DO
AT THE
RIGHT
TIMES
THINGS

Clear Media Limited
白馬戶外媒體有限公司

Stock code: 100

Annual Report 2013

DO THE RIGHT THINGS

Annual Report 2013

CLEAR MEDIA LIMITED

is the largest bus shelter advertising panel operator in China, with leading market shares from 60% to more than 90% in top-tier cities, and broad presence in other fast growing cities across the country. We are a rare street furniture operator in China capable of providing one-stop solutions for countrywide campaigns. Listed on the Main Board of The Stock Exchange of Hong Kong since 2002 under the stock code 100, Clear Media enjoys solid support, for industry expertise in particular, from our parent company, Clear Channel Outdoor (NYSE: CCO), one of the world's largest outdoor media companies.

Contents


AT THE RIGHT TIME,
24 HOURS A DAY,
7 DAYS A WEEK,
365 DAYS A YEAR

IN THE RIGHT PLACES,

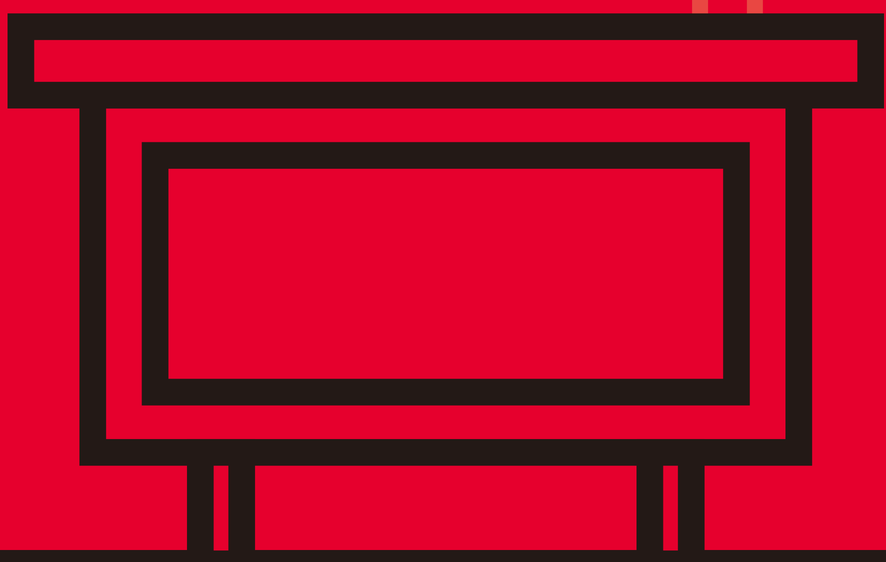
27 CITIES

OVER 38,000 PANELS

WITH THE RIGHT CONSUMER FOCUS,

SOCIAL CONSUMPTION

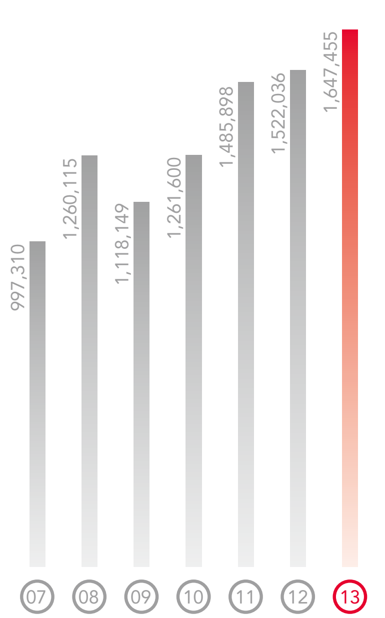
RMB 23 TRILLION



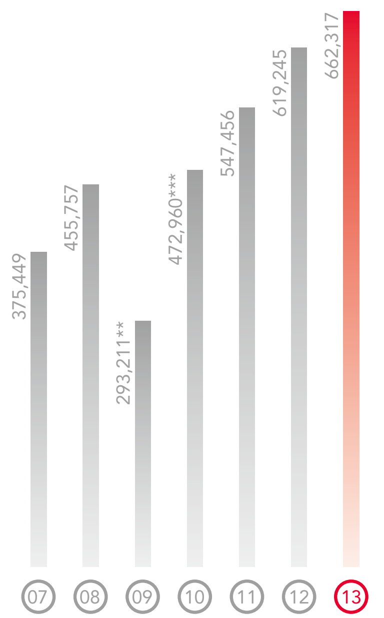
FINANCIAL HIGHLIGHTS

	2013	2012
Full Year Results (HK$'000)		
Turnover	1,647,455	1,522,036
EBITDA	662,317	619,245
Operating profit	347,542	312,284
Net profit	201,008****	219,236
Basic EPS (HK cents)	37.81	41.44
Consolidated Statement of Financial Position Data (HK$'000)		
Cash and cash equivalents	892,822	1,289,724
Total assets	3,617,047	4,017,026
Total liabilities	732,323	639,598
Equity attributable to owners of the parent	2,826,882	3,274,602
Cash Flow Data (HK$'000)		
Cash generated from operations	674,517	681,653
Net (decrease)/increase in cash and cash equivalents	(396,887)	316,498
Free cash flow	341,535*	277,528*
Financial Ratios		
Current ratio	2.62 times	3.63 times
EBITDA margin	40.2%	40.7%
Net profit margin	12.2%****	14.4%
Debt-to-equity ratio	0.0%	0.0%

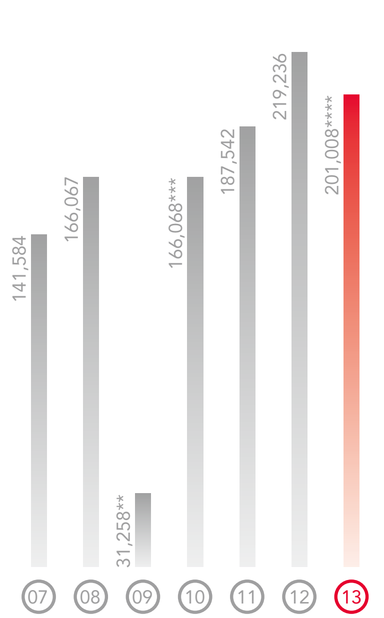
Turnover (HK$'000)



EBITDA (HK$'000)



Net Profit (HK$'000)



* Free cash flow is defined as EBITDA (before gain and losses on disposal, impairment and write-down of concession rights and other assets and equity-settled share option expenses) less cash outflow on capital expenditure, less income tax and net interest expense.

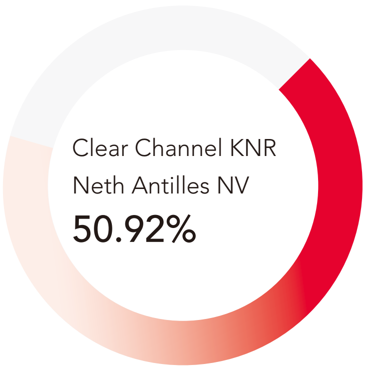
** Amounts include the effect of the one-off non-cash charges resulted from the change in display format mandated by the Shanghai authorities preparing for the 2010 World Expo.

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

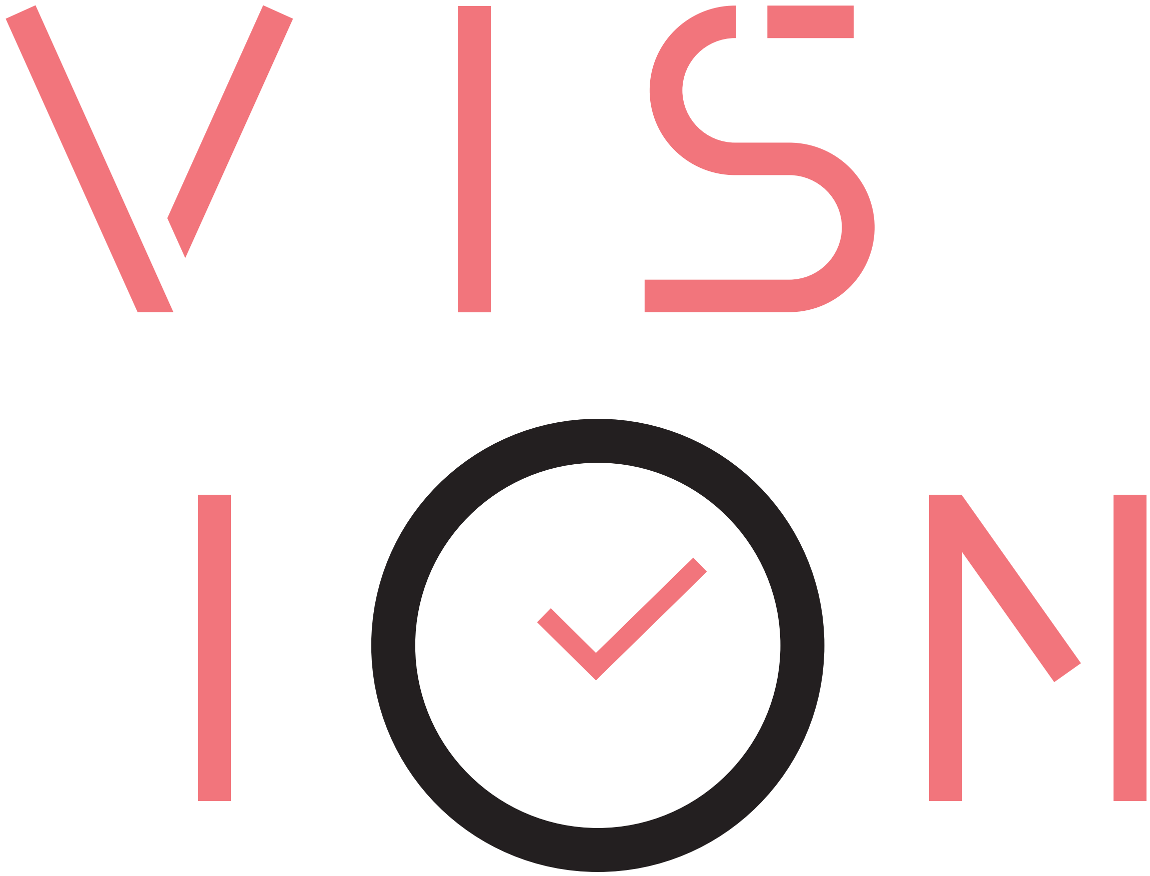
**** Amounts include the effect of the withholding tax provision of HK$27 million for future distribution of profits from the Company's PRC subsidiary.

