocean Park Conservation Foundation and the honorary secretary of the Wu Zhi Qiao Charitable Foundation. Ms. Ki also serves as a member on a number of institutes, including the Hong Kong Housing Society, the Asian Advisory Board of Cheng Yu Tung Management Institute, Richard Ivey School of Business (University of Western Ontario, Canada), the Chinese University of Hong Kong and the University of Hong Kong. In addition, Ms. Ki is also a member of The Twelfth Chinese People's Political Consultative Conference of The People's Republic of China and a member of The Chinese People's Political Consultative Conference of Yunnan Province. Ms. Ki received the Silver Bauhinia Star from the HKSAR Government in 2007.

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

Independent Non-Executive Director

THOMAS MANNING

Mr. Manning, aged 57, is currently a Lecturer in Law at the University of Chicago Law School and a corporate board director, and until 2012, he was the Chief Executive Officer of several companies in Asia. He has been an independent non-executive director of AsiaInfo-Linkage Holdings, Inc. since October 2005, whose shares are listed on the NASDAQ Stock Market, and iSoftStone Information Technology (Group) Co. Ltd. since December 2010, whose shares are listed on the New York Stock Exchange. Mr. Manning is also an advisor to The Demand Institute, a joint venture between the Conference Board and the Nielsen Company. He was formerly an independent non-executive director of Gome Electrical Appliances Holding Limited and Bank of Communications Co., Ltd.

In his executive roles, Mr. Manning was the Chief Executive Officer of Cerberus Asia Operations & Advisory Limited, Indachin Limited, Capgemini Asia Pacific, and Ernst & Young Consulting Asia Pacific. He was the Chairman of China Board Directors Limited; a senior partner of Bain & Company, where he was a member of Bain's China Board and head of Bain's information technology strategy practice in Silicon Valley and Asia; and also served as a Global Managing Director of the Strategy & Technology Business of Capgemini.

Earlier in his career, Mr. Manning was with McKinsey & Company, where he developed a corporate strategy practice for medical industry clients. He also founded a telemedicine company, Buddy Systems. Mr. Manning, who speaks Mandarin, received a bachelor's degree in East Asian Studies from Harvard University and an M.B.A. from Graduate School of Business of Stanford University.

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. The Board has reviewed the Group's corporate governance practices and is satisfied that:

(i) the 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; and

(ii) the corporate governance practices adopted by the Group during the period from 1 April 2012 to 31 December 2012 were 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.

To promote ethical conduct, the Group has adopted the Code of Business Conducts and Ethics and the Anti-Corruption Compliance Policy and Procedures which apply to all of the Group's employees. With the help from a law firm, the Group typically arranges professional training for its employees on the Code of Business Conducts and Ethics and the Anti-Corruption Compliance Policy and Procedures at least annually. The written material of such professional training can readily be accessed by any employee at the Company's corporate website. During the year ended 31 December 2012, the Board reviewed the Group's compliance with the Code of Business Conducts and Ethics and the Anti-Corruption Compliance Policy and Procedures on a quarterly basis and did not find any material non-compliance.

In April 2012, the Board proposed certain amendments to the Company's Bye-laws in response to recent changes to the Listing Rules and the Laws of Bermuda. The proposed amendments were approved by the shareholders of the Company at the annual general meeting held on 1 June 2012. Please refer to the Company's circular dated 25 April 2012 for details of the amendments. The Company's revised Bye-laws is available for download from the Group's and the Hong Kong Stock Exchange's websites.

CORPORATE GOVERNANCE REPORT

THE BOARD

Member attendance of Board, Committee and Annual General Meetings during 2012:

	Number of meetings attended and held						
	Board Meetings	Audit Committee	Remuneration Committee	Nomination Committee	Capital Expenditure Committee	Cash Committee	Annual General Meeting
EXECUTIVE DIRECTORS							
Mr. Han Zi Jing *(Chief Executive Officer)*	4/5						
Mr. Teo Hong Kiong *(Chief Financial Officer)*	5/5				3/3		1/1
Mr. Zhang Huai Jun *(Chief Operating Officer)*	4/5				2/3	1/2	
NON-EXECUTIVE DIRECTORS							
Mr. Zhu Jia *(Chairman)* (resigned as Chairman with effect on 1 January 2013)	4/4						1/1
Mr. William Eccleshare	4/5		4/5				
Mr. Peter Cosgrove	5/5	4/4	5/5	5/5		2/2	1/1
Mr. Jonathan Bevan	5/5				3/3		
Mr. Mark Thewlis (re-designated as excutive director and appointed as Executive Chairman with effect on 1 January 2013)	4/4				3/3	2/2	
Mr. Han Zi Dian (resigned with effect on 30 October 2012)	0/4						
ALTERNATE DIRECTORS							
Mr. Zou Nan Feng (alternate to Zhang Huai Jun and Han Zi Dian) (resigned from being alternate to Han Zi Dian with effect from 30 October 2012)	0/5						
INDEPENDENT NON-EXECUTIVE DIRECTORS							
Mr. Desmond Murray	5/5	4/4	4/5	5/5			1/1
Mr. Wang Shou Zhi	3/5	3/4	3/5	3/5			
Ms. Leonie Ki Man Fung	4/5	4/4	4/5	4/5			
Mr. Thomas Manning (appointed with effect from 30 October 2012)	1/1			1/1			

CORPORATE GOVERNANCE REPORT

THE BOARD (continued)

Since the Directors' Securities Dealing Committee was established with the principal function of handling the notification and clearance of our directors' dealing in our Company's securities pursuant to Appendix 10 (Model Code for Securities Transactions by Directors of Listed Issuers) to the Listing Rules and regular committee meetings are not considered necessary for its principal function. There were no Directors' Securities Dealing Committee meeting during the year.

As of the date of this report, the Board comprises 12 members. There are four executive directors, including the Executive Chairman, the Chief Executive Officer (the "CEO"), the Chief Financial Officer and the Chief Operating Officer; four non-executive directors and four independent non-executive directors. Detailed biographies outlining each director's range of specialist experience and suitability for the successful long-term management of the Group can be found on pages 22 to 25.

CHAIRMAN AND CEO

The Group insists on a clear division of responsibilities among its top management. To this end, the Group adopts a dual leadership structure in which the role of the Executive Chairman is kept separate from that of the CEO. Ultimately, the Executive Chairman, the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer together with the senior management team are jointly responsible for the day-to-day management of the Group's businesses.

The Group believes that the Board of Directors comprises 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 compliant with the independence guidelines as laid down in the Listing Rules.

During the year ended 31 December 2012, the Board expanded the directors' and officers' liability insurance for all directors and officers of the Company against any legal liability arising from the performance of their duties.

CORPORATE GOVERNANCE REPORT

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 with monthly update on the 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 Group's 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 the Board members who have served the longest on the Board, including the Executive 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 Executive Chairman on 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.

CORPORATE GOVERNANCE REPORT

DIRECTORS' TRAINING

The Company provides monthly updates to the Directors relating to the Group's business.

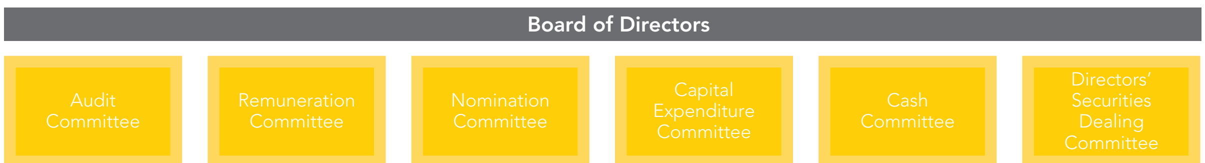
During the year, the Company secretary provided Directors with updates on latest development and changes in the Listing Rules, the regulatory environment focusing on Directors' duties and obligations, and the disclosure of inside information. All Directors have confirmed that such updates were reviewed by them.

During 2012, the Company arranged and funded a formal training session on the update on Hong Kong securities laws and regulations. The session covered a broad range of topics including directors' duties and obligation, the revised Corporate Governance Code and Corporate Governance Report set out in the revised Appendix 14 to the Listing Rules, disclosure obligations and connected party transactions. Mr. Zhu Jia, Mr. Peter Cosgrove, Mr. Han Zi Jing, Mr. Teo Hong Kiong, Mr. Zhang Huai Jun, Mr. Jonathan Bevan, Mr. Desmond Murray and Ms. Leonie Ki attended the session.

All Directors have provided written records of the training they received during 2012 to the Company.

BOARD COMMITTEES

The Board has established six Committees to oversee particular aspects of the Group's affairs. The main roles and responsibilities of the Audit, Remuneration and Nomination 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. Except for the Directors' Securities Dealing Committee of which regular meetings are not considered necessary for its principal function, the chairman of each Committee reports the outcome of the Committee's meetings to the Board for further discussion and approval.



AUDIT COMMITTEE

The responsibilities and authorities of the Audit Committee are set out in the terms of reference a copy of which is published on the Hong Kong Stock Exchange's and the Group's websites. 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 & Young, the Company's external auditors. The Chief Financial Officer, the Group's company secretary, 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.

CORPORATE GOVERNANCE REPORT

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*

The Audit Committee met four times in 2012 to review the internal auditor's review work on bus shelter inspections, the human resources function, financial records of the branches and internal control on cash management. It also discussed the interim review plan, audit work plan, interim review report and the audit consolidated financial statements with the external auditors of the Company. The key findings and the related recommendations arising from this work were reported to the Board.