FACT SHEET AT A GLANCE

Shareholder Information as at 31 December 2013

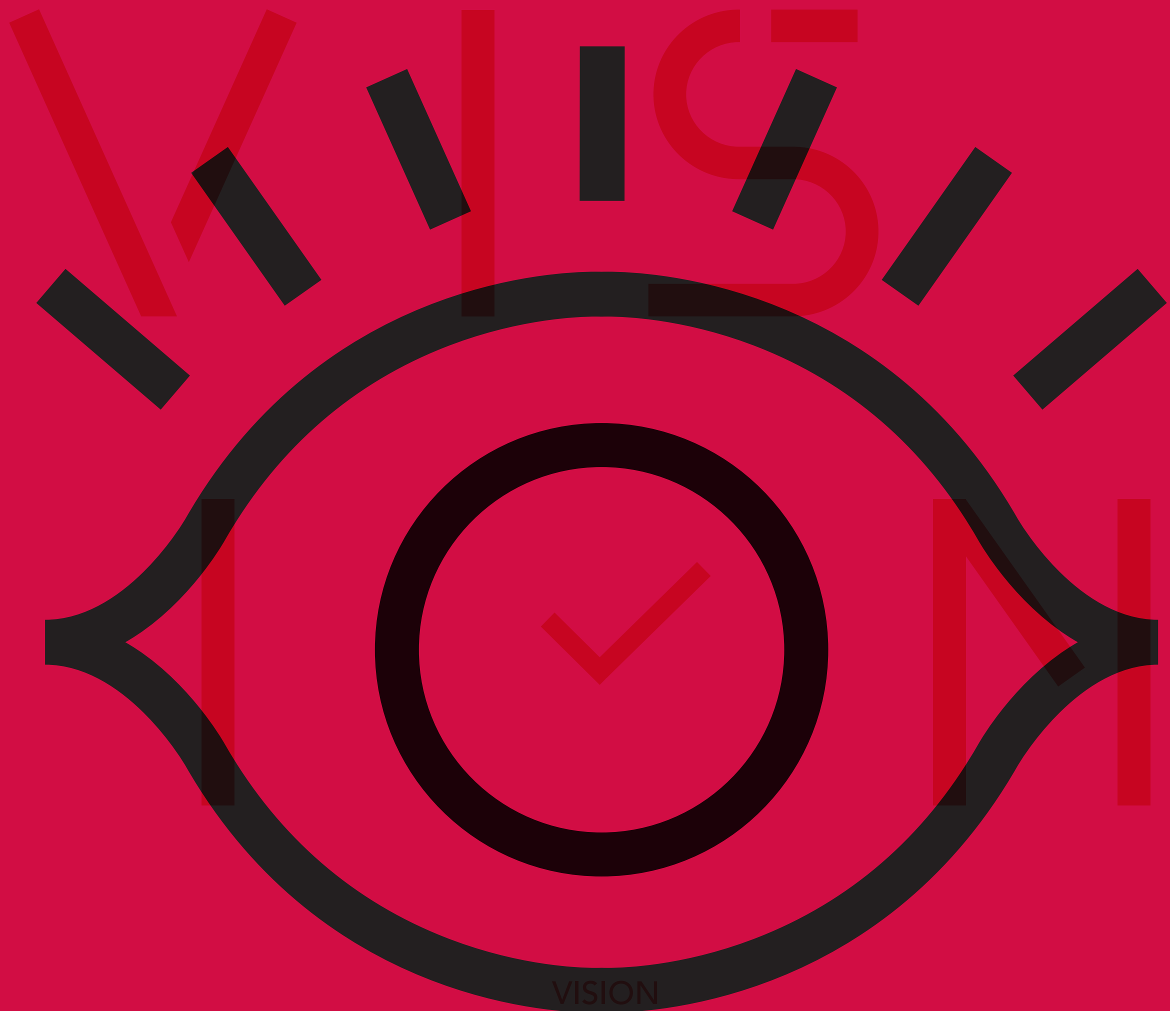


Nominal Value:	HK$0.10 per share
Listing:	Main Board of The Stock Exchange of Hong Kong Limited
Listing Date:	19 December 2001
Ordinary Shares	
• Shares outstanding as at 31 December 2013	536,458,500 shares
Market Capitalization	
• as at HK$6.64 per share (based on closing price on 31 December 2013)	HK$3,562 million (approximately US$457 million)
Stock Code	
• Hong Kong Stock Exchange	100
• Reuters	0100.HK
• Bloomberg	100 HK
Financial Year End	31 December



VISION

Clear Media is committed to establishing a nationwide network of out-of-home advertising platform with leading market shares in key cities, providing one-stop solution for quality display of nationwide campaigns. During the year we commenced a 3-year refurbishment program in Beijing that will see us upgrade more than 5,000 bus shelter advertising panels to ensure the highest possible display standards for our customers' messages.



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CLEAR

CHAIRMAN'S STATEMENT

WE FOCUSED ON PREPARING OUR COMPANY FOR

FURTHER GROWTH

Dear Shareholders,

I am pleased to report to you another year of satisfactory revenue growth to a record high of HK$1,647 million. As predicted, we faced a challenging operating environment throughout the year due to a slowing economy and a more cautious approach adopted by our customers who preferred to book their advertising campaigns as late as possible. Our successful result is due to the quality of the audiences we deliver via our advertising networks and the persistent hard work of our sales and operational staff.

During 2013 we focused on preparing our company for further growth in an increasingly competitive marketplace. We focused on three critical areas: quality, accountability and renewals.

Quality: During the year we commenced a 3-year refurbishment program in Beijing that will see us upgrade more than 5,000 bus shelter advertising panels to ensure the highest possible display standards for our customers' messages. We also increased investment in our maintenance teams across the nation to ensure we can respond to the shortening booking cycles that have become commonplace.

Accountability: We have internally developed a real-time information system to log all operational activity at our bus shelters. The system, to be rolled out during 2014, provides our customers direct access to the precise time of posting, cleaning and other operational activity at our bus shelters including day and night images of their posters.

Renewal: We were very pleased to announce in December the successful renewal of our bus shelter advertising rights in Nanjing. Winning this tender allows us to significantly increase our market coverage in this growing city with not only our core bus shelter advertising displays but also new digital displays which will be installed in time for the Youth Olympic Games to be held in August 2014.

During the year, we grew EBITDA by 7.0% to HK$662 million and free cash flow by 23.1% to HK$342 million. Our earnings per share declined by 8.8% to HK 37.81 cents, mainly due to the provision for withholding tax on intercompany dividends for the first time.

CHAIRMAN'S STATEMENT

After reviewing the capital needs of the business for maintenance, renewal and growth it was evident we held cash surplus to our existing needs and therefore in November we paid a special dividend of HK$1.32 per share or HK$708 million in total. After this payment, at year-end, we had a cash balance of HK$893 million and no debt allowing us to meet our immediate capital needs and still retain the flexibility to take advantage of any favorable opportunity that should occur in the short term.

In addition, our Board recommended a 2013 final dividend of HK15 cents per share. This represents an EPS payout ratio of 40% and is at the high end of our guidance of between 20% to 40%.

We expect a stable but competitive operating environment in 2014. We will continue our investment in product quality and will continue to expand our core bus shelter advertising networks. We are also excited about the introduction of our first digital advertising displays in Nanjing. This is will add an exciting new advertising platform 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 continued hard work and dedication to our company. We are committed to building the finest advertising networks delivering the biggest audiences for advertisers to promote their products and services. By doing this we will accelerate growth and increase the returns for our shareholders.

Yours Sincerely,

Mark Thewlis

Executive Chairman

CEO'S REPORT

REVENUE INCREASED BY 8.2%

Mainland China continued to grow at modest levels in 2013. Although slightly slower, the operating environment remained stable throughout the year.

Both local and international advertisers were relatively cautious and preferred to book later than we experienced in the past. Our sales teams responded positively to these pressures by finding new ways to attract advertisers such as special promotions around festive occasions and multiple copy campaigns.

Our bus shelter advertising revenue increased by 8.2% to HK$1,647 million, against a backdrop of the moderate pace of growth in the general economy for most of the year. The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 7.0% to HK$662 million (2012: HK$619 million). Earnings before interest and tax ("EBIT") increased by 11.3% to HK$348 million (2012: HK$312 million). Net profit for the period decreased by 8.3% to HK$201 million (2012: HK$219 million) due to a withholding tax provision of HK$27 million for future distribution of profits from the Group's PRC subsidiary. Free cash flow increased by 23.1% to HK$342 million. Basic earnings per share for the year ended 31 December 2013 were HK37.81 cents, dropped by 8.8% from the same period last year. The Directors proposed a final dividend of HK15 cents per share (2012: HK 15 cents).

As of 31 December 2013, Clear Media operated the most extensive standardized bus shelter advertising network in Mainland China, with a total of more than 38,000 panels (2012: 37,000 panels) covering 27 cities. Revenue from the bus shelter advertising business increased by 8.2% to HK$1,647 million (2012: HK$1,522 million). The adjustment to the Group's 2013 advertising rate card was relatively modest when compared with that of the same time last year. The average selling price ("ASP") increased by 3.6% (2012: 14%) for the year. The overall occupancy rate recovered mildly to 61% (2012: 59%).

For the year ended 31 December 2013, revenue from the Group's bus shelter advertising operations in the key cities of Guangzhou, Shanghai and Beijing increased by 7.8% to HK$929 million (2012: HK$862 million). Among these three cities, the revenue performance was led by the operation in Guangzhou, followed by Shanghai and Beijing.

CEO'S REPORT

Revenue from Guangzhou increased by 31.1% for the year to HK$314 million (2012: HK$240 million), mainly due to a 13.7% increase in ASP, a 2.6% increase in average panel numbers and the higher occupancy rate at 56% (2012: 50%).

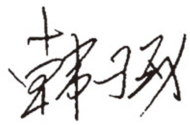
Revenue from Shanghai increased 8.2% to HK$210 million (2012: HK$194 million). The average number of bus shelter panels rose by 5.7%. The ASP declined by 4.4% due to change of customer mix and the occupancy rate improved to 54% (2012: 51%).

Revenue from Beijing declined by 5.4% for the year ended 31 December 2013 to HK$405 million (2012: HK$428 million), mainly due to a 3.0% decline in ASP and the decline in the occupancy rate to 63% (2012: 65%). The average number of bus shelter panels increased by 1.3%.

Revenue from all mid-tier cities, where the Group has operations in, increased by 15.3% to HK$770 million (2012: HK$668 million) for the year ended 31 December 2013. ASP increased by 6.6% and the occupancy rate increased to 62% (2012: 61%). The average number of bus shelter panels increased by 6.1%.

We operate the most extensive standardized bus shelter advertising network in Mainland China. In 2013, the subsidiary of the Group, Hainan White Horse Advertising Media Investment Co., Ltd, secured the concession rights to develop, manage and sell advertising panels located at bus shelters in the city of Nanjing, for a period of 10 years commencing 2014. The Group currently operates in the city more than 1,300 bus shelter advertising panels and will be able to significantly expand the number of panels in the city, enhancing our leading position in the bus shelter market in China.

Management expects the current trading conditions to continue for our core bus shelter advertising business in 2014. We expect growth from the tier 2 and tier 3 cities to continue to outperform the big 3 cities. We anticipate that advertisers will continue to prefer to commit as late as possible. In 2014 we plan to add our first commercial digital panels aimed at attracting new advertisers.



Han Zi Jing
Chief Executive Officer
Clear Media Limited

OPPORTUNITIES

Clear Media endeavors to identify opportunities to expand our advertising network, deepen our market presence and broaden our footprint with accretive benefits. We are very pleased to announce in December the successful renewal of our bus shelter advertising rights in Nanjing. Winning this tender allows us to significantly increase our market coverage in this growing city.

PRECISE

OPPORTUNITIES

Clear Media endeavors to identify opportunities to expand our advertising network, deepen our market presence and broaden our footprint with accretive benefits. We are very pleased to announce in December the successful renewal of our bus shelter advertising rights in Nanjing. Winning this tender allows us to significantly increase our market coverage in this growing city.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Mainland China continued to grow at modest levels in 2013. Although slightly slower, the operating environment remained stable throughout the year.

Both local and international advertisers were relatively cautious and preferred to book later than we have experienced in the past. Our sales teams responded positively to these pressures by finding new ways to attract advertisers such as special promotions around festive occasions and multiple copy campaigns.

In terms of geography, revenue from local advertisers in China exhibited good growth while the growth in revenue from international advertisers was more modest in general.

Broken down by industry, beverages continued to be the largest contributor, comprising 21.1% of the total revenue. It is followed by information technology and digital products with a 10.9% share; and telecommunication with a 9.3% share. Revenue from the telecommunications sector saw growth from the previous period, with order volume returning to normal levels in the second half after going through a relatively subdued first quarter. Revenue contribution from the entertainment sector saw declines in both contributions in percentage and absolute terms. Revenue from the real estate industry saw significant growth, particularly in Guangzhou, due to a steady recovery of the sector. Revenue from the e-commerce industry emerged as a strong growth driver, thanks to the increasing popularity of online retailing in China and launches of a few new online retail portals.

OPERATION OVERVIEW

Bus Shelter Advertising Business

As of 31 December 2013, Clear Media Limited (the "Company" or "Clear Media") operated the most extensive standardized bus shelter advertising network in Mainland China, with a total of more than 38,000 panels (2012: 37,000) covering 27 cities. Our bus shelter advertising revenue increased by 8.2% to HK$1,647 million, against a backdrop of the moderate pace of growth in the general economy for most of the year.

The challenging operating environment allowed the average selling price before value added tax ("ASP") to edge up only 3.6% for the year. The overall occupancy rate recovered mildly to 61% from 59%. The average number of bus shelter panels operated by us increased by 4.6%.

Due to the change in tax regulation in 2012, the business tax for our bus shelter advertising business was replaced by value added tax in Shanghai, Beijing, Guangzhou and Shenzhen effective from 1 January 2012, 1 September 2012 and 1 November 2012, respectively. Business tax of all other China cities was replaced by value added tax effective from 1 August 2013. These tax changes had the effect of reducing the total turnover by HK$53 million for the full year of 2013 (2012: HK$10 million).

Key Cities

For the year ended 31 December 2013, the revenue from Guangzhou, Shanghai and Beijing increased by 7.8% to HK$929 million (2012: HK$862 million). Among the three key cities, the revenue performance was led by Guangzhou, followed by Shanghai, and then Beijing.

MANAGEMENT DISCUSSION AND ANALYSIS

Guangzhou

The revenue from Guangzhou increased by 31.1% to HK$314 million (2012: HK$240 million) due to a 13.7% increase in ASP, a 2.6% increase in the average number of bus shelter panels and a higher occupancy rate at 56% (2012: 50%).

Shanghai

During the year ended 31 December 2013, the revenue from Shanghai increased by 8.2% to HK$210 million (2012: HK$194 million). The average number of bus shelter panels increased by 5.7%. The ASP declined by 4.4% due to a change in customer mix and the occupancy rate improved to 54% (2012: 51%).

Beijing

The revenue from Beijing declined by 5.4% to HK$405 million (2012: HK$428 million) mainly due to a 3.0% decline in ASP and a decline in the occupancy rate to 63% (2012: 65%). The average number of bus shelter panels increased by 1.3%.

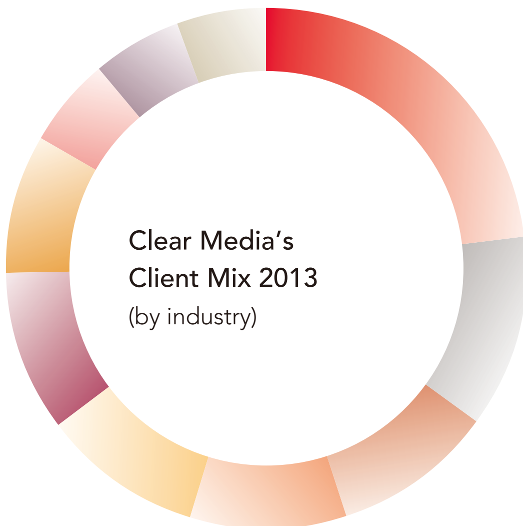
During the year, the Group started the refurbishment of some of its bus shelter panels in Beijing. The refurbishment work in Clear Media's largest market will bring sustainable long term benefits to the Group's operation as a whole in the years to come but caused the slowdown in 2013 performance highlighted above. Due to the refurbishment work, some of the old structures were written off during the year.

Mid-Tier Cities

The revenue from all mid-tier cities increased by 15.3% to HK$770 million (2012: HK$668 million) for the year ended 31 December 2013. ASP increased by 6.6% and the occupancy rate increased to 62% (2012: 61%). The average number of bus shelter panels increased by 6.1%.

Among the mid-tier cities where we operate, Hangzhou, Shenzhen, Wuhan, Changsa, Nanchang, Zhongshan and Foshan performed best with more than 20% increase in revenue.

In Harbin, the local government initiated the process to consolidate the bus shelter market. Although the Group's renegotiation on the concession rights in this city is underway, for the sake of prudence, full provision was made against the remaining net book value of the concession rights.



Beverages	21%
IT	11%
Telecommunications	9%
Realty	9%
Entertainment	9%
Food	9%
Business/Consumer services	8%
E-commerce	5%
Fashion & ornaments	5%
Health products	5%

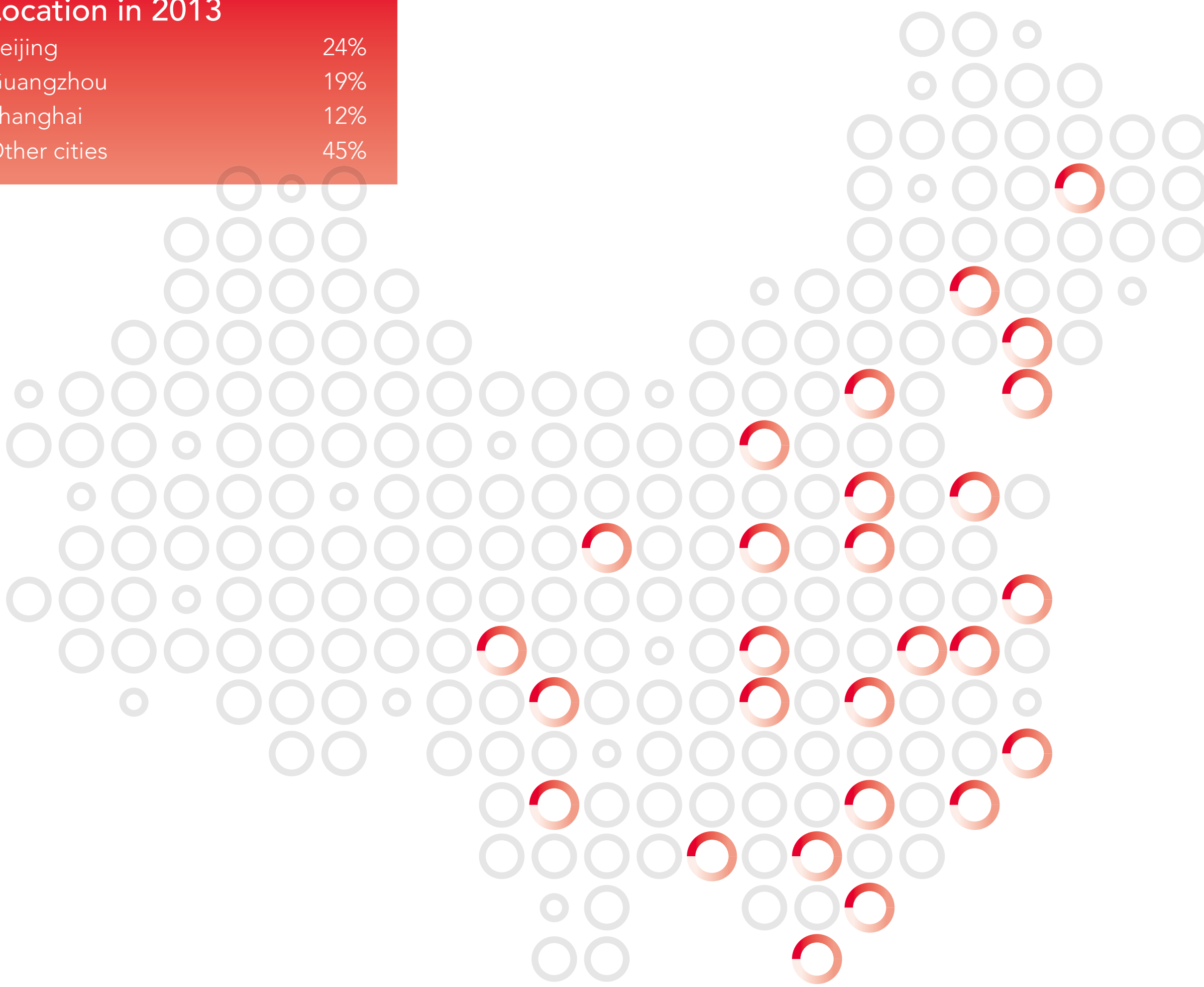
Recent Development

On 25 December 2013, the Nanjing Public Transport (Group) Limited awarded Hainan White Horse Advertising Media Investment Co., Ltd, a subsidiary of Clear Media, certain concession rights to develop, manage and sell advertising panels located at bus shelters in the city of Nanjing, China, for a period of 10 years commencing 2014. Clear Media has been an operator of bus shelter advertising panels in Nanjing since 1999. The Group currently operates more than 1,300 bus shelter advertising panels in the city.

The winning of these long term rights can predominantly be attributed to Clear Media's rich industry experience, high quality delivery and maintenance services and technological capability for the benefit of the panel owners and commuters.

Turnover by Geographical Location in 2013

Beijing	24%
Guangzhou	19%
Shanghai	12%
Other cities	45%



FINANCIAL REVIEW

Turnover

The Group's total turnover increased by 8.2% to HK$1,647 million, against a backdrop of the moderate pace of growth in the general economy during the year ended 31 December 2013.

Other Income

Other income represents bank interest income in which there was no significant fluctuation.

Expenses

During the year ended 31 December 2013, the Group's total direct operating costs, including rental, electricity and maintenance costs, and sales and cultural levies, increased by 5.4% to HK$676 million (2012: HK$641 million).

The rental and electricity costs for our core bus shelter advertising business increased by 9.1% and 10.1%, respectively, during the year. The increase was in line with the increase in the bus shelter panel number and the appreciation of Renminbi ("RMB") against Hong Kong Dollar.

During 2013, the cleaning and maintenance costs increased by 17.3% due to a revision to the standard maintenance fee. This was required to maintain our panels at a level which ensures the delivery of quality product to our customers. There was no major adjustment to the standard maintenance fee throughout the period from 2001 to 2011.

During 2013, sales and cultural levies decreased by 20.0% mainly due to the replacement of business tax by value added tax.

Total selling, general and administrative expenses, excluding depreciation and amortization, increased by 16.0% to HK$296 million, during 2013, mainly due to higher personnel costs following salary increment and strengthening of the Group's senior management team.

EBITDA

The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 7.0% to HK$662 million (2012: HK$619 million) mainly due to higher turnover of the core bus shelter advertising business during the year. EBITDA margin decreased marginally to 40.2% (2012: 40.7%).

EBIT

The Group's earnings before interest and tax ("EBIT") increased by 11.3% to HK$348 million for the year from HK$312 million in 2012, 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$1.9 million (2012: HK$2.6 million).

Taxation

According to the PRC Enterprise Income Tax Law effective from 1 January 2008, Hainan White Horse Advertising Media Investment Company Limited (the "WHA Joint Venture"), an indirect majority-owned subsidiary of the Company established in the Hainan Special Economic Zone of the PRC, was subject to a corporate income tax of 25% (2012: 25%) on its assessable profits arising in the PRC for the year 2013.

Further, 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, in respect of earnings generated from 1 January 2008.

During the year, income tax expense of the Group increased to HK$135 million for the year ended 31 December 2013 from HK$91 million in 2012. This was mainly due to the increase in assessable profits of the core bus shelter advertising business during the year and higher tax paid on a realised exchange gain arising from inter-company loans which were denominated in Hong Kong dollars and such exchange gain was taken to reserves at the consolidated group level. In addition, as at 31 December 2013, a deferred tax liability of HK$27 million was recognised for withholding taxes on the profits of the WHA Joint Venture which the Group considers that it is probable to be distributed in the foreseeable future.

Net Profit

Net profit decreased by 8.3% to HK$201 million (2012: HK$219 million) for the year ended 31 December 2013 mainly due to the high income tax provision disclosed above.