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 2012, 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 any findings and recommendations to the Board for 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:

	2012 HK$'000	2011 HK$'000
Audit fees	**2,286**	1,822
Non-audit fees	**306**	1,408

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 2013.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The responsibilities and authorities of the Remuneration Committee are set out in the terms of reference a copy of which are published on the Hong Kong Stock Exchange's and the Group's websites. The Committee has adopted the model where it performs an advisory role to the Board, with the Board retaining the final authority to approve executive directors' and senior management's remuneration. The Remuneration Committee currently has five non-executive directors, with a majority of them being independent non-executive directors.

The Remuneration Committee met five times in 2012 to review the remuneration structure and the bonus for the Executive Directors and made the related recommendation to the Board.

MEMBERS OF THE REMUNERATION COMMITTEE

Desmond Murray, *Independent Non-Executive Director (Chairman)*
William Eccleshare, *Non-Executive Director*
Peter Cosgrove, *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 86 to 88.

SHARE OPTIONS

The Remuneration Committee may from time to time recommend 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 51 to 55 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 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 2012 can be found on pages 86 to 88 of the "Notes to Financial Statements". The non-executive directors, together with the other directors of the Company, are subject to retirement by rotation and re-election in accordance with the Company's Bye-laws at each annual general meeting.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The responsibilities and authorities of the Nomination Committee are set out in the terms of reference a copy of which are published on the Hong Kong Stock Exchange's and the Group's websites. 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 one executive director and six non-executive directors, with a majority of them being independent non-executive directors.

MEMBERS OF THE NOMINATION COMMITTEE

Mark Thewlis, *Executive Chairman, Executive Director (Chairman) (appointed on 1 January 2013)*
Zhu Jia, *Non-Executive Director*
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*
Thomas Manning, *Independent Non-Executive Director (appointed on 30 October 2012)*

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 five times in 2012 to review the mandate to appoint up to two independent Non-Executive Directors, amendments to the Directors' service contracts, the appointment of an Independent Non-Executive Director, the resignation of a Non-Executive Director, the election/re-election of Directors, the appointment of the Executive Chairman, and the change in the composition of the Nomination Committee and the Directors' Securities Dealing Committee; and made the related recommendation to the Board.

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 Executive Chairman, Chief Financial Officer, Chief Operating Officer and one non-executive director with relevant international operational experience.

CORPORATE GOVERNANCE REPORT

MEMBERS OF THE CAPITAL EXPENDITURE COMMITTEE

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

The Capital Expenditure Committee met three times in 2012 to review the Group's strategic development, the renewal of certain bus shelter concession rights and the acquisitions of bus shelters; and made the related recommendation to the Board.

CASH COMMITTEE

The Cash Committee was established, with the main roles and responsibilities clearly defined in its terms of reference, for reviewing the adequacy of and the options for utilization of the Group's cash on hand with a view to enhance shareholders' interests, and making related recommendations to the Board. The options to be considered by the Cash Committee, from time to time, include, but not limited to, the following:

i) significant capital investment for the organic expansion of the Group's businesses;
ii) significant mergers and acquisitions;
iii) recommendation for various forms of dividends;
iv) share repurchase by the Company; and
v) repayment of any significant borrowing, if any.

The members of this Committee include two non-executive directors and the Group's Chief Operating Officer.

MEMBERS OF THE CASH COMMITTEE

Peter Cosgrove, *Non-Executive Director (Chairman)*
Zhang Huai Jun, *Chief Operating Officer, Executive Director*
Mark Thewlis, *Non-Executive Director*

The Cash Committee met twice in 2012 to review the adequacy of and various options for utilization of the Group's cash on hand and made the related recommendation to the Board.

DIRECTORS' SECURITIES DEALING COMMITTEE

The Directors' Securities Dealing Committee was established with the main roles and responsibilities clearly defined in its terms of reference and the principal function for handling the notification and clearance of Directors' dealing in the Company's securities pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out under Appendix 10 to the Listing Rules. The members of this Committee include the Chairman of our Board, the Chief Financial Officer and a non-executive director.

MEMBERS OF THE DIRECTORS' SECURITIES DEALING COMMITTEE

Mark Thewlis, *Executive Chairman, Executive Director (Chairman) (appointed on 1 January 2013)*
Teo Hong Kiong, *Chief Financial Officer, Executive Director*
Zhu Jia, *Non-Executive Director*

Given the nature of the Committee's principal function, regular meetings are not considered necessary and there was no Committee meeting during the year.

During the year, the Committee received no notification letter from any Director and accordingly, no clearance letter was issued pursuant to Appendix 10 to the Listing Rules.

CORPORATE GOVERNANCE REPORT

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.

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 2011 and 2012 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 57 of this annual report has set out the responsibilities of Ernst & Young, the external auditors of the Company.

CORPORATE GOVERNANCE REPORT

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 were provided with the latest version of the "Guidance on the Disclosure of Price Sensitive Information" published by Hong Kong Exchanges and Clearing Limited and also the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission in June 2012. 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.

The Group is committed to ethical business conduct and compliance with underlying Bribery and Corruption Laws. The year, the Group implemented new Code of Business Conducts and Ethics and Anti-corruption Compliance Policies and Procedures which apply to all of the Group's employees.

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 uses 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 2012, 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 2012.

DIRECTORS' INTERESTS

Full details of individual director's interests in the shares and share options of the Company are set out on pages 47 to 55 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.

CORPORATE GOVERNANCE REPORT

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.

In February 2012, the Board approved and adopted the shareholders' communication policy which is published on the Group's website at www.clear-media.net.

SHAREHOLDERS' RIGHTS

Right to convene a special general meeting

The procedures for shareholders to convene a special general meeting in accordance with the Company's bye-laws, the Bermuda Companies Act 1981 ("CA") and applicable legislation and regulation are set out as follows:

1 Members of the Company ("Members") holding at the date of deposit of the requisition not less than 10% of the paid-up capital of the Company carrying the right to vote at general meetings of the Company shall at all times have the right, by written requisition sent to the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton, HM11 Bermuda and its principal office in Hong Kong at 16th Floor, Sunning Plaza, 10 Hysan Avenue, Causeway Bay, Hong Kong, for the attention of the company secretary of the Company ("Company Secretary"), to require a special general meeting ("SGM") to be called by the board of directors of the Company ("Board") for the transaction of any business specified in such requisition.

2 The written requisition must state the purposes of the general meeting, signed by the Member(s) concerned and may consist of several documents in like form, each signed by one or more of those Members.

3 If the requisition is in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the registered Members. On the contrary, if the requisition is invalid, the Members concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS (continued)

Right to convene a special general meeting (continued)

4 The notice period to be given to all the registered Members for consideration of the proposal raised by the Member(s) concerned at a SGM varies according to the nature of the proposal, as follows:

— at least twenty-one (21) clear days' notice in writing if the proposal constitutes a special resolution of the Company, which cannot be amended other than to a mere clerical amendment to correct a patent error; and

— at least fourteen (14) clear days' notice in writing if the proposal constitutes an ordinary resolution of the Company.

Members who have enquires about the above procedures or have enquires to put to the Board may write to the Company Secretary at 16th Floor, Sunning Plaza, 10 Hysan Avenue, Causeway Bay, Hong Kong.

Right to propose resolutions at general meetings

The procedures for shareholders to make proposals at general meeting other than a proposal of a person for election as a director according to the Company's bye-laws, the Bermuda Companies Act 1981 and applicable legislation and regulation are set out as follows:

1 The Company holds an annual general meeting ("AGM") every year, and may hold a general meeting known as a SGM whenever necessary.

2 Member(s) holding (i) not less than 5% of the total voting rights of all Members having the right to vote at the general meeting of the Company; or (ii) not less than 100 Members, can submit a written request stating the resolution intended to be moved at the AGM; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

3 The written request/statements must be signed by the Member(s) concern and deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton, HM11 Bermuda and its principal office in Hong Kong at 16th Floor, Sunning Plaza, 10 Hysan Avenue, Causeway Bay, Hong Kong, for the attention of the Company Secretary, not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

4 If the written request is in order, the Company Secretary will ask the board of directors of the Company ("Board") (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the Member(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the Member(s) concerned in accordance with the statutory requirements to all the registered Members. On the contrary, if the requisition is invalid or the Member(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Member(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.

Members who have enquires about the above procedures or have enquires to put to the Board may write to the Company Secretary at 16th Floor, Sunning Plaza, 10 Hysan Avenue, Causeway Bay, Hong Kong.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS (continued)

Right to nominate directors for election at general meetings

The procedures for shareholders to propose a person for election as a director of the Company are published on the Group's website at www.clear-media.net.

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 on 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 published on the Hong Kong Stock Exchange's and 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 continued 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.