Cash Flow

Net cash flows from operating activities decreased by 4.6% to HK$566 million for the year ended 31 December 2013 from HK$593 million in the previous year. The decrease was mainly due to a higher amount of income tax being 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$196 million for the year ended 31 December 2013 from HK$250 million in the previous year mainly due to a lower level of capital expenditure paid during the year, resulting from the timing of capital projects and the related payments.

Net cash flows used in financing activities amounted to HK$767 million for the year ended 31 December 2013. This was mainly due to the final dividends for the year 2012 and the special dividend paid to the shareholders during the year.

Free cash flow, defined as EBITDA (before gain and losses on disposal, impairment and write-down of concession rights and other assets and equity-settled share option expenses) less cash outflow on capital expenditure, less income tax and net interest expense, increased to HK$342 million for the year ended 31 December 2013 compared to HK$278 million in the previous year. The increase was mainly due to the higher EBITDA generated in 2013 and a lower level of cash outflow on capital expenditure, partially offset by the higher income tax payments during the year.

Trade Receivables

The Group's accounts receivable balance due from third parties increased by 9.8% to HK$488 million as at 31 December 2013 from HK$444 million as at 31 December 2012. Whilst the total outstanding balances in the current to 90 days category increased slightly over 2012, the higher sales and slowdown in payment from customers have caused the outstanding balances in over 91 days to 180 days category to increase by HK$59 million year on year. Outstanding balances in the over 180 days category, however, decreased by HK$32 million due to management's continuous effort in clearing long outstanding debts. 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 payment in advance is normally required. The credit period is generally 90 days, extending up to 180 days for major customers. The Group maintains control over its outstanding receivables. Overdue balances are reviewed regularly and processes are in place to ensure balances are collected. The accounts receivable relates to a large number of different customers.

Despite the higher Group's accounts receivable balance as at 31 December 2013, the increase was mainly from the outstanding balances in the 91 days to 180 days category and average accounts receivable outstanding days, on a time-weighted basis, improved to 103 days for the current year from 104 days in the previous year. As at 31 December 2013, the provision for impairment of accounts receivables decreased to HK$24 million from HK$32 million as at 31 December 2012. 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 2013, the amount due from GWH decreased to HK$149 million from HK$177 million as at 31 December 2012 mainly due to a higher level of cash collection from GWH during the year. Average balance due from GWH outstanding days, on a time-weighted basis, improved to 108 days for the current year from 131 days in the previous 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 2013 decreased to HK$149 million from HK$214 million as at 31 December 2012.

The balance as at 31 December 2013 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$71 million (31 December 2012: HK$130 million), which are unsecured, interest-free and have no fixed terms of repayment.

The decrease of prepayments, deposits and other receivables was mainly due to the decrease of receivable from Hainan White Horse and the settlement of a deposit previously placed with an independent third party. The decrease was partially offset by the increase of bus shelter rental prepayments.

Long-term Prepayments, Deposits and Other Receivables

The Group's total long-term prepayments, deposits and other receivables as at 31 December 2013 increased to HK$84 million from HK$55 million as at 31 December 2012.

The increase in long-term prepayments, deposits and other receivables was mainly due to the increase of long-term prepayments and deposits placed with certain independent third parties in connection with the extension, acquisition and renewal of the Group's certain bus shelter concession rights in the PRC.

The balance as at 31 December 2013 also includes a non-current portion of a prepaid bus shelter lease payment amounting to HK$10 million (31 December 2012: HK$12 million).

Other Payables and Accruals

The Group's total payables and accruals as at 31 December 2013 were HK$583 million, compared to HK$521 million as at 31 December 2012. The increase was mainly due to increase in capital expenditure related payable due to the late timing of these projects in 2013 partially offset by a decrease of business tax payable due to the replacement of business tax by value added tax following the change in tax regulation. 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 2013, the Group's total assets amounted to HK$3,617 million, a 10.0% decrease from HK$4,017 million, as at 31 December 2012. The Group's total liabilities increased to HK$732 million as at 31 December 2013, from HK$640 million as at 31 December 2012. Net assets as at 31 December 2013 decreased by 14.6% to HK$2,885 million from HK$3,377 million as at 31 December 2012. This was mainly due to the payment of the special dividend to shareholders of HK$708 million, partially offset by the retention of the net profit earned during the year and the foreign exchange gain from the translation of the Group's RMB operation in mainland China. Net current assets decreased from HK$1,557 million as at 31 December 2012, to HK$1,059 million as at 31 December 2013.

As at 31 December 2013, the Group's total cash and bank balances amounted to HK$893 million (31 December 2012: HK$1,290 million).

Share Capital and Shareholders' Equity

Total issued and fully paid share capital increased to HK$54 million as at 31 December 2013 from HK$53 million as at 31 December 2012. Total shareholders' equity for the Group as at 31 December 2013 decreased by 14.6%, to HK$2,885 million, from HK$3,377 million as at 31 December 2012. The Group's reserves as at 31 December 2013 amounted to HK$2,773 million, a 13.9% decrease over the corresponding balance of HK$3,222 million as at 31 December 2012. This was mainly due to the payment of the special dividend to shareholders of HK$708 million, partially offset by the retention of the net profit earned during the year and the foreign exchange gain from translation of the Group's RMB operation in mainland China. 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 2.8% against the Hong Kong Dollar during the year as compare with last year. The Group's turnover and costs are largely denominated in RMB, which will largely offset each other. However, as the Group's net profit is reported in Hong Kong Dollars, the appreciation of RMB will have a positive impact on the Group's net profit.

The majority of our operating assets are located in the PRC and is denominated in RMB. The operating assets are translated to Hong Kong Dollars at the 31 December 2013 spot rate. The sport rate of RMB as of 31 December 2013 has appreciated against the Hong Kong Dollars by 3.7% as compared with the spot rate as at 31 December 2012. This has resulted in an increase in the foreign currency translation reserve of approximately HK$116 million (2012: decrease of HK$1 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 2013, the Group's total cash and cash equivalents amounted to HK$893 million (HK$1,290 million as at 31 December 2012). As at the same year end, the Group had bills payable of HK$63 million (31 December 2012: HK$44 million). The Group had no short term or long-term debt outstanding as at 31 December 2013 (31 December 2012: Nil).

The Group's current policy is to maintain a low level of gearing. This policy will be reviewed on an annual basis. We plan to invest and expand our bus shelter network, and explore investment opportunities in alternative media assets with the aim to increase return to shareholders.

Capital Expenditure

For the year ended 31 December 2013, the Group spent HK$258 million on the construction of bus shelters and acquisition of concession rights, and HK$9 million on fixed assets, compared to HK$248 million and HK$8 million, respectively, in 2012.

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 2013, the Group had a total of 521 employees, a decrease of 3.0% compared to 31 December 2012. Total wages and salaries increased by 19.7% year-on-year mainly due to salary increments, a new cash-settled share-based payments scheme set up in December 2012 and the recruitment of additional senior management.

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

Charges on Group Assets

As at 31 December 2013, the Group had time deposits of RMB25 million (approximately HK$32 million) pledged as collaterals for bills payable of RMB49 million (approximately HK$63 million).

Capital Commitments

As at 31 December 2013, the Group had capital commitments contracted but not provided for in relation to the construction of bus shelters amounting to HK$13 million (31 December 2012: HK$5 million).

Contingent Liabilities

During the year ended 31 December 2013, 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

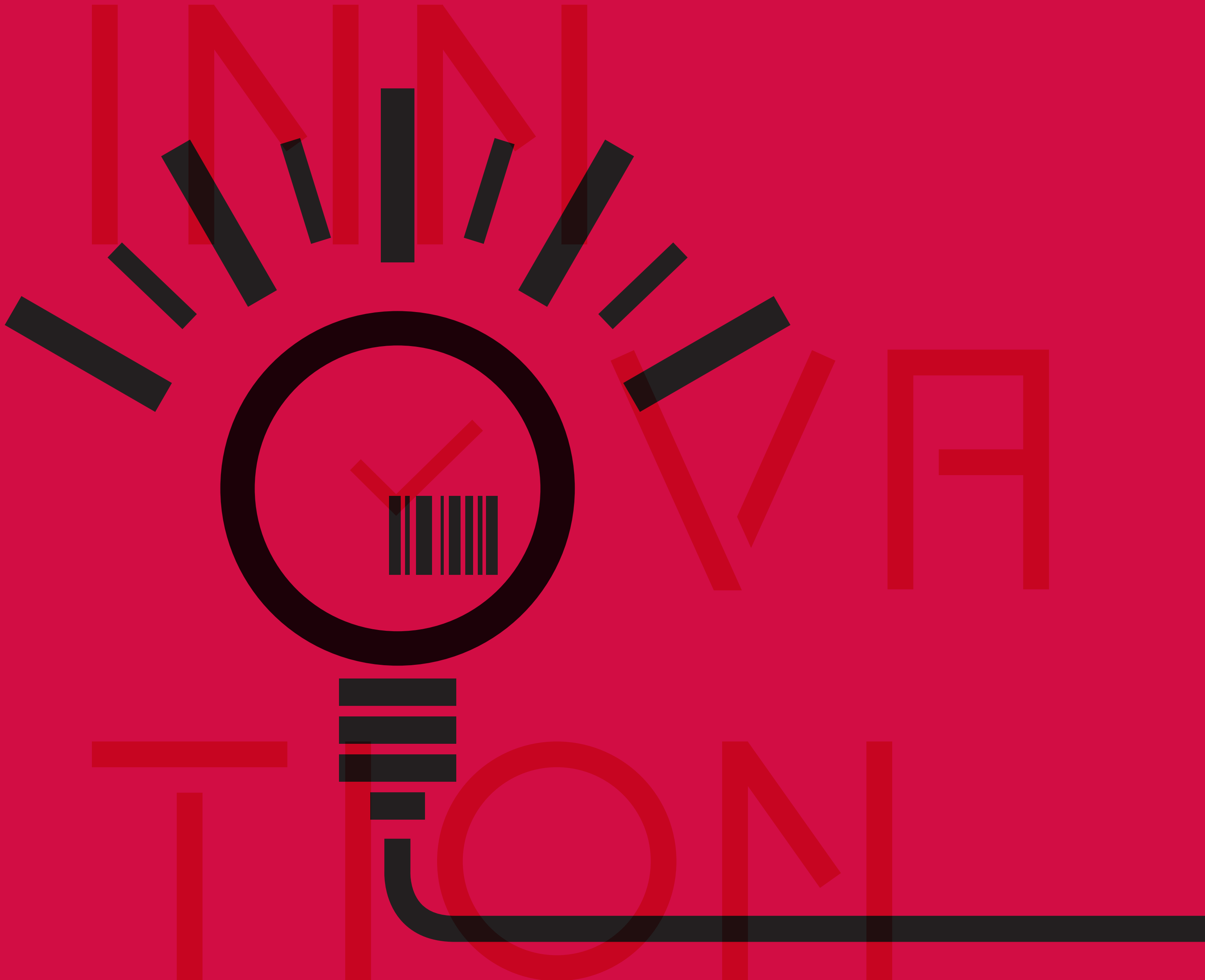
Management expects the current trading conditions to continue for our core bus shelter advertising business in 2014. We expect growth from the Tier 2 and Tier 3 cities to continue to outperform the big 3 cities. We anticipate that advertisers will continue to prefer to commit as late as possible.

In 2014 we plan to add our first commercial digital panels aimed at attracting new advertisers and providing our existing advertisers with a new flexible network to reach audiences in China's most popular cities.

INNOVATION

INNOVATION

We encourage innovative ideas to enhance our competitiveness. We are excited about our plan to launch new digital displays which will be installed in time for the Youth Olympic Games to be held in Nanjing during August 2014. We have internally developed a real-time information system to log all operational activity at our bus shelters. The system, to be rolled out during 2014, provides our customers direct access to the precise time of posting, cleaning and other operational activity at our bus shelters including day and night images of their posters.