Investors with queries are encouraged to direct their enquiries to the following:

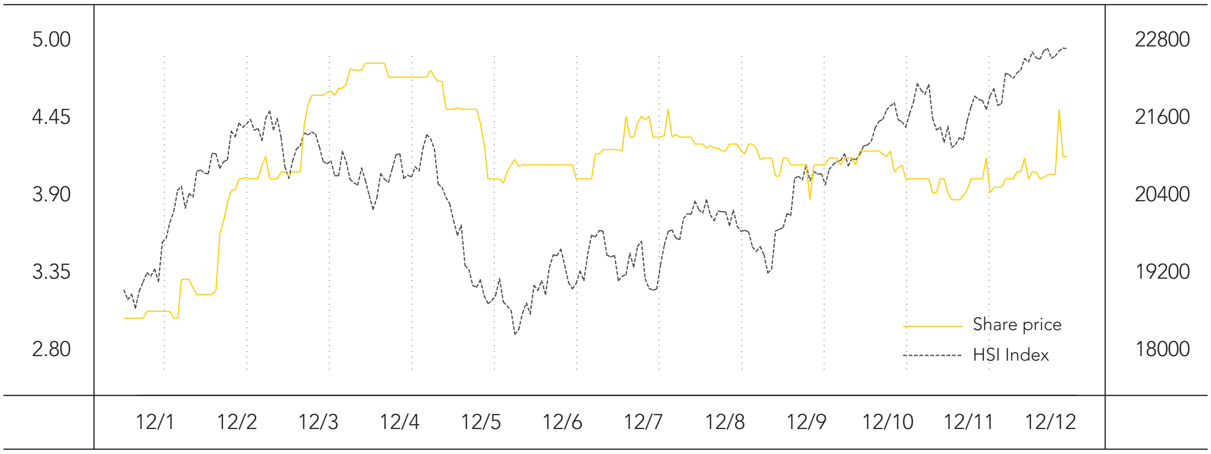
Jeffrey Yip
Director of Investor Relations and Company Secretary
16/F, Sunning Plaza
10 Hysan Avenue
Causeway Bay
Hong Kong
Telephone: (852) 2235 3977
Fax: (852) 2235 3911
Email: jeffrey.yip@clear-media.net

CORPORATE GOVERNANCE REPORT

FINANCIAL CALENDAR 2012

Results Announcement 2012	31 January
Annual General Meeting	31 May
Interim Results Announcement	Early August
Financial Year End	31 December

SHARE PRICE PERFORMANCE



Sources: (Bloomberg)

34.3 million shares were traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2012. The highest trading price for the share was HK$4.90 on 5 April 2012 and the lowest was HK$2.85 on 26 January 2012.

REPORT OF THE DIRECTORS

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 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 16 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 2012 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 59 to 116.

At the Board meeting held on 31 January 2013, the Directors proposed a final dividend of 15 cents per share (2011: 5 cents) out from contributed surplus account, for the year ended 31 December 2012. This final dividend is equivalent to HK$79,350,075 (2011: HK$26,450,025) based on the 529,000,500 outstanding shares. The final proposed dividend has been classified as a separate component in the equity and it has not been recognised as a liability in the financial statements. Subject to the approval of the shareholders at the forthcoming annual general meeting, the proposed dividend will be payable on Friday, 19 July 2013 to the shareholder registered on the Register of Members on Tuesday, 11 June 2013.

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 119. This summary does not form part of the audited financial statements.

The following is a summary of the published consolidated 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				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Profit attributable to:					
— Owners of the parent	**219,236**	187,542	166,068	31,258	166,067
— Non-controlling interests	**24,544**	20,865	10,323	5,332	16,873
Assets and liabilities					
Total assets	**4,017,026**	3,733,576	3,253,272	2,914,352	2,959,055
Total liabilities	**(639,598)**	(576,698)	(447,049)	(376,291)	(485,193)
Total equity	**3,377,428**	3,156,878	2,806,223	2,538,061	2,473,862

REPORT OF THE DIRECTORS

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 2012 are set out in notes 15 and 17 to the financial statements, respectively.

SHARE CAPITAL AND SHARE OPTIONS

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 26(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2012, the Company's retained earnings and other components of equity available for cash distribution and/or distribution in specie amounted to HK$1,308,926,000 (2011: HK$1,334,620,000) of which HK$79,350,075 (2011: HK$26,450,025) has been proposed as a final dividend for the year. 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 (2011: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

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

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

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note 29 to the financial statements also constituted connected transactions under 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 2012:

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, a non-executive director of the Company from April 2001 to October 2012 and a brother of Mr. Han Zi Jing (an executive director of the Company), 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 8–15% of the value of the gross sales as a general reference point.

REPORT OF THE DIRECTORS

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 3 March 2011, 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 2012 was approximately RMB3,000,000 (equivalent to approximately HK$3,686,000). 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 2011 to 31 December 2013. 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 2013.

(c) On 20 April 2007, WHA Joint Venture entered into Maintenance Services Agreements with various branches of White Horse Holding Company Limited ("White Horse Holding") for a fixed term until 31 December 2008 and such agreements were subsequently renewed until 31 December 2012.

White Horse Holding was held by third parties independent of the Group at the time the Maintenance Services Agreements were entered into on 20 April 2007 and upon their renewals and the transactions between White Horse Holding and the WHA Joint Venture did not constitute continuing connected transactions under Chapter 14A of the Listing Rules. Following a capital injection exercise into White Horse Holding in November 2009, Mr. Han Zi Dian became interested in more than 50% of the voting power of White Horse Holding. Mr. Han Zi Dian was a non-executive director of the Company from April 2001 to October 2012 and is the brother of Mr. Han Zi Jing, an executive director of the Company. As such, White Horse Holding has been an associate of a director since November 2009, and hence a connected person of the Company under Chapter 14A of the Listing Rules. It follows that all the transactions between the Group and White Horse Holding thereafter constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As the Board was not aware of the transaction that created the relationship between the Company and White Horse Holding becoming connected in nature, the Company was not able to comply with the relevant requirements under the Listing Rules in respect of the Maintenance Services Agreements. The Company, at the time of entering into these agreements, had undertaken appropriate diligence procedures around the ownership of White Horse Holding. In order to ensure compliance with the Listing Rules, the Board resolved to enter into a Framework Maintenance Services Agreement on 24 January 2013 with White Horse Holding in place of the maintenance service arrangements between WHA Joint Venture and White Horse Holding.

Pursuant to the Framework Maintenance Services Agreement, White Horse Holding will provide cleaning, maintenance and related services to the bus shelters of WHA Joint Venture through its branches. Under the Framework Maintenance Agreement, the maintenance fees payable by WHA Joint Venture to White Horse Holding for the financial year ending 31 December 2013 shall not exceed HK$69,000,000. Maintenance fees shall be settled by the WHA Joint Venture on a monthly basis before the tenth day of every month.

REPORT OF THE DIRECTORS

For the years ended 31 December, 2010, 2011 and 2012, the maintenance fees paid or payable by WHA Joint Venture for the services provided by White Horse Holding was HK$41,066,000, HK$46,572,000 and HK$59,839,000 respectively.

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 gross 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$264.5 million and HK$39.7 million during the year, respectively.

Ernst & Young, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young has issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.38 of the Listing Rules.

The auditors of the Group 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 of the Company;

(c) the transactions were entered into, in all material respects, in accordance with the relevant agreements governing those transactions; and

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

REPORT OF THE DIRECTORS

DIRECTORS

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

EXECUTIVE DIRECTORS:

Mark Thewlis	(re-designated from non-executive director to executive director and appointed as the Executive Chairman of the Board with effect on 1 January 2013)
Han Zi Jing	
Teo Hong Kiong	
Zhang Huai Jun	

NON-EXECUTIVE DIRECTORS:

Zhu Jia	(resigned as Chairman of the Board with effect on 1 January 2013)
William Eccleshare	
Peter Cosgrove	
Jonathan Bevan	
Han Zi Dian	(resigned on 30 October 2012)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Desmond Murray	
Leonie Ki Man Fung	
Wang Shou Zhi	
Thomas Manning	(appointed as an independent non-executive director with effect on 30 October 2012)

ALTERNATE DIRECTORS:

Zou Nan Feng	(alternate director to Zhang Huai Jun)

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 22 to 25 of the annual report.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service agreement with the Company for a term of three years and terminable 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 29 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 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 pursuant to the Model Code, were as follows:

A. LONG POSITIONS IN ORDINARY SHARES OF THE COMPANY AS AT 31 DECEMBER 2012:

	Number of shares held, capacity and nature of interest					Percentage of the Company's issued share capital
Name of director	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	
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 31 December 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 53 to 55.

REPORT OF THE DIRECTORS

B. LONG POSITIONS IN THE SHARES OF CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AS 31 DECEMBER 2012:

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	517,521	—	—	—	517,521	1.23
Jonathan Bevan	9,358	—	—	—	9,358	0.02
Mark Thewlis	10,708	—	—	—	10,708	0.03

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 2012:

Name of director	Date of Grant	Number of Outstanding Options as at 31 December 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
	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
	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
	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

REPORT OF THE DIRECTORS

Name of director	Date of Grant	Number of Outstanding Options as at 31 December 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	26/03/2016 – 26/03/2022	US$7.90

REPORT OF THE DIRECTORS

Name of director	Date of Grant	Number of Outstanding Options as at 31 December 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

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

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.

REPORT OF THE DIRECTORS

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.

REPORT OF THE DIRECTORS

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 was not met, the share option expenses of the 2007 Options recognised 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 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 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.

REPORT OF THE DIRECTORS

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

Name or category of participant	Type of share option scheme	Number of share options						Date of grant of share options*	Exercise period	Exercise price per share **	Price of the Company's shares ***		
		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				At grant date of options	Immediately before the exercise date	At exercise date of options
										HK$	HK$	HK$	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						

REPORT OF THE DIRECTORS

Name or category of participant	Type of share option scheme	Number of share options: At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options*	Exercise period	Exercise price per share ** HK$	Price of the Company's shares ***: At grant date of options HK$	Immediately before the exercise date HK$	At exercise date of options HK$
Zou Nan Feng	The Old Scheme	400,000	—	—	—	—	400,000	29/06/2007	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						
Others													
Members 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. As the vesting condition was not met the share option expenses of the 2007 Options recognised amounting to HK$20 million were reversed in 2010.