CREATIVE

INNOVATION

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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 47, 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 ("CCO"). Mr. Thewlis managed the radio and outdoor advertising operations throughout the Asia Pacific region for CCO. 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 CCO in 2002, Mr. Thewlis was the Chief Financial Officer for Adshel Street Furniture Pty Ltd in Australia, a joint venture between CCO 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 58, 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 Chairman and CEO of BBDO Europe, one of the world's leading marketing communications agencies, where he was responsible for all BBDO advertising, direct marketing, digital, and public relations agencies. Prior to that position, Mr. Eccleshare was Chairman and CEO of Young & Rubicam EMEA. Throughout his career, he also held senior executive roles at McKinsey & Company, where he was Partner, European Branding Practice; Ammirati Puris Lintas, as Chairman and CEO EMEA; and J Walter Thomson, where he held various senior titles. Mr. Eccleshare is also a non-executive director at Hays Plc.

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

BIOGRAPHIES OF DIRECTORS

Deputy Chairman
Chairman of the Cash Committee
Non-Executive Director

PETER COSGROVE

Mr. Cosgrove, aged 60, has been a Director of the Company since 2001 and has over 20 years' experience in the outdoor, publishing and broadcasting industries. He is currently Chairman of APN News & Media Limited, a diversified media operator in Australia and New Zealand which is listed on both the Australian Securities Exchange and the New Zealand Exchange, Buspak Advertising (Hong Kong) Limited, and GlobeCast Australia, a broadcasting business in Australia and New Zealand.

Mr. Cosgrove has been a Director of APN News & Media Limited since December 2003 and he was appointed as the Chairman of the Board in February 2013. Since February 2013, Mr. Cosgrove has been a Director of APN Media (NZ) Limited, a newspaper organization operating in New Zealand which is listed on the New Zealand Exchange.

Chief Executive Officer
Executive Director

HAN ZI JING

Mr. Han, aged 58, 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 49, 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 43, 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 51, 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, Greatview Aseptic Packaging Company Limited, and Sunac China Holdings Limited, the shares of which are listed on the Stock Exchange of Hong Kong, and an independent director of Youku Tudou Inc., the shares of which are listed on the New York Stock Exchange.

Mr. Zhu has been a non-executive director since August 2011.

Non-Executive Director

JONATHAN BEVAN

Mr. Bevan, aged 42, 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 President, Europe & Australia/NZ of Clear Channel Outdoor Holding Inc which operates the outdoor interests of Clear Channel Outdoor Holding Inc in Europe, Latin America, Australia and Asia. He has over 16 years experience in out of home advertising having previously held a number of positions at the International division of Clear Channel Outdoor most recently including Chief Financial Officer from 2006 to 2009, Chief Operating Officer from 2009 to 2011 and Managing Director and Chief Operating Officer from 2012 to 2013. Prior to joining Clear Channel Outdoor 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 58, 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 Retail 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.

Independent Non-Executive Director

WANG SHOU ZHI

Mr. Wang, aged 67, 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.

BIOGRAPHIES OF DIRECTORS

Independent Non-Executive Director

LEONIE KI *SBS, JP*

Ms. Ki, aged 66, 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 58, 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 and Audit Committee Chairman of iSoftStone Information Technology (Group) Co., Ltd. since December 2010, whose shares are listed on the New York Stock Exchange. He has also served since June 2013 as an independent director of Dun & Bradstreet, a business information company whose shares are also listed on the NYSE. Mr. Manning is also an advisor to The Demand Institute, a joint venture between the Conference Board and the Nielsen Company, an affiliated partner of Waterstone Management Group, and Vice Chairman of the Chicago Philharmonic. He was formerly an independent non-executive director of Gome Electrical Appliances Holding Limited, Bank of Communications Co., Ltd., and Asia-Info Linkage Holdings, Inc.

In his past 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.

Mr. Manning has been a Director of the Company since October 2012.

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 of directors of the Company (the "Board" or the "Board of Directors") 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 the corporate governance practices adopted by the Group during the period from 1 January 2013 to 31 December 2013 were in line with the code provisions set out in the Corporate Governance Code and Corporate Governance Report as set out in the Appendix 14 to the Listing Rules.

The Board of Directors confirmed that throughout the year 2013, they had complied with the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 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 2013, 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.

THE BOARD

Member attendance of Board, Committee and Annual General Meetings during 2013:

	Number of meetings attended and held								
	Board Meetings	Audit Committee	Remuneration Committee	Nomination Committee	Capital Expenditure Committee	Independent Board Committee	Cash Committee	Annual General Meeting	Special General Meeting
EXECUTIVE DIRECTORS									
Mr. Mark Thewlis *(Executive Chairman)*	5/5			3/3	4/4		3/3	1/1	2/2
Mr. Han Zi Jing *(Chief Executive Officer)*	4/5								
Mr. Teo Hong Kiong *(Chief Financial Officer)*	5/5				4/4			1/1	2/2
Mr. Zhang Huai Jun *(Chief Operating Officer)*	4/5				2/4		1/3		
NON-EXECUTIVE DIRECTORS									
Mr. William Eccleshare	3/5		3/4						
Mr. Peter Cosgrove	5/5	4/4	4/4	3/3			3/3	1/1	
Mr. Zhu Jia	4/5			2/3					
Mr. Jonathan Bevan	4/5				4/4				
ALTERNATE DIRECTOR									
Mr. Zou Nan Feng	0/5								
INDEPENDENT NON-EXECUTIVE DIRECTORS									
Mr. Desmond Murray	5/5	4/4	4/4	3/3		1/1		1/1	
Mr. Wang Shou Zhi	5/5	4/4	4/4	3/3		1/1			
Ms. Leonie Ki Man Fung	4/5	4/4	4/4	3/3		1/1			
Mr. Thomas Manning	5/5			3/3		1/1			

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. Throughout the year ended 31 December 2013, one third of the Board was represented by 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 023 to 029.

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 2013, the Board maintained 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.

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 Executive Chairman also at least annually holds meetings with the non-executive directors (including the independent non-executive directors) without other executive directors present. 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. However, the Board acknowledges that if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter shall be dealt with by a physical board rather than a written resolution. Independent non-executive directors who, and whose associates, have no material interest in the transaction should be present at that board meeting. 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. The Company has maintained on its website and on the Stock Exchange of Hong Kong's website an updated list of its directors identifying their role and function and whether they are independent non-executive directors.

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.

DIRECTORS' TRAINING

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

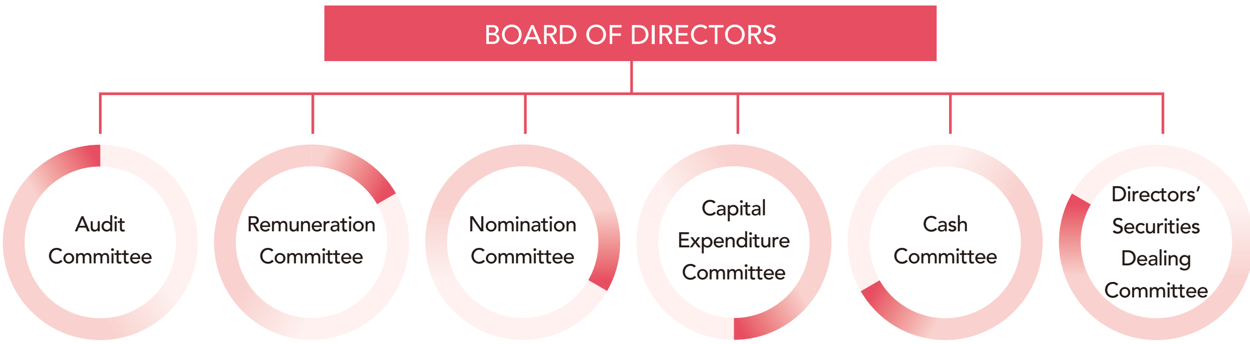
During the year, the Company secretary provided Directors with updates on latest development and changes in the Listing Rules, the regulatory environment focusing on Directors' duties and obligations, and the disclosure of inside information. All Directors have confirmed that such updates were reviewed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

During 2013, the Company arranged and funded a formal training session on the update on Hong Kong securities laws and regulations. The session covered topics such as the new inside information disclosure regime and the related changes in the Listing Rules; and the introduction of class action scheme in Hong Kong. Mr. Mark Thewlis, Mr. William Eccleshare, Mr. Han Zi Jing, Mr. Teo Hong Kiong, Mr. Zhang Huai Jun, Mr. Zhu Jia, 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 2013 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.

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 2013 to review the internal auditor's review work on bus shelter inspections, 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. The meetings of the Audit Committee are attended by members of the Committee, the company secretary and, when necessary, the external auditors and internal auditors. At the discretion of the Committee, other people may also be invited to the meetings.

MEMBERS OF THE AUDIT COMMITTEE (continued)

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.

Apart from considering the issues arising from the audit process, the Audit Committee also discusses matters raised by the external auditors. In 2013, 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:

	2013 HK$'000	2012 HK$'000
Audit fees	2,546	2,286
Non-audit fees	140	306

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 2014.

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 four times in 2013 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 the basic salary of all executive directors of the Group. When considered necessary, the Remuneration Committee also reviews the bonus amounts and bonus schemes for the executive directors. Details of each executive director's salary and bonus are in "Notes to Financial Statements" on pages 091 to 094.

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 055 to 058 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 2013 can be found on pages 092 to 094 of the "Notes to Financial Statements". The non-executive directors, together with the other directors of the Company, are subject to retirement by rotation and re-election in accordance with the Company's Bye-laws at each annual general meeting.

NOMINATION COMMITTEE

The 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 (in which board diversity would be considered from a number of aspects, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of services), 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 the majority of them being independent non-executive directors.

MEMBERS OF THE NOMINATION COMMITTEE

Mark Thewlis, *Executive Chairman, Executive Director (Chairman)*
Zhu Jia, *Non-Executive Director*
Peter Cosgrove, *Non-Executive Director*
Desmond Murray, *Independent Non-Executive Director*
Leonie Ki Man Fung, *Independent Non-Executive Director*
Wang Shou Zhi, *Independent Non-Executive Director*
Thomas Manning, *Independent Non-Executive Director*

The Board also approved the adoption of the board diversity policy. Such policy aims to achieve diversity on the Board in the broadest sense in order to have a balance of skills, experience and diversity of perspectives appropriate to the business nature of the Company. Under such policy, selection of candidates on the Board is based on a range of diversity perspectives, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service.

Hence, the Nomination Committee adopts certain criteria and procedures in the nomination of new directors with due regard for the benefits of diversity on the Board that would complement the existing Board. 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 three times in 2013 to review Directors' service contracts and the election/re-election of Directors; 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.

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 four times in 2013 to review the Group's strategic development, the capital expenditure budget, the refurbishment needs, 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 a non-executive director, the Group's Executive Chairman and the Chief Operating Officer.

MEMBERS OF THE CASH COMMITTEE

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

The Cash Committee met three times in 2013 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)*
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 eight notification letters from two executive directors and one alternate director and the corresponding clearance letters were issued pursuant to Appendix 10 to the Listing Rules.

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, 2012 and 2013 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 pages 061 to 062 of this annual report has set out the responsibilities of Ernst & Young, the external auditors of the Company.

CODE OF CONDUCT AND BUSINESS ETHICS

The directors of the Group have a duty and responsibility to act honestly and with due diligence and care when carrying out their duties on behalf of the Group. During 2012, 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, the "Guidelines for Directors" published by the Hong Kong Institute of Directors and the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission. During 2013, the Company arranged and funded a formal training session on the new inside information disclosure regime and the related changes to the Listing Rules.