REPORT OF THE DIRECTORS

** 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 2012, no share options were granted by the Company.

Apart from the foregoing, at no time during the year ended 31 December 2012 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 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	105,683,770	19.98%
Asia Landmark Master Fund Ltd	3	26,769,000	5.06%

Notes:

1. As at 31 December 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 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 13 December 2012, 105,683,770 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.

Save as disclosed above, as at 31 December 2012, 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.

REPORT OF THE DIRECTORS

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 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; and the corporate governance practices adopted by the Group during the period from 1 April 2012 to 31 December 2012 are in line with the code provisions set out in 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out under Appendix 10 to the Listing Rules 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 2012, 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

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

ON BEHALF OF THE BOARD

Mark Thewlis
Executive Chairman

Hong Kong
31 January 2013

INDEPENDENT AUDITORS' REPORT

ERNST & YOUNG
安 永

22/F CITIC Tower
1 Tim Mei Avenue
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 59 to 116, which comprise the consolidated and company statements of financial position as at 31 December 2012, 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 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 the disclosure requirements of Hong Kong Companies Ordinance, 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' judgment, 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.

INDEPENDENT AUDITORS' REPORT

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 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
31 January 2013

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Revenue	6	**1,522,036**	1,485,898
Cost of sales		**(939,236)**	(933,427)
Gross profit		**582,800**	552,471
Other income	6	**25,144**	7,558
Selling and distribution expenses		**(153,376)**	(141,374)
Administrative expenses		**(110,951)**	(116,430)
Other expenses	7	**(6,189)**	(19,538)
Finance costs	10	**(2,579)**	(2,970)
PROFIT BEFORE TAX	7	**334,849**	279,717
Income tax expense	11	**(91,069)**	(71,310)
PROFIT FOR THE YEAR		**243,780**	208,407
ATTRIBUTABLE TO:			
Owners of the parent		**219,236**	187,542
Non-controlling interests		**24,544**	20,865
		243,780	208,407
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	14	**41.44 cents**	35.45 cents
Diluted	14	**41.09 cents**	35.16 cents

Details of the dividend proposed for the year are disclosed in note 13 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
Profit for the year	**243,780**	208,407
Other comprehensive (loss)/income:		
Exchange differences on translation of foreign operations	**(563)**	137,404
Income tax effect	**–**	–
Other comprehensive (loss)/income for the year, net of tax	**(563)**	137,404
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**243,217**	345,811
ATTRIBUTABLE TO:		
Owners of the parent	**218,667**	327,254
Non-controlling interests	**24,550**	18,557
	243,217	345,811

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**26,724**	29,515
Concession rights	17	**1,786,161**	1,837,588
Long-term prepayments, deposits and other receivables	18	**55,468**	13,437
Total non-current assets		**1,868,353**	1,880,540
CURRENT ASSETS			
Trade receivables	19	**444,162**	514,818
Prepayments, deposits and other receivables	20	**213,519**	185,803
Due from a related party	21	**176,840**	133,919
Pledged deposits	22	**24,428**	45,270
Cash and cash equivalents	22	**1,289,724**	973,226
Total current assets		**2,148,673**	1,853,036
CURRENT LIABILITIES			
Other payables and accruals		**521,326**	453,666
Deferred income		**3,342**	10,822
Tax payable		**67,325**	67,745
Total current liabilities		**591,993**	532,233
NET CURRENT ASSETS		**1,556,680**	1,320,803
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,425,033**	3,201,343
NON-CURRENT LIABILITIES			
Net deferred tax liabilities	23	**47,605**	44,465
Total non-current liabilities		**47,605**	44,465
Net assets		**3,377,428**	3,156,878
EQUITY			
Equity attributable to owners of the parent			
Issued capital	24	**52,900**	52,900
Retained earnings	26(a)	**1,440,435**	1,221,199
Other components of equity	26(a)	**1,701,917**	1,778,053
Proposed final dividend	13	**79,350**	26,450
		3,274,602	3,078,602
Non-controlling interests		**102,826**	78,276
Total equity		**3,377,428**	3,156,878

Han Zi Jing
Director

Teo Hong Kiong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2012

		Attributable to owners of the parent									
	Notes	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 interests 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 year		–	–	–	–	–	187,542	–	187,542	20,865	208,407
Other comprehensive income		–	–	–	–	139,712	–	–	139,712	(2,308)	137,404
Total comprehensive income for the year		–	–	–	–	139,712	187,542	–	327,254	18,557	345,811
Equity-settled share option arrangements		–	–	4,844	–	–	–	–	4,844	–	4,844
Proposed 2011 final dividend	13	–	–	–	–	–	(26,450)	26,450	–	–	–
At 31 December 2011		52,900	795,246	13,544	351,007	618,256	1,221,199	26,450	3,078,602	78,276	3,156,878
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 year		–	–	–	–	–	219,236	–	219,236	24,544	243,780
Other comprehensive income		–	–	–	–	(569)	–	–	(569)	6	(563)
Total comprehensive income for the year		–	–	–	–	(569)	219,236	–	218,667	24,550	243,217
Final 2011 dividend declared		–	–	–	–	–	–	(26,450)	(26,450)	–	(26,450)
Equity-settled share option arrangements		–	–	3,783	–	–	–	–	3,783	–	3,783
Proposed 2012 final dividend	13	–	–	–	(79,350)	–	–	79,350	–	–	–
At 31 December 2012		52,900	795,246	17,327	271,657	617,687	1,440,435	79,350	3,274,602	102,826	3,377,428

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**334,849**	279,717
Adjustments for:			
Loss on disposal of concession rights	7	**2,737**	19,493
Impairment losses of trade receivables (reversed)/recognised	7	**(1,839)**	6,722
(Gain)/loss on disposal of items of property, plant and equipment	7	**(191)**	45
Write-down of prepaid rental on unipoles	7	**3,643**	–
Depreciation of property, plant and equipment	7	**9,191**	8,150
Recognition of a prepaid lease payment		**1,874**	1,874
Amortisation of concession rights	7	**297,770**	264,177
Foreign exchange gains, net	7	**–**	(1,969)
Other finance costs	10	**2,579**	2,970
Equity-settled share option expense	7	**3,783**	4,844
Bank interest income	6	**(25,144)**	(7,558)
		629,252	578,465
Increase in long-term prepayments, deposits and other receivables		**(43,907)**	–
Decrease/(increase) in trade receivables		**72,432**	(54,146)
(Increase)/decrease in prepayments, deposits and other receivables		**(17,809)**	120,925
(Increase)/decrease in amounts due from a related party		**(42,938)**	14,630
Increase in other payables and accruals		**92,102**	11,577
(Decrease)/increase in deferred income		**(7,479)**	2,722
Cash generated from operations		**681,653**	674,173
Income taxes paid		**(88,392)**	(25,526)
Net cash flows from operating activities		**593,261**	648,647
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment, excluding construction in progress		**(8,498)**	(12,034)
Proceeds from disposal of property, plant and equipment		**196**	221
Proceeds from disposal of concession rights		**805**	500
Purchase of concession rights		**(274,687)**	(334,180)
Interest received		**11,035**	6,803
Decrease/(increase) in pledged deposits		**20,836**	(8,021)
Net cash flows used in investing activities		**(250,313)**	(346,711)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
Net cash flows used in investing activities	**(250,313)**	(346,711)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(26,450)**	–
Net cash flows used in financing activities	**(26,450)**	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	**316,498**	301,936
Cash and cash equivalents at beginning of year	**973,226**	671,338
Effect of foreign exchange rate changes, net	**–**	(48)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,289,724**	973,226
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**1,289,724**	973,226

STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**86**	252
Investments in subsidiaries	16	**696,550**	1,354,600
Total non-current assets		**696,636**	1,354,852
CURRENT ASSETS			
Due from subsidiaries	16	**639,706**	–
Other receivables		**656**	536
Cash and cash equivalents		**43,359**	48,089
Total current assets		**683,721**	48,625
CURRENT LIABILITIES			
Other payables		**1,204**	2,413
Total current liabilities		**1,204**	2,413
NET CURRENT ASSETS		**682,517**	46,212
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,379,153**	1,401,064
Net assets		**1,379,153**	1,401,064
EQUITY			
Issued capital	24	**52,900**	52,900
Retained earnings	26(b)	**47,279**	46,523
Other components of equity	26(b)	**1,199,624**	1,275,191
Proposed final dividend	13	**79,350**	26,450
Total equity		**1,379,153**	1,401,064

NOTES TO FINANCIAL STATEMENTS

31 December 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 principal activity of the Company is investment holding. Details of the principal activities of the Company's subsidiaries are set out in note 16 to the financial statements. There were no significant changes in the nature of the subsidiaries' principal activities during the year.

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2012. 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.

Total comprehensive income within a subsidiary is attributable to the non-controlling interest even if it results in a deficit balance.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

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*

The adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

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 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 — *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — *Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009–2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

NOTES TO FINANCIAL STATEMENTS

31 December 2012

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

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The Group expects to adopt the amendments from 1 January 2013.