The Group is committed to ethical business conduct and compliance with underlying Bribery and Corruption Laws. 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 2013, 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.

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 2013, 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 2013.

DIRECTORS' INTERESTS

Full details of individual director's interests in the shares and share options of the Company are set out on pages 051 to 058 of the "Report of the Directors."

OPEN COMMUNICATION

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

COMMUNICATION WITH SHAREHOLDERS

Effective communication with shareholders has always been one of the Group's priorities. The various channels by which the Group communicates with its shareholders include interim and annual reports, the Company's websites, and general investor meetings held either face to-face or via telephone conference calls. The Group reports to its shareholders twice a year and maintains a regular dialogue with investors. Interim and annual results are announced as early as possible to keep shareholders informed of the Group's performance and operations in a timely manner. The publication of the Group's financial results on a semi-annual basis enhances transparency regarding its performance and ensures that details of new developments affecting the Group are made available in a timely manner. The Group typically announces its interim and annual results no later than two months and three months, respectively after the end of the relevant periods. An Annual General Meeting will be held no later than 6 months after the financial year-end, and all shareholders are encouraged to attend the Annual General Meeting to discuss the progress of the Group's businesses.

The shareholders' communication policy 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 Suite 1202, 12th Floor, The Lee Gardens, 33 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.

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 Suite 1202, 12th Floor, The Lee Gardens, 33 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 Suite 1202, 12th Floor, The Lee Gardens, 33 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.

SHAREHOLDERS' RIGHTS (continued)

Right to propose resolutions at general meetings (continued)

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 Suite 1202, 12th Floor, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong.

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 536,458,500. 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.

INVESTOR RELATIONS (continued)

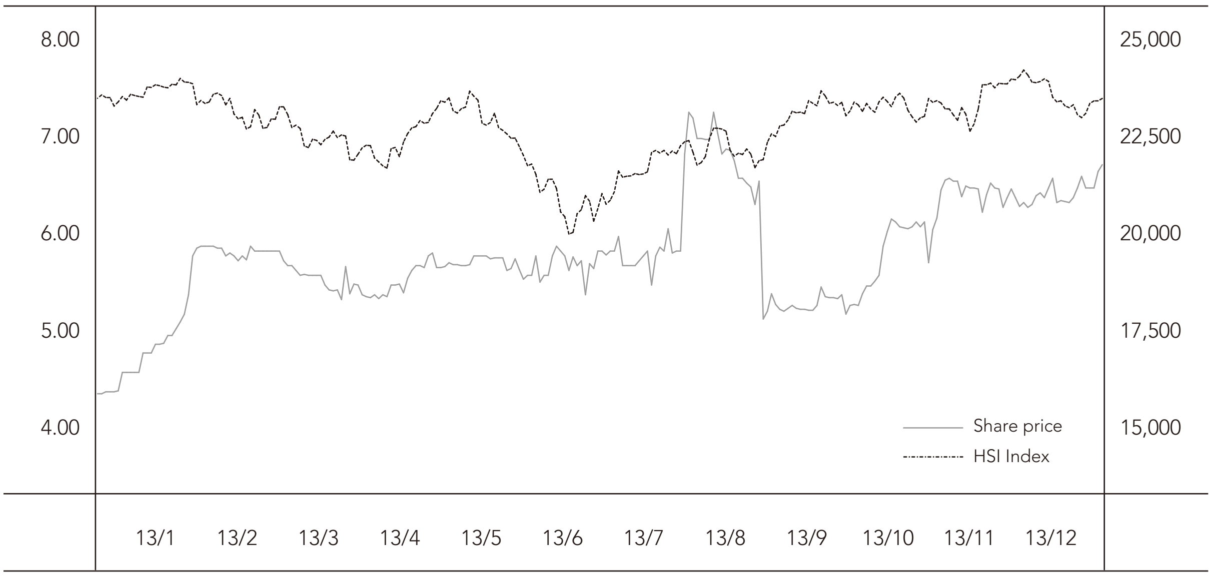
Investors with queries are encouraged to direct their enquiries to the following:

Jeffrey Yip
Director of Investor Relations and Company Secretary
Suite 1202 The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong
Telephone: (852) 2235 3977
Fax: (852) 2235 3911
Email: jeffrey.yip@clear-media.net

FINANCIAL CALENDAR 2013

Results Announcement 2013	28 January
Annual General Meeting	30 May
Interim Results Announcement	Early August
Financial Year End	31 December

SHARE PRICE PERFORMANCE



Sources: (Bloomberg)

102.7 million shares were traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2013. The highest trading price for the share was HK$7.50 on 5 August 2013 and the lowest was HK$4.16 on 2 January 2013.

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 2013.

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 2013 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 063 to 120.

At the Board meeting held on 28 January 2014, the directors proposed a final dividend of HK15 cents per share (2012: HK15 cents per share) out from contributed surplus account for the year ended 31 December 2013. This final dividend is equivalent to HK$80,468,775 (2012: HK$79,350,075) based on the 536,458,500 (2012: 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, 18 July 2014 to the shareholders registered on the Register of Members on Tuesday, 10 June 2014.

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 123. 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				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Profit attributable to:					
— Owners of the parent	**201,008**	219,236	187,542	166,068	31,258
— Non-controlling interests	**34,243**	24,544	20,865	10,323	5,332
Assets and liabilities					
Total assets	**3,617,047**	4,017,026	3,733,576	3,253,272	2,914,352
Total liabilities	**(732,323)**	(639,598)	(576,698)	(447,049)	(376,291)
Total equity	**2,884,724**	3,377,428	3,156,878	2,806,223	2,538,061

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 2013 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 2013, the Company's retained earnings and other components of equity available for cash distribution and/or distribution in specie amounted to HK$1,211,349,000 (2012: HK$1,308,926,000) of which HK$80,468,775 (2012: HK$79,350,075) 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 (2012: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

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

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note 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 2013:

CONTINUING CONNECTED TRANSACTIONS

(a) On 11 March 2013, WHA Joint Venture entered into a new three-year framework agreement (the "Framework Agreement") with Guangdong White Horse Advertising Company Limited ("GWH") for the years 2013, 2014 and 2015 on substantially the same terms as the previous framework agreement signed on 8 February 2010 by WHA Joint Venture and GWH. The Framework Agreement provides that GWH may, with the consent of 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 12 April 2013, the independent shareholders approved the Framework Agreement and the annual cap amounts of the transactions under the Framework Agreement for the years 2013, 2014 and 2015.

WHA Joint Venture is an indirect 80% owned subsidiary of the Company. Mr. Han Zi Dian, a non-executive director from April 2001 to October 2012 and the 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 14.2% interest in GWH. As such, GWH is an associate of Mr. Han Zi Jing (a director) and Mr. Han Zi Dian (an individual who was then a director of the Company within the last 12 months), and hence a connected person of the Company under Chapter 14A of the Listing Rules.

Customers of 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 WHA Joint Venture in procuring advertising sales. In return, WHA Joint Venture pays an advertising commission to GWH for successful sales.

All sales contracts entered into by 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 no more than the applicable standard advertising commission rate payable to the advertising agencies from time to time. The current applicable rate is 8%.

As with the arrangement with other advertising agencies, the value of sales (net of commission) is settled in cash as and when the end-customers settle the gross sales amounts with GWH, who in turn settles with WHA Joint Venture.

The approved annual caps for the gross value of sales from GWH for the financial years ending on 31 December 2013, 2014 and 2015 were HK$260 million, HK$285 million and HK$315 million, respectively. The approved annual caps for the advertising commission payable to GWH for each of these financial years shall not exceed HK$21.0 million, HK$23.0 million and HK$25.0 million, respectively.

CONTINUING CONNECTED TRANSACTIONS (continued)

(b) On 3 March 2011, WHA Joint Venture and GWH entered into a creative services agreement pursuant to which GWH agreed to provide to WHA Joint Venture creative design services for posters, sales and marketing materials and company profiles. 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 annual caps for the consideration for each of the financial years ending on 31 December 2011, 2012 and 2013 was RMB3,000,000. The total consideration for 2013 was approximately RMB2,915,000 (equivalent to approximately HK$3,683,000).

On 28 January 2014, the Board resolved that WHA Joint Venture shall enter into a creative services agreement with GWH to renew the terms under the creative services agreement entered into on 3 March 2011. The terms of such creative services agreement are substantially the same as the terms under the creative services agreement entered into on 3 March 2011, and it has a fixed term of three years of which took effect on 1 January 2014 and will expire on 31 December 2016. These transactions were entered into on terms no less favourable than those available to or from independent third parties. The annual caps for the consideration for each of the financial years ending on 31 December 2014, 2015 and 2016 will be no more than RMB3,000,000.

(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 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 (the "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 Services 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 were settled by WHA Joint Venture on a monthly basis before the tenth day of every month. For the year ended 31 December 2013, the maintenance fee paid or payable by WHA Joint Venture for the services provided by White Horse Holding was HK$51,346,000.

CONTINUING CONNECTED TRANSACTIONS (continued)

On 28 January 2014, the Board resolved that WHA Joint Venture shall enter into a maintenance services agreement with White Horse Holding to renew the terms under the Framework Maintenance Services Agreement. The terms of such maintenance services agreement are substantially the same as the terms under the Framework Maintenance Services Agreement, and it has a fixed term of three years of which took effect on 1 January 2014 and will expire on 31 December 2016. The annual caps for the consideration for each of the financial years ending on 31 December 2014, 2015 and 2016 will not exceed HK$55,000,000, HK$60,000,000 and HK$65,000,000, 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$260 million and HK$21.0 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.

DIRECTORS

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

Executive Directors:

Mark Thewlis
Han Zi Jing
Teo Hong Kiong
Zhang Huai Jun

Non-Executive Directors:

Zhu Jia
William Eccleshare
Peter Cosgrove
Jonathan Bevan

Independent Non-Executive Directors:

Desmond Murray
Leonie Ki Man Fung
Wang Shou Zhi
Thomas Manning

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 023 to 029 of the annual report.

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 2013, 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 2013:

Name of director	Number of shares held, capacity and nature of interest: Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	Percentage of the Company's issued share capital
Peter Cosgrove	—	—	—	250,000	250,000	0.05%
Han Zi Jing	—	—	7,700,000	—	7,700,000	1.44%
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 2013, 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 055 to 058.

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

B. Long Positions in the Shares of Clear Channel Outdoor Holdings, Inc. As 31 December 2013:

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	515,468	—	—	—	515,468	1.23
Jonathan Bevan	32,598	—	—	—	32,598	0.08
Mark Thewlis	29,630	—	—	—	29,630	0.07

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 2013:

Name of director	Date of grant	Number of Outstanding Options as at 31 December 2013	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

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

C. Right to Acquire Shares in Clear Channel Outdoor Holdings, Inc. As at 31 December 2013: (Continued)

Name of director	Date of grant	Number of Outstanding Options as at 31 December 2013	Option Period	Subscription Price per share of Clear Channel Outdoor Holdings, inc.
Jonathan Bevan	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
	10/04/2013	3,240	10/04/2014 — 10/04/2023	US$7.53
	10/04/2013	3,241	10/04/2015 — 10/04/2023	US$7.53
	10/04/2013	3,241	10/04/2016 — 10/04/2023	US$7.53
	10/04/2013	3,241	10/04/2017 — 10/04/2023	US$7.53

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

C. Right to Acquire Shares in Clear Channel Outdoor Holdings, Inc. As at 31 December 2013: (Continued)

Name of director	Date of grant	Number of Outstanding Options as at 31 December 2013	Option Period	Subscription Price per share of Clear Channel Outdoor Holdings, inc.
Mark Thewlis	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
	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.

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.

SHARE OPTION SCHEMES (continued)

An option may be exercised in accordance with the respective terms of the New Scheme or Old Scheme at any time during the option period. The option period 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 2013, the aggregate number of shares issuable under share options granted under both the New Scheme and the Old Scheme was 5,242,000, which represented approximately 0.98% 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 5,242,000 additional ordinary shares of HK$0.10 each in the Company and proceeds, before relevant share issue expenses, of approximately HK$14,310,700.

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.

SHARE OPTION SCHEMES (continued)

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

		Number of share options										Price of the Company's shares ***		
Name or category of participant	Type of share option scheme	At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Lapsed 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	6.50	6.45
	The New Scheme	866,666	—	(866,334)	—	—	—	332	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	6.50	6.45
	The New Scheme	866,668	—	—	—	—	—	866,668	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	—	—
		4,100,000	—	(1,733,000)	—	—	—	2,367,000						
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	6.50	6.45
	The New Scheme	533,333	—	(532,667)	—	—	—	666	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	6.50	6.45
	The New Scheme	533,334	—	—	—	—	—	533,334	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	—	—
		2,400,000	—	(1,066,000)	—	—	—	1,334,000						
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	6.80	6.79
	The New Scheme	400,000	—	(400,000)	—	—	—	—	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	6.80	6.79
	The New Scheme	400,000	—	—	—	—	—	400,000	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	—	—
		1,600,000	—	(800,000)	—	—	—	800,000						

SHARE OPTION SCHEMES (continued)

Name or category of participant	Type of share option scheme	Number of share options: At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Lapsed during the year	At the end of the year	Date of grant of share options*	Exercise period	Exercise price per share** HK$	Price of the Company's shares ***: At grant date of options HK$	Immediately before the exercise date HK$	At exercise date of options HK$
Others														
Members of senior management and other employees of the Group	The Old Scheme	2,800,000	—	—	—	—	(400,000)	2,400,000	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	6.70	6.79
	The New Scheme	2,183,333	—	(1,675,667)	—	(500,000)	—	7,666	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	6.70	6.79
	The New Scheme	2,183,334	—	—	—	(250,000)	—	1,933,334	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	—	—
		9,350,000	—	(3,859,000)	—	(750,000)	(400,000)	4,341,000						
In aggregate	The Old Scheme	6,300,000	—	—	—	—	(400,000)	5,900,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	—	—
	The New Scheme	4,483,332	—	(3,983,332)	—	—	—	500,000	20/05/2009	21/05/2012 to 20/05/2016	2.73	2.73	6.64	6.66
	The New Scheme	4,483,332	—	(3,474,668)	—	(500,000)	—	508,664	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	6.64	6.66
	The New Scheme	4,483,336	—	—	—	(250,000)	—	4,233,336	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	—	—
		19,750,000	—	(7,458,000)	—	(750,000)	(400,000)	11,142,000						

* 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.

** 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 2013, no share options were granted by the Company.

Apart from the foregoing, at no time during the year ended 31 December 2013 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 2013, 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	273,140,500	50.92%
International Value Advisers, LLC	2	105,683,770	19.70%

Notes:

1. As at 31 December 2013, 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.

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.

Save as disclosed above, as at 31 December 2013, no person or corporation, other than the directors and Chief Executive of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in the Shares and Underlying Shares" above, had registered an interest of short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

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

CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the corporate governance practices adopted by the Group during the period from 1 January 2013 to 31 December 2013 were in line with the code provisions set out in the Corporate Governance Code and Corporate Governance Report as set out in 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 2013, 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
28 January 2014

INDEPENDENT AUDITORS' REPORT

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Central, Hong Kong

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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 063 to 120, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss, 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 the 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.

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 2013, 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
28 January 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	6	1,647,455	1,522,036
Cost of sales		(981,214)	(939,236)
Gross profit		666,241	582,800
Other income	6	24,396	25,144
Selling and distribution expenses		(164,294)	(153,376)
Administrative expenses		(141,535)	(110,951)
Other expenses	7	(12,870)	(6,189)
Finance costs	10	(1,857)	(2,579)
PROFIT BEFORE TAX	7	370,081	334,849
Income tax expense	11	(134,830)	(91,069)
PROFIT FOR THE YEAR		235,251	243,780
ATTRIBUTABLE TO:			
Owners of the parent	12	201,008	219,236
Non-controlling interests		34,243	24,544
		235,251	243,780
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	14	37.81 cents	41.44 cents
Diluted	14	37.44 cents	41.09 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 2013

	2013 HK$'000	2012 HK$'000
Profit for the year	**235,251**	243,780
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**114,337**	(563)
Income tax effect	**—**	—
Other comprehensive income/(loss) for the year, net of tax	**114,337**	(563)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**349,588**	243,217
ATTRIBUTABLE TO:		
Owners of the parent	**317,222**	218,667
Non-controlling interests	**32,366**	24,550
	349,588	243,217

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	27,639	26,724
Concession rights	17	1,795,201	1,786,161
Long-term prepayments, deposits and other receivables	18	83,670	55,468
Total non-current assets		1,906,510	1,868,353
CURRENT ASSETS			
Trade receivables	19	487,634	444,162
Prepayments, deposits and other receivables	20	149,112	213,519
Due from a related party	21	149,338	176,840
Pledged deposits	22	31,631	24,428
Cash and cash equivalents	22	892,822	1,289,724
Total current assets		1,710,537	2,148,673
CURRENT LIABILITIES			
Other payables and accruals		583,149	521,326
Deferred income		3,800	3,342
Tax payable		65,066	67,325
Total current liabilities		652,015	591,993
NET CURRENT ASSETS		1,058,522	1,556,680
TOTAL ASSETS LESS CURRENT LIABILITIES		2,965,032	3,425,033
NON-CURRENT LIABILITIES			
Net deferred tax liabilities	23	80,308	47,605
Total non-current liabilities		80,308	47,605
Net assets		2,884,724	3,377,428
EQUITY			
Equity attributable to owners of the parent			
Issued capital	24	53,646	52,900
Retained earnings	26(a)	933,318	1,440,435
Other components of equity	26(a)	1,759,449	1,701,917
Proposed final dividend	13	80,469	79,350
		2,826,882	3,274,602
Non-controlling interests		57,842	102,826
Total equity		2,884,724	3,377,428

Han Zi Jing
Director

Teo Hong Kiong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

		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 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
As at 1 January 2013		52,900	795,246	17,327	271,657	617,687	1,440,435	79,350	3,274,602	102,826	3,377,428
Profit for the year		—	—	—	—	—	201,008	—	201,008	34,243	235,251
Other comprehensive income		—	—	—	—	116,214	—	—	116,214	(1,877)	114,337
Total comprehensive income for the year		—	—	—	—	116,214	201,008	—	317,222	32,366	349,588
Share options exercised		746	30,506	(10,892)	—	—	—	—	20,360	—	20,360
Equity-settled share option arrangements		—	—	2,173	—	—	—	—	2,173	—	2,173
Dividends paid to a non-controlling shareholder		—	—	—	—	—	—	—	—	(77,350)	(77,350)
Final 2012 dividend declared		—	—	—	—	—	—	(79,350)	(79,350)	—	(79,350)
Special dividend declared	13	—	—	—	—	—	(708,125)	—	(708,125)	—	(708,125)
Proposed 2013 final dividend	13	—	—	—	(80,469)	—	—	80,469	—	—	—
At 31 December 2013		53,646	825,752	8,608	191,188	733,901	933,318	80,469	2,826,882	57,842	2,884,724

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		370,081	334,849
Adjustments for:			
Impairment and write-down of concession rights	7	7,553	—
Loss on disposal of concession rights	7	1,634	2,737
Impairment losses of trade receivables recognised/(reversed)	7	1,251	(1,839)
Gain on disposal of items of property, plant and equipment	7	(95)	(191)
Write-down of prepaid rental on unipoles	7	—	3,643
Depreciation of property, plant and equipment	7	9,726	9,191
Recognition of a prepaid lease payment		2,444	1,874
Amortisation of concession rights	7	305,049	297,770
Foreign exchange losses, net	7	15	—
Other finance costs	10	1,857	2,579
Cash-settled share-based payments	7	5,112	—
Equity-settled share option expense	7	2,173	3,783
Bank interest income	6	(24,396)	(25,144)
		682,404	629,252
Increase in long-term prepayments, deposits and other receivables		(14,562)	(43,907)
(Increase)/decrease in trade receivables		(27,657)	72,432
Decrease/(increase) in prepayments, deposits and other receivables		13,470	(17,809)
Decrease/(increase) in amounts due from a related party		34,297	(42,938)
(Decrease)/increase in other payables and accruals		(13,765)	92,102
Increase/(decrease) in deferred income		330	(7,479)
Cash generated from operations		674,517	681,653
Income taxes paid		(108,564)	(88,392)
Net cash flows from operating activities		565,953	593,261
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment, excluding construction in progress		(8,883)	(8,498)
Proceeds from disposal of property, plant and equipment		169	196
Proceeds from disposal of concession rights		423	805
Purchase of concession rights		(214,651)	(274,687)
Interest received		33,481	11,035
(Increase)/decrease in pledged deposits		(6,264)	20,836
Net cash flows used in investing activities		(195,725)	(250,313)

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2013

	2013 HK$'000	2012 HK$'000
Net cash flows used in investing activities	(195,725)	(250,313)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	20,360	—
Dividends paid	(787,475)	(26,450)
Net cash flows used in financing activities	(767,115)	(26,450)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(396,887)	316,498
Cash and cash equivalents at beginning of year	1,289,724	973,226
Effect of foreign exchange rate changes, net	(15)	—
CASH AND CASH EQUIVALENTS AT END OF YEAR	892,822	1,289,724
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	892,822	1,289,724

STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 HK$'000	2012 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		626	86
Investments in subsidiaries	16	1,169,830	1,161,050
Total non-current assets		1,170,456	1,161,136
CURRENT ASSETS			
Due from subsidiaries	16	—	175,206
Other receivables		1,070	656
Cash and cash equivalents		109,128	43,359
Total current assets		110,198	219,221
CURRENT LIABILITIES			
Other payables		7,051	1,204
Total current liabilities		7,051	1,204
NET CURRENT ASSETS		103,147	218,017
TOTAL ASSETS LESS CURRENT LIABILITIES		1,273,603	1,379,153
Net assets		1,273,603	1,379,153
EQUITY			
Issued capital	24	53,646	52,900
Reserves	26(b)	1,139,488	1,246,903
Proposed final dividend	13	80,469	79,350
Total equity		1,273,603	1,379,153

NOTES TO FINANCIAL STATEMENTS

31 December 2013

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, except for cash-settled share based payments which have been measured at fair value. These financial statements are presented in Hong Kong dollars.

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 2013. 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 on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 19 (2011), amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1, and certain amendments included in *Annual Improvements 2009–2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation — Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

(b) 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. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011).

The adoption of HKFRS 11 does not have any impact on the Group as the Group has no joint arrangements with joint control.

(c) HKFRS 12 sets out 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. Details of the disclosures for subsidiaries are included in notes 16 to the financial statements.

(d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(e) 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 rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by HKFRS 13 for the fair value measurements of cash-settled share based payments are included in notes 25 to the financial statements.

(f) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

(g) 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. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no effect on the financial position or performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(h) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. 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 have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- 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.

- 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.

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 9	*Financial Instruments*[3]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[3]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — *Investment Entities*[1]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits — Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]
Annual Improvements Project	Annual Improvements to HKFRSs 2010–2012 cycle[4]
Annual Improvements Project	Annual Improvements to HKFRSs 2011–2013 cycle[4]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 No mandatory effective date yet determined but is available for adoption
4 Generally for annual periods or transactions beginning on or after 1 July 2014, although entities are permitted to apply them earlier

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

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

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") 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 as 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 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.