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") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to 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. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

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 and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12. Based on the preliminary analyses performed, HKFRS 10 is not expected to have any impact on the currently held investments of the Group.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

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

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. Based on the preliminary analyses performed, HKFRS 11 is not expected to have any impact on the currently held investments of the Group.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied.

The amendments to HKFRS 10 issued in December 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011), HKAS 28 (2011), and the subsequent amendments to these standards issued in July and December 2012 from 1 January 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 January 2013.

The HKAS 1 Amendments change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The Group expects to adopt the amendments from 1 January 2013.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

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

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 January 2013.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to setoff" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

The *Annual Improvements to HKFRSs 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2013. 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) HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

(b) HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

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 investments 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 or 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/Company has unilateral control, directly or indirectly, over the joint venture;

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

(c) an associate, if the Group/Company 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/Company holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IMPAIRMENT OF NON-FINANCIAL ASSETS

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 cashgenerating 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 an 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 is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group; or

NOTES TO FINANCIAL STATEMENTS

31 December 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

RELATED PARTIES (continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post- employment benefit plan for the benefit of employees of either the Group or an entity related to the Group ;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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 depreciates them accordingly.

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%

NOTES TO FINANCIAL STATEMENTS

31 December 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (continued)

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 including 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 bus shelters under construction, which are stated at cost less any impairment losses, and are 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 concession rights when completed and ready for use.

CONCESSION RIGHTS

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"). Concession rights are stated at cost less accumulated amortisation and amortised using the straight-line and individual basis over the period of the rights, which ranges from 5 to 20 years.

In addition, expenditure incurred on the construction of bus shelters is capitalised only when the Group can demonstrate that it is probable that future economic benefits will flow to the Group and the cost can be measured reliably. Capitalised construction costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the estimated useful lives.

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 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

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.

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 other income in the income statement. The loss arising from impairment is recognised in the income statement in administrative expenses.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised 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, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it 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.

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at the end of each reporting period whether there is 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 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS (continued)

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 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 write-off is later recovered, the recovery is credited to administrative expenses in the income statement.

FINANCIAL LIABILITIES

Initial recognition and measurement

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, net of directly attributable transaction costs. The Group's financial liabilities mainly include other payables.

Subsequent measurement

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

NOTES TO FINANCIAL STATEMENTS

31 December 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL LIABILITIES (continued)

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.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, 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, 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

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:

- when the deferred tax liability arises from the initial recognition of goodwill or 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, when 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, the carryforward of unused tax credits and any unused tax losses, Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

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, 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 over the expected life of the financial instrument to the net carrying amount of the financial asset.

(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.

SHARE-BASED PAYMENTS

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 payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black-Scholes model, further details of which are given in note 25 to the financial statements.

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 or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

SHARE-BASED PAYMENTS (continued)

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 payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. 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.

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

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is measured at the end of each reporting period up to and including the settlement date, with changes in fair value recognised in the income statement.

OTHER EMPLOYEE BENEFITS

The Group operates a defined contribution Mandatory Provident Fund retirement benefit 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.

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute at a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 pending 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.

DIVIDENDS

Final dividends proposed by the directors are classified as a separate allocation within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

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 prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in 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 gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

NOTES TO FINANCIAL STATEMENTS

31 December 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FOREIGN CURRENCIES (continued)

The functional currency of the overseas subsidiary of the Company is a 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 prevailing at the end of the reporting period and its income statement is translated into Hong Kong dollars at the weighted average exchange rate 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 statement of cash flows, 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 their accompanying disclosures, and the disclosure of contingent liabilities. 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 described below.

IMPAIRMENT OF CONCESSION RIGHTS

The Group assess whether there are any indicators of impairment for concession rights at the end of each reporting period. Concession rights are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of concession rights at 31 December 2012 was HK$1,786,161,000 (2011: HK$1,837,588,000).

NOTES TO FINANCIAL STATEMENTS

31 December 2012

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. At 31 December 2012, the provision for impairment of trade and other receivables was HK$32,278,000 (2011: HK$39,559,000).

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 dividends, where the Group considers that if it is probable that the profits of the subsidiary in the PRC which are subject to withholding taxes will not be distributed in the foreseeable future, then no withholding taxes are provided.

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 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:

	2012 HK$'000	2011 HK$'000
Revenue		
Rental from outdoor advertising spaces	**1,522,036**	1,485,898
Other income		
Bank interest income	**25,144**	7,558

NOTES TO FINANCIAL STATEMENTS

31 December 2012

7. PROFIT BEFORE TAX

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

	Notes	2012 HK$'000	2011 HK$'000
Cost of services provided		**318,588**	309,602
Operating lease rentals on bus shelters, unipoles and bus body operations		**322,878**	359,648
Amortisation of concession rights	17	**297,770**	264,177
Cost of sales		**939,236**	933,427
Impairment losses of trade receivables (reversed)/recognised	19	**(1,839)**	6,722
Auditors' remuneration		**2,286**	1,822
Depreciation of property, plant and equipment	15	**9,191**	8,150
Other expenses:			
Loss on disposal of concession rights		**2,737**	19,493
Write-down of prepaid rental on unipoles		**3,643**	–
(Gain)/loss on disposal of items of property, plant and equipment		**(191)**	45
		6,189	19,538
Operating lease rentals on buildings		**24,481**	24,783
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		**141,335**	136,361
Equity-settled share option expense		**3,783**	4,844
Pension scheme contributions		**13,246**	11,208
		158,364	152,413
Foreign exchange gains, net		**–**	(1,969)
Bank interest income		**(25,144)**	(7,558)

NOTES TO FINANCIAL STATEMENTS

31 December 2012

8. DIRECTORS' AND CHIEF EXECUTIVE'S 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	
	2012	2011
	HK$'000	HK$'000
Fees	**3,653**	3,273
Other emoluments:		
Salaries, allowances and benefits in kind	**13,651**	12,244
Performance-related bonuses	**–**	1,065
Equity-settled share option expense	**1,941**	2,631
Pension scheme contributions	**111**	88
	15,703	16,028
	19,356	19,301

In prior years, certain directors were granted share options, in respect of their services to the Group, under the share option schemes of the Company, further details of which are set out in note 25 to the financial statements. The fair value of such options, which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

(A) INDEPENDENT NON-EXECUTIVE DIRECTORS

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

	2012	2011
	HK$'000	HK$'000
Mr. Desmond Murray	**280**	280
Ms. Leonie Ki Man Fung	**140**	140
Mr. Wang Shou Zhi	**140**	140
Mr. Thomas Manning (appointed with effect from 30 October 2012)	**25**	–
	585	560

Directors' fees paid to Mr. Desmond Murray were for his role as an independent non-executive director and the Chairman of the Audit Committee. There were no other emoluments payable to the independent non-executive directors during the year (2011: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2012

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(B) EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTORS AND ALTERNATE DIRECTORS

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance -related bonuses HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total emoluments HK$'000
2012						
Executive directors:						
Mr. Han Zi Jing	**660**	**5,002**	**–**	**731**	**14**	**6,407**
Mr. Zhang Huai Jun	**768**	**2,676**	**–**	**450**	**73**	**3,967**
Mr. Teo Hong Kiong	**660**	**3,790**	**–**	**422**	**14**	**4,886**
	2,088	**11,468**	**–**	**1,603**	**101**	**15,260**
Non-executive directors:						
Mr. Mark Thewlis (re-designated and appointed as Executive Chairman with effect on 1 January 2013)	**140**	**–**	**–**	**–**	**–**	**140**
Mr. William Eccleshare	**140**	**–**	**–**	**–**	**–**	**140**
Mr. Peter Cosgrove	**280**	**500**	**–**	**–**	**–**	**780**
Mr. Jonathan Bevan	**140**	**–**	**–**	**–**	**–**	**140**
Mr. Zhu Jia (resigned as Chairman of the Board on 1 January 2013)	**280**	**–**	**–**	**–**	**–**	**280**
Mr. Han Zi Dian (resigned as a director on 30 October 2012)	**–**	**92**	**–**	**–**	**–**	**92**
	980	**592**	**–**	**–**	**–**	**1,572**
Alternate director:						
Mr. Zou Nan Feng	**–**	**1,591**	**–**	**338**	**10**	**1,939**
	3,068	**13,651**	**–**	**1,941**	**111**	**18,771**
2011						
Executive directors:						
Mr. Han Zi Jing	600	4,751	351	991	12	6,705
Mr. Zhang Huai Jun	600	2,091	308	610	54	3,663
Mr. Teo Hong Kiong	600	3,267	181	572	12	4,632
	1,800	10,109	840	2,173	78	15,000
Non-executive directors:						
Mr. Mark Thewlis (re-designated and appointed as Executive Chairman with effect on 1 January 2013)	140	–	–	–	–	140
Mr. William Eccleshare	140	–	–	–	–	140
Mr. Peter Cosgrove	280	500	–	–	–	780
Mr. Jonathan Bevan	140	–	–	–	–	140
Mr. Zhu Jia (resigned as Chairman of the Board on 1 January 2013)	102	–	–	–	–	102
Mr. Han Zi Dian (resigned as a director on 30 October 2012)	–	88	–	–	–	88
Mr. Jingsheng Huang (resigned as a director on 22 August 2011)	111	–	–	–	–	111
	913	588	–	–	–	1,501
Alternate director:						
Mr. Zou Nan Feng	–	1,547	225	458	10	2,240
	2,713	12,244	1,065	2,631	88	18,741

NOTES TO FINANCIAL STATEMENTS

31 December 2012

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(B) EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTORS AND ALTERNATE DIRECTORS (continued)

During the year, performance-related bonuses of HK$Nil were paid to directors (2011: HK$1,065,000). There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2011: 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 (2011: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2011: four) directors, detail of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2011: one) non-director, highest paid employee for the year are as follows:

	Group	
	2012	2011
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**3,357**	1,606
Performance-related bonuses	**634**	333
Equity-settled share option expense	**478**	362
Pension scheme contributions	**149**	54
	4,618	2,355

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

	Number of employees	
	2012	2011
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**2**	1
	2	1

In prior years, share options were granted to certain non-director, highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 25 to the financial statements. The fair value of such options, which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director, highest paid employees' remuneration disclosures.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

10. FINANCE COSTS

	Group	
	2012	2011
	HK$'000	HK$'000
Other finance costs	**2,579**	2,970

11. TAX

Hong Kong profits tax has not been provided as the Group had 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	
	2012	2011
	HK$'000	HK$'000
Group:		
Current — Hong Kong profits tax	**–**	–
Current — PRC corporate income tax	**87,929**	67,422
Deferred tax	**3,140**	3,888
Total tax charge for the year	**91,069**	71,310

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	
	2012	2011
	HK$'000	HK$'000
Profit before tax	**334,849**	279,717
Tax at the applicable statutory tax rate	**84,319**	68,928
Income not subject to tax	**(3,007)**	(3,187)
Expenses not deductible for tax	**3,854**	3,726
Adjustment in respect of current tax of previous period	**3,686**	–
Tax losses not recognised	**2,217**	1,843
Tax charge at the Group's effective rate of 27.2% (2011: 25.5%)	**91,069**	71,310

NOTES TO FINANCIAL STATEMENTS

31 December 2012

11. TAX (continued)

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

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 2012 includes a profit of HK$756,000 (2011: HK$3,192,000) which has been dealt with in the financial statements of the Company (note 26(b)).

13. DIVIDEND

	2012 HK$'000	2011 HK$'000
Proposed final — HK15 cents (2011: HK5 cents) per ordinary share	**79,350**	26,450

At the Board meeting held on 31 January 2013, the directors proposed a final dividend of HK15 cents per share (2011: HK5 cents per share) out from contributed surplus account, for the year ended 31 December 2012. This final dividend is equivalent to HK$79,350,075 (2011: HK$26,450,025) based on the 529,000,500 outstanding shares. The final proposed dividend has been classified as a separate component in equity and it has not been recognised as a liability in the financial statements. Subject to the approval by the shareholders at the forthcoming annual general meeting, the proposed dividend will be payable on Friday, 19 July 2013 to the shareholders registered on the Register of Members on Tuesday, 11 June 2013.

14. 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.

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

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

	2012	2011
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**219,236**	187,542

	Number of shares	
	2012	2011
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**529,000,500**	529,000,500
Effect of dilution — weighted average number of ordinary shares:		
Share options	**4,512,977**	4,464,102
	533,513,477	533,464,602

The diluted earnings per share amount for the year is based on the profit for the year of HK$219,236,000 (2011: HK$187,542,000) and the weighted average number of ordinary shares of 533,513,477 (2011: 533,464,602) in issue during the year.

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15. 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 2012					
At 31 December 2011 and at 1 January 2012					
Cost	24,307	26,240	36,191	2,088	88,826
Accumulated depreciation	(18,313)	(16,984)	(24,014)	–	(59,311)
Net carrying amount	5,994	9,256	12,177	2,088	29,515
At 1 January 2012, net of accumulated depreciation	5,994	9,256	12,177	2,088	29,515
Additions	218	2,616	5,664	25,994	34,492
Disposals	–	(5)	–	–	(5)
Depreciation provided during the year	(1,921)	(2,885)	(4,385)	–	(9,191)
Transfers	–	–	–	(28,111)	(28,111)
Exchange realignment	(8)	(2)	5	29	24
At 31 December 2012, net of accumulated depreciation	4,283	8,980	13,461	–	26,724
At 31 December 2012:					
Cost	24,522	21,342	38,887	–	84,751
Accumulated depreciation	(20,239)	(12,362)	(25,426)	–	(58,027)
Net carrying amount	4,283	8,980	13,461	–	26,724

NOTES TO FINANCIAL STATEMENTS

31 December 2012

15. 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 2011					
At 31 December 2010 and at 1 January 2011:					
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
At 1 January 2011, net of accumulated depreciation	5,281	6,543	10,944	10,460	33,228
Additions	2,255	4,999	4,780	18,947	30,981
Disposals	(46)	(216)	(4)	–	(266)
Depreciation provided during the year	(1,717)	(2,364)	(4,069)	–	(8,150)
Transfers	–	–	–	(27,696)	(27,696)
Exchange realignment	221	294	526	377	1,418
At 31 December 2011, net of accumulated depreciation	5,994	9,256	12,177	2,088	29,515
At 31 December 2011:					
Cost	24,307	26,240	36,191	2,088	88,826
Accumulated depreciation	(18,313)	(16,984)	(24,014)	–	(59,311)
Net carrying amount	5,994	9,256	12,177	2,088	29,515

NOTES TO FINANCIAL STATEMENTS

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16. INVESTMENTS IN SUBSIDIARIES

	Notes	Company 2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Unlisted shares, at cost		**487,273**	487,273
Due from subsidiaries	(i)	**209,277**	867,327
		696,550	1,354,600
CURRENT ASSETS			
Due from subsidiaries	(ii)	**639,706**	–

Notes:

(i) The amounts due from subsidiaries included in the investments in subsidiaries are unsecured, interest-free and have no fixed terms of repayment, except for loans to subsidiaries amounting to HK$537,000,000 as at 31 December 2011 which bear interest at a rate of 5% per annum.

(ii) The amounts due from subsidiaries included in the Company's current assets are unsecured, bear interest at a rate of 5% per annum and repayable on demand. The carrying amounts of amounts due from subsidiaries approximate to their fair values.

Particulars of the subsidiaries are as follows:

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

Note:

The WHA Joint Venture was established in the PRC on 24 March 1998 as a Sino-foreign equity joint venture with a tenure of 30 years. On 4 April 2001, the WHA Joint Venture changed its legal structure from a Sino-foreign equity joint venture to a Sino-foreign co-operative joint venture. At the same time, the registered capital of the WHA Joint Venture increased from HK$100,000,000 to US$60,000,000 with Hainan White Horse Advertising Co., Ltd ("Hainan White Horse") and China Outdoor Media (HK) sharing 20% and 80% interests, respectively.

According to the agreement entered into by China Outdoor Media (HK) and Hainan White Horse on 3 September 2001, 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. According to the agreements entered into by China Outdoor Media (HK) and Hainan White Horse on 9 January 2006, 3 April 2008, 10 January 2010, respectively, the term of China Outdoor Media (HK)'s entitlement of 90% of the after-tax profits of the WHA Joint Venture has been extended to 31 December 2011 at a consideration of HK$250,000 payable to Hainan White Horse each year for the fiscal years 2006 to 2011 (both years inclusive).

On 11 May 2012, an agreement was entered into by China Outdoor Media (HK) and Hainan White Horse, pursuant to which, the term of China Outdoor Media (HK)'s entitlement of 90% of the after-tax profits of the WHA Joint Venture was extended for a further year to 31 December 2012 at a consideration of HK$250,000 payable to Hainan White Horse.

NOTES TO FINANCIAL STATEMENTS

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17. CONCESSION RIGHTS

	Group HK$'000
31 December 2012	
Cost at 1 January 2012, net of accumulated amortisation	1,837,588
Additions	222,275
Transfer from construction in progress	28,111
Disposals, write-off and write-down	(3,542)
Amortisation during the year	(297,770)
Exchange realignment	(501)
At 31 December 2012	1,786,161
At 31 December 2012:	
Cost	3,909,450
Accumulated amortisation	(2,123,289)
Net carrying amount	1,786,161
31 December 2011	
At 1 January 2011:	
Cost	3,246,802
Accumulated amortisation	(1,595,804)
Net carrying amount	1,650,998
Cost at 1 January 2011, net of accumulated amortisation	1,650,998
Additions	363,821
Transfer from construction in progress	27,696
Disposals, write-off and write-down	(19,993)
Amortisation during the year	(264,177)
Exchange realignment	79,243
At 31 December 2011	1,837,588
At 31 December 2011:	
Cost	3,691,320
Accumulated amortisation	(1,853,732)
Net carrying amount	1,837,588

NOTES TO FINANCIAL STATEMENTS

31 December 2012

17. 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 rental fixed 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 twenty years. As at 31 December 2012, the weighted average remaining term of the concession rights currently held by the Group was approximately eight years. In terms of renewal rights, approximately 62% 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 expiry.

18. LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

A long-term prepayment amounting to RMB35,600,000 (equivalent to HK$43,907,000) has been placed with an independent third party in connection with the extension of certain of the Group's bus shelter concession rights in the PRC.

The balance as at 31 December 2012 also included a non-current portion of a prepaid bus shelter lease payment amounting to HK$11,561,000 (31 December 2011: HK$13,437,000).

19. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where advanced payments are 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 diversity of numerous customers and are non-interest-bearing.

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

	Group	
	2012	2011
	HK$'000	HK$'000
Current to 90 days	**250,309**	281,021
91 days to 180 days	**160,505**	200,084
Over 180 days	**65,626**	73,272
	476,440	554,377
Less: Provision for impairment of trade receivables	**(32,278)**	(39,559)
Total trade receivables, net	**444,162**	514,818

NOTES TO FINANCIAL STATEMENTS

31 December 2012

19. TRADE RECEIVABLES (continued)

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

	Group	
	2012	2011
	HK$'000	HK$'000
At 1 January	**39,559**	38,701
Impairment losses (reversed)/recognised (note 7)	**(1,839)**	6,722
Amount written off as uncollectible	**(5,442)**	(5,864)
At 31 December	**32,278**	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 full amounts from the customers. The Group does not hold any collateral or other credit enhancements over these balances.

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

	Group	
	2012	2011
	HK$'000	HK$'000
Neither past due nor impaired	**377,462**	414,465
Less than 3 months past due	**24,622**	21,008
Over 3 months past due	**448**	–
	402,532	435,473

Receivables that were neither past due nor impaired relate to a diversity of numerous 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 FINANCIAL STATEMENTS

31 December 2012

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance of prepayments, deposits and other receivables for the year ended 31 December 2012 included a deposit receivable amounting to HK$5,441,000 (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$9,559,000 was settled during the year. The independent third party agreed to settle the remaining balance of HK$5,441,000 by offsetting it with certain bus shelter rental payables in 2013. The carrying amount of the outstanding deposit approximates to its fair value and is secured by the title to certain assets.

The balance as at 31 December 2012 also included a receivable from Hainan White Horse Advertising Co., Ltd. ("Hainan White Horse"), the non-controlling shareholder of the WHA Joint Venture, amounting to HK$130,405,000 (31 December 2011: HK$119,063,000), which are unsecured, interest-free and have no fixed terms of repayment.

21. DUE FROM A RELATED PARTY

	Group	
	2012	2011
	HK$'000	HK$'000
Guangdong White Horse Advertising Company Limited ("GWH")	**176,840**	133,919

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

An aging 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:

	Group	
	2012	2011
	HK$'000	HK$'000
Current to 90 days	**73,091**	45,231
91 days to 180 days	**67,768**	53,110
Over 180 days	**35,981**	35,578
	176,840	133,919

NOTES TO FINANCIAL STATEMENTS

31 December 2012

22. 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$1,269,648,000 (2011: HK$969,157,000). 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.

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 deposit kept with each bank did not exceed 20% of the Group's total bank and pledged deposits balances as at 31 December 2012.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are placed for varying periods 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 2012, the Group had pledged deposits of RMB17,800,000 (equivalent to approximately HK$21,954,000) (2011: RMB26,700,000 (equivalent to approximately HK$32,935,000)) to banks as security for bills payable of RMB35,600,000 (equivalent to approximately HK$43,907,000) (2011: RMB43,000,000 (equivalent to approximately HK$53,041,000)).

As at 31 December 2012, a bank deposit of RMB2,006,000 (equivalent to approximately HK$2,474,000) was frozen by the PRC Court in respect of a rental dispute in China. The dispute was settled and the bank deposit was unfrozen in January 2013.

NOTES TO FINANCIAL STATEMENTS

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23. DEFERRED TAX

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

DEFERRED TAX LIABILITIES

	Group	
	Depreciation and amortisation allowance in excess of related depreciation and amortisation and other temporary differences 2012 HK$'000	Depreciation and amortisation allowance in excess of related depreciation and amortisation and other temporary differences 2011 HK$'000
At 1 January	**(44,522)**	(42,722)
Deferred tax charged to the income statement during the year (note 11)	**(3,162)**	(1,800)
At 31 December	**(47,684)**	(44,522)

DEFERRED TAX ASSETS

	Group	
	Deductible temporary differences 2012 HK$'000	Deductible temporary differences 2011 HK$'000
At 1 January	**57**	2,145
Deferred tax credited/(charged) to the income statement during the year (note 11)	**22**	(2,088)
At 31 December	**79**	57
Net deferred tax liabilities at 31 December	**(47,605)**	(44,465)

NOTES TO FINANCIAL STATEMENTS

31 December 2012

23. DEFERRED TAX (continued)

The Group has tax losses arising in Hong Kong. Deferred tax assets have not been recognised in respect of the tax losses since the possibility of utilising 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 the WHA Joint Venture, a subsidiary of the Company established in the Hainan Special Economic Zone of the PRC.

As at 31 December 2012, no deferred tax has been recognised by the Group for withholding taxes that would be payable on the unremitted earnings of the WHA Joint Venture that are subject to withholding taxes as management considered it is not probable that the WHA Joint Venture will distribute such earnings in the foreseeable future. The aggregate amount of deferred tax liabilities associated with investments in the WHA Joint Venture, should deferred tax liabilities have been recognised, would be approximately HK$58,878,000 at 31 December 2012 (2011: HK$41,444,000).

24. SHARE CAPITAL

	2012 **HK$'000**	2011 HK$'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 (2011: 529,000,500) of HK$0.10 each (2011: HK$0.10)	**52,900**	52,900

NOTES TO FINANCIAL STATEMENTS

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25. SHARE OPTION SCHEMES

Prior to 28 November 2008, the Company operated, among others, a share option scheme (the "Old Scheme") for the purpose of providing incentives and rewards to eligible participants who contributed to the Group's operations. The Old Scheme became effective on 28 November 2001 and expired on 28 November 2008. After that no further options were 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. The vesting condition was not met and the share option expenses of the 2007 Options recognised amounting to HK$20 million were reversed in 2010.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

25. SHARE OPTION SCHEMES (continued)

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

As at 31 December 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 the 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.

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25. SHARE OPTION SCHEMES (continued)

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

		Number of share options									Price of the Company's shares ***		
Name or category of participant	Type of share option scheme	At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options*	Exercise period	Exercise price per share ** HK$	At grant date of options HK$	Immediately before the exercise date HK$	At exercise date of options HK$
Director													
Han Zi Jing	The Old Scheme	1,500,000	–	–	–	–	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						
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						

NOTES TO FINANCIAL STATEMENTS

31 December 2012

25. SHARE OPTION SCHEMES (continued)

		Number of share options									Price of the Company's shares ***		
Name or category of participant	Type of share option scheme	At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options*	Exercise period	Exercise price per share ** HK$	At grant date of options HK$	Immediately before the exercise date HK$	At exercise date of options HK$
Others													
Members of senior management and other employees of the Group	The Old Scheme	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 has achieved an average annual earnings per share growth of 5% each year for the first three full financial years after the grant date. The vesting condition was not met and the share option expenses of the 2007 Options recognised 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 year ended 31 December 2012, no share options were granted by the Company.

In December 2012, the Company has adopted the bonus schemes whereby certain Executive Directors may be entitled to cash bonuses after 31 December 2015. Such bonuses amounts will be determined based on certain financial performance hurdles and the Company's closing share price on the last trading day of 2015. The bonus schemes took effect on 1 January 2013, accordingly, no expenses were recognised in 2012.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

25. SHARE OPTION SCHEMES (continued)

Apart from the foregoing, at no time during the year ended 31 December 2012 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.

26. RESERVES

(A) GROUP

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 62 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 and 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$'000	Proposed final dividend HK$'000	Total HK$'000
At 1 January 2011	8,700	795,246	449,773	16,628	69,781	–	1,340,128
Profit for the year	–	–	–	–	3,192	–	3,192
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	3,192	–	3,192
Equity-settled share option arrangements	4,844	–	–	–	–	–	4,844
Proposed 2011 final dividend	–	–	–	–	(26,450)	26,450	–
At 31 December 2011	13,544	795,246	449,773	16,628	46,523	26,450	1,348,164
Profit for the year	–	–	–	–	756	–	756
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	756	–	756
Final 2011 dividend declared	–	–	–	–	–	(26,450)	(26,450)
Equity-settled share option arrangements	3,783	–	–	–	–	–	3,783
Proposed 2012 final dividend	–	–	(79,350)	–	–	79,350	–
At 31 December 2012	17,327	795,246	370,423	16,628	47,279	79,350	1,326,253

NOTES TO FINANCIAL STATEMENTS

31 December 2012

26. RESERVES (continued)

(B) COMPANY (continued)

The contributed surplus of the Company represents the difference between the then combined net asset value of the subsidiaries acquired pursuant to the reorganisation and the nominal value 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 payments in note 3 to the financial statements.

27. COMMITMENTS

(A) CAPITAL COMMITMENTS

	Group	
	2012	2011
	HK$'000	HK$'000
Contracted, but not provided for:		
The construction of shelters for which concession rights are held	**4,636**	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 31 December 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2012	2011
	HK$'000	HK$'000
Within one year	**310,275**	317,781
In the second to fifth years, inclusive	**771,754**	828,215
After five years	**1,079,796**	1,040,821
	2,161,825	2,186,817

NOTES TO FINANCIAL STATEMENTS

31 December 2012

28. CONTINGENT LIABILITIES

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and, so far as the directors are aware, no litigation or arbitration of material importance is pending or threatened against the Company.

29. 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	2012 HK$'000	2011 HK$'000 (Restated)
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)	**12,530**	21,997
Sales to GWH	(ii)	**215,469**	191,840
Bus shelter cleaning and maintenance fees payable to a company which has been an associate of a director of the Company	(iii)	**59,839**	46,572
Creative services fees payable to GWH	(iv)	**3,686**	3,627

Notes:

In preparing the consolidated financial statements for the year ended 31 December 2012, the Company identified omissions in its disclosures of bus shelter cleaning and maintenance transactions with Hainan White Horse Holding Company Limited ("White Horse Holding") in the previously issued consolidated financial statements for the year ended 31 December 2011. Consequently, the disclosures for related party transactions for the year ended 31 December 2011 have been restated to include the details of the Group's transactions with White Horse Holding. The omissions did not affect the figures presented in the consolidated and company statements of financial position as at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity or the consolidated statement of cash flows for the year then ended.

(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 of GWH 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

29. RELATED PARTY TRANSACTIONS (continued)

(A) (continued)

Notes: (continued)

(iii) On 20 April 2007, WHA Joint Venture entered into Maintenance Services Agreements with various branches of Hainan White Horse Holding Company Limited ("White Horse Holding") for a fixed term until 31 December 2008 and such agreements were subsequently renewed until 31 December 2012. White Horse Holding was held by third parties independent of the Group at the time when the Maintenance Service Agreements were entered into and upon their renewals and the transactions between WHA Joint Venture and White Horse Holding did not constitute continuing connected transactions under Chapter 14A of the Listing Rules. Following a capital injection exercise into White Horse Holding in November 2009, Mr. Han Zi Dian became interested in more than 50% of the voting power of White Horse Holding. Mr. Han Zi Dian was a non-executive director of the Company from April 2001 to October 2012 and is the brother of Mr. Han Zi Jing, an executive director of the Company. As such, White Horse Holding has been an associate of a director since November 2009, and hence a connected person of the Company under Chapter 14A of the Listing Rules. It follows that all transactions between the Group and White Horse Holding thereafter constitute continuing connected transactions under Chapter 14A of the Listing Rules. For the years ended 31 December 2010, 2011 and 2012, the bus shelter cleaning and maintenance fees paid or payable by WHA Joint Venture for the services provided by White Horse Holding was HK$41,066,000, HK$46,572,000 and HK$59,839,000 respectively.

(iv) 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 from independent third parties.

(B) OUTSTANDING BALANCE WITH RELATED PARTIES

The Group had outstanding receivables from GWH of HK$176,840,000 (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 (note 21).

(C) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP:

	2012 HK$'000	2011 HK$'000
Short-term employee benefits	**13,651**	13,309
Equity-settled share option expense	**1,941**	2,631
Pension scheme contributions	**111**	88
Total compensation paid to key management personnel	**15,703**	16,028

NOTES TO FINANCIAL STATEMENTS

31 December 2012

30. 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:

GROUP

Financial assets

	Loans and receivables	
	2012	2011
	HK$'000	HK$'000
Other receivables	**159,860**	150,490
Trade receivables	**444,162**	514,818
Due from a related party	**176,840**	133,919
Pledged deposits	**24,428**	45,270
Cash and cash equivalents	**1,289,724**	973,226
	2,095,014	1,817,723

Financial liabilities

	Financial liabilities at amortised cost	
	2012	2011
	HK$'000	HK$'000
Other payables	**482,638**	418,765
	482,638	418,765

NOTES TO FINANCIAL STATEMENTS

31 December 2012

30. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

COMPANY

Financial assets

	Loans and receivables	
	2012 HK$'000	2011 HK$'000
Other receivables	**656**	536
Cash and cash equivalents	**43,359**	48,089
	44,015	48,625

Financial liabilities

	Financial liabilities at amortised cost	
	2012 HK$'000	2011 HK$'000
Other payables	**1,204**	2,413
	1,204	2,413

31. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group and the Company's financial instruments are as follow:

GROUP

	Carrying amounts		Fair values	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Financial assets				
Other receivables	**159,860**	150,490	**159,860**	150,490
Trade receivables	**444,162**	514,818	**444,162**	514,818
Due from a related party	**176,840**	133,919	**176,840**	133,919
Pledged deposits	**24,428**	45,270	**24,428**	45,270
Cash and cash equivalents	**1,289,724**	973,226	**1,289,724**	973,226
	2,095,014	1,817,723	**2,095,014**	1,817,723

NOTES TO FINANCIAL STATEMENTS

31 December 2012

31. FAIR VALUE AND FAIR VALUE HIERARCHY (continued)

GROUP (continued)

	Carrying amounts		Fair values	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Financial liabilities				
Other payables	**482,638**	418,765	**482,638**	418,765
	482,638	418,765	**482,638**	418,765

COMPANY

	Carrying amounts		Fair values	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Financial assets				
Other receivables	**656**	536	**656**	536
Cash and cash equivalents	**43,359**	48,089	**43,359**	48,089
	44,015	48,625	**44,015**	48,625

	Carrying amounts		Fair values	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Financial liabilities				
Other payables	**1,204**	2,413	**1,204**	2,413
	1,204	2,413	**1,204**	2,413

The fair values of cash and cash equivalents, pledged deposits, due from a related party, trade receivables, other receivables and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise mainly cash and short-term deposits. The Group has various other financial assets and liabilities such as trade receivables and 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 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, 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 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
2012		
If Hong Kong dollar weakens against RMB	5%	12,420
If Hong Kong dollar strengthens against RMB	(5%)	(12,420)
2011		
If Hong Kong dollar weakens against RMB	5%	10,385
If Hong Kong dollar strengthens against RMB	(5%)	(10,385)

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 19 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2012

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

LIQUIDITY RISK

The Group continued to enjoy a strong financial position at the end of 2012, with cash and cash equivalents amounting to HK$1,290 million as at 31 December 2012, an increase from HK$973 million in 2011.

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:

Group

	2012				
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Other payables	**–**	**289,015**	**193,623**	**–**	**482,638**
	–	**289,015**	**193,623**	**–**	**482,638**

	2011				
	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Other payables	–	202,175	216,590	–	418,765
	–	202,175	216,590	–	418,765

NOTES TO FINANCIAL STATEMENTS

31 December 2012

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

LIQUIDITY RISK (continued)

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

Company

	2012				
	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	**–**	**563**	**641**	**–**	**1,204**
	–	**563**	**641**	**–**	**1,204**

	2011				
	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	–	79	2,334	–	2,413
	–	79	2,334	–	2,413

NOTES TO FINANCIAL STATEMENTS

31 December 2012

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it in 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 years ended 31 December 2012 and 31 December 2011.

The Group's policy currently is to maintain a low level of gearing ratio. 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	
	2012	2011
	HK$'000	HK$'000
Other payables and accruals	**521,326**	453,666
Less:		
Pledged deposits	**(24,428)**	(45,270)
Cash and cash equivalents	**(1,289,724)**	(973,226)
Net surplus	**(792,826)**	(564,830)
Equity attributable to owners of the parent	**3,274,602**	3,078,602
Total capital	**3,274,602**	3,078,602
Capital and net debt	**2,481,776**	2,513,772
Gearing ratio	**–**	–

33. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 January 2013.

GLOSSARY

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

GLOSSARY

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

	2012	2011	2010	2009	2008
RESULTS (HK$'000)					
Revenue	**1,522,036**	1,485,898	1,261,600	1,118,149	1,260,115
EBITDA	**619,245**	547,456	472,960	293,221	455,757
EBIT	**312,284**	275,129	227,402	57,064	242,342
Profit attributable to owners of the parent	**219,236**	187,542	166,068	31,258	166,067
CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA (HK$'000)					
Current assets	**2,148,673**	1,853,036	1,554,458	1,262,791	1,045,214
Current liabilities	**591,993**	532,233	406,472	359,490	461,856
Equity attributable to owners of the parent	**3,274,602**	3,078,602	2,746,504	2,487,102	2,428,163
CASH FLOW DATA (HK$'000)					
Cash generated from operations	**681,653**	674,173	492,893	402,677	439,024
FINANCIAL RATIOS					
Return on equity (%)	**6.9**	6.4	6.3	1.3	7.3
Current ratio (times)	**3.63**	3.48	3.82	3.51	2.26
EBITDA margin (%)	**40.7**	36.8	37.5	26.2	36.2
Net profit margin (%)	**14.4**	12.6	13.2	2.8	13.2

CORPORATE INFORMATION

BUSINESS AREA
Outdoor Media

DIRECTORS
Executive Directors:
Mark Thewlis
(Executive Chairman)
Han Zi Jing
(Chief Executive Officer)
Teo Hong Kiong
(Chief Financial Officer)
Zhang Huai Jun
(Chief Operating Officer)

Non-Executive Directors:
William Eccleshare
Peter Cosgrove
Zhu Jia
Jonathan Bevan

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

Alternate Director:
Zou Nan Feng (alternate to Zhang Huai Jun)

COMPANY SECRETARY
Jeffrey Yip

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Hong Kong and United States Law
Sullivan & Cromwell

PRC Law
King & Wood PRC Lawyers

Bermuda Law
Conyers Dill & Pearman

AUDITORS
Ernst & Young

PRINCIPAL BANKERS
HSBC
Shanghai Pudong Development Bank

PRINCIPAL SHARE REGISTRAR
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HONG KONG SHARE REGISTRAR
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Teo Hong Kiong
Jeffrey Yip

INVESTOR RELATIONS CONTACT
Jeffrey Yip

PR CONSULTANT
iPR Ogilvy Ltd

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www.irasia.com/listco/hk/clearmedia

Coordinator: iPR Ogilvy Ltd Concept and design: REF Financial Press Limited Printing: REF Financial Predd Limited www.ref.com.hk

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