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

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to HKFRS 10 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.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Fair value measurement

The Group measures its cash-settled share based payments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/ amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss 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

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 statement of profit or loss 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%

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 and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss 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 is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to 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 amortization and amortised using the straight-line and individual basis over the period of the rights, which ranges from 5 to 15 years.

In addition, expenditure incurred on the construction of bus shelters is capitalised only when the Group can demonstrate that it is probable the 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 statement of profit or loss on the straight-line basis over the lease terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and Other Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition 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. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, 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 finance income in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in administrative expenses.

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 primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Financial Assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exist if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually 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.

The amount of any impairment loss identified 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).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. 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 statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, 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.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, 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:

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 statement of profit or loss 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 statement of profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if there are acquired for the purpose of repurchasing in the near term. Gains and losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

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

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

Provisions

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

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

Income Tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognized 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax (continued)

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 recognized 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 the 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.

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;

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 in employee benefit expenses. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss 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.

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 (note 25). 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 statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 statement of profit or loss 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 statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

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 capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings spending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred.

Dividends

Final and special dividends proposed by the directors are classified as a separate allocation of retained earning 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 statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currencies (continued)

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 measured. 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 the 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).

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 statement of profit or loss 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 statement of profit or loss.

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 calculation 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 2013 was HK$1,795,201,000 (2012: HK$1,786,161,000).

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 2013, the provision for impairment of trade and other receivables was HK$23,783,000 (2012: HK$32,278,000).

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. Withholding tax are provided for the profits of the subsidiary in the PRC which the Group considers that it is probable to be distributed in the foreseeable future. Further details are included in note 23 to the financial statements.

5. SEGMENT INFORMATION

Outdoor advertising business is the only major reportable operating segment of the Group which comprises the display of advertisements on bus shelters. 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, net of commissions and discounts, in the PRC.

An analysis of revenue and other income is as follows:

	2013 HK$'000	2012 HK$'000
Revenue		
Rental from outdoor advertising spaces	**1,647,455**	1,522,036
Other income		
Bank interest income	**24,396**	25,144

7. PROFIT BEFORE TAX

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

	Notes	2013 HK$'000	2012 HK$'000
Cost of services provided		323,869	318,588
Operating lease rentals on bus shelters		352,296	322,878
Amortisation of concession rights	17	305,049	297,770
Cost of sales		981,214	939,236
Impairment losses of trade receivables recognised/(reversed)	19	1,251	(1,839)
Auditors' remuneration		2,546	2,286
Depreciation of property, plant and equipment	15	9,726	9,191
Impairment and write-down of concession rights		7,553	—
Loss on disposal of concession rights		1,634	2,737
Write-down of prepaid rental on unipoles		—	3,643
Gain on disposal of items of property, plant and equipment		(95)	(191)
Operating lease rentals on buildings		25,113	24,481
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		166,422	141,335
Cash-settled share-based payments		5,112	—
Equity-settled share option expense		2,173	3,783
Pension scheme contributions		15,862	13,246
		189,569	158,364
Foreign exchange loss, net		15	—
Bank interest income		(24,396)	(25,144)

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	
	2013 HK$'000	2012 HK$'000
Fees	4,291	3,653
Other emoluments:		
Salaries, allowances and benefits in kind	21,034	13,651
Performance-related bonuses	1,643	—
Equity-settled share option expense	993	1,941
Cash-settled share-based payments	5,112	—
Pension scheme contributions	121	111
	28,903	15,703
	33,194	19,356

In prior years, certain directors were granted share options, in respect of their services to the Group, under the share option scheme 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 statement of profit or loss 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.

During the year, certain directors were granted cash-settled share-based payments, in respect of their services to the Group, further details of which are set out in note 25 to the financial statements. The fair value is expensed over the period until the vesting date with changes in fair value recognised in the current year is included in the above directors' remuneration disclosures.

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

(a) Independent Non-executive Directors

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

	2013 HK$'000	2012 HK$'000
Mr. Desmond Murray	280	280
Ms. Leonie Ki Man Fung	140	140
Mr. Wang Shou Zhi	140	140
Mr. Thomas Manning	140	25
	700	585

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 (2012: Nil).

(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	Cash-settled share-based payments HK$'000	Pension scheme contributions HK$'000	Total emoluments HK$'000
2013							
Executive directors:							
Mr. Mark Thewlis (re-designated and appointed as Executive Chairman with effect on 1 January 2013)	740	6,426	342	—	2,313	—	9,821
Mr. Han Zi Jing	680	5,307	472	374	933	15	7,781
Mr. Zhang Huai Jun	791	2,822	558	230	933	81	5,415
Mr. Teo Hong Kiong	680	3,948	271	216	933	15	6,063
	2,891	18,503	1,643	820	5,112	111	29,080
Non-executive directors:							
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)	140	—	—	—	—	—	140
	700	500	—	—	—		1,200
Alternate director:							
Mr. Zou Nan Feng	—	2,031	—	173	—	10	2,214
	3,591	21,034	1,643	993	5,112	121	32,494

Note:

Salaries, allowances and benefits in kind paid to Mr. Mark Thewlis in 2013 including amounts bore by Clear Channel International Limited of HK$1,652,405 (2012: Nil).

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

(b) Executive Directors, Non-Executive Directors and Alternate Directors (continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance-related bonuses HK$'000	Equity-settled share option expense HK$'000	Cash-settled share-based payments 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

There was no arrangements under which a director waived or agreed to waive any remunerations during the year.

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$1,643,000 were paid to directors (2012: Nil). There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2012: 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 (2012: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2012: three) directors, detail of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining one (2012: two) non-director, highest paid employee for the year are as follows:

	Group	
	2013 HK$'000	2012 HK$'000
Salaries, allowances and benefits in kind	**2,065**	3,357
Performance-related bonuses	**—**	634
Equity-settled share option expense	**137**	478
Pension scheme contributions	**66**	149
	2,268	4,618

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

	Number of employees	
	2013	2012
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	**1**	2
	1	2

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 statement of profit or loss 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.

10. FINANCE COSTS

	Group	
	2013 HK$'000	2012 HK$'000
Other finance costs	1,857	2,579

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	
	2013 HK$'000	2012 HK$'000
Group:		
Current — Hong Kong profits tax	—	—
Current — PRC corporate income tax	102,127	87,929
Deferred tax (note 23)	32,703	3,140
Total tax charge for the year	134,830	91,069

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	
	2013 HK$'000	2012 HK$'000
Profit before tax	370,081	334,849
Tax at the applicable statutory tax rate	93,807	84,319
Income not subject to tax	(2,510)	(3,007)
Realised exchange gain from intra-group loan	10,238	1,697
Expenses not deductible for tax	2,113	2,157
Adjustment in respect of current tax of previous period	—	3,686
Tax losses not recognised	4,645	2,217
Effect of withholding tax on the distributable profits of the Group's PRC subsidiary	26,537	—
Tax charge at the Group's effective rate of 36.4% (2012: 27.2%)	134,830	91,069

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% (2012: 25%) for the head office and its branches on its assessable profits arising in the PRC for the year 2013.

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 2013 includes a loss of HK$14,921,000 (2012: profit of HK$756,000) which has been dealt with in the financial statements of the Company (note 26(b)). The loss of HK$14,921,000 has excluded the dividend income distributed from the PRC subsidiary to the Company in the year ended 31 December 2013, which has been eliminated in the consolidated financial statements.

13. DIVIDEND

	2013 HK$'000	2012 HK$'000
Special dividend — HK$1.32 (2012: Nil) per ordinary share	708,125	—
Proposed final — HK15 cents (2012: 15 cents) per ordinary share	80,469	79,350
	788,594	79,350

A special dividend of HK$708,125,000 (HK$1.32 per share) was approved at the special general meeting on 27 August 2013.

At the Board meeting held on 28 January 2014, the directors proposed a final dividend of HK15 cents per share (2012: HK15 cents per share) out from contributed surplus account for the year ended 31 December 2013. This final dividend is equivalent to HK$80,468,775 (2012: HK$79,350,075) based on the 536,458,500 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, 18 July 2014 to the shareholders registered on the Register of Members on Tuesday, 10 June 2014.

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.

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

	2013 HK$'000	2012 HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	201,008	219,236

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

	Number of shares 2013	2012
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	531,690,800	529,000,500
Effect of dilution — weighted average number of ordinary shares:		
Share options	5,219,437	4,512,977
	536,910,237	533,513,477

The diluted earnings per share amount for the year is based on the profit for the year attributable to ordinary equity holders of the parent of HK$201,008,000 (2012: HK$219,236,000) and the weighted average number of ordinary shares of 536,910,237 (2012: 533,513,477) in issue during the year.

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 2013					
At 31 December 2012 and at 1 January 2013:					
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
At 1 January 2013, net of accumulated depreciation	4,283	8,980	13,461	–	26,724
Additions	1,872	2,221	4,790	30,212	39,095
Disposals	—	(7)	(67)	—	(74)
Depreciation provided during the year	(1,779)	(2,836)	(5,111)	—	(9,726)
Transfers	—	—	—	(29,458)	(29,458)
Exchange realignment	158	327	491	102	1,078
At 31 December 2013, net of accumulated depreciation	4,534	8,685	13,564	856	27,639
At 31 December 2013:					
Cost	27,318	22,327	41,259	856	91,760
Accumulated depreciation	(22,784)	(13,642)	(27,695)	—	(64,121)
Net carrying amount	4,534	8,685	13,564	856	27,639

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31 December 2013

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Group (continued)

	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

16. INVESTMENTS IN SUBSIDIARIES

	Notes	Company 2013 HK$'000	Company 2012 HK$'000
			(Restated)
NON-CURRENT ASSETS			
Unlisted shares, at cost		487,273	487,273
Due from subsidiaries	(i)	682,557	673,777
		1,169,830	1,161,050
CURRENT ASSETS			
Due from subsidiaries	(ii)	—	175,206

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$358,092,000 (31 December 2012: HK$358,092,000) which bear interest at a rate of 0.5% — 5% per annum. The carrying amounts of amounts due from subsidiaries approximate to their fair values.

(ii) The amounts due from subsidiaries included in the Company's current assets are unsecured, bear interest at a rate of 0.5% — 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 business	Nominal value of issued and fully paid-up share/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
China Outdoor Media Investment Inc.	British Virgin Islands	Ordinary HK$34,465	100	—	Investment holding
China Outdoor Media Investment (Hong Kong) Company Limited ("China Outdoor Media (HK)")	Hong Kong	Ordinary HK$1,000	—	100	Investment holding
WHA Joint Venture	PRC	US$60,000,000/ US$60,000,000	—	80 (Note)	Operation of outdoor advertising business

Note:

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, WHA Joint Venture changed its legal structure from a Sino-foreign equity joint venture to a Sinoforeign co-operative joint venture. At the same time, the registered capital of 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 WHA Joint Venture. According to the subsequent agreements entered into by China Outdoor Media (HK) and Hainan White Horse, the term of China Outdoor Media (HK)'s entitlement of 90% of the after-tax profits of WHA Joint Venture has been extended to 31 December 2013 at a consideration of HK$250,000 payable to Hainan White Horse each year for the fiscal years 2006 to 2013 (both years inclusive).

17. CONCESSION RIGHTS

	Group HK$'000
31 December 2013	
Cost at 1 January 2013, net of accumulated amortisation	1,786,161
Additions	228,146
Transfer from construction in progress (note 15)	29,458
Disposals, impairment, write-off and write-down	(9,626)
Amortisation during the year	(305,049)
Exchange realignment	66,111
At 31 December 2013	1,795,201
At 31 December 2013:	
Cost	4,276,125
Accumulated amortisation	(2,480,924)
Net carrying amount	1,795,201
31 December 2012	
At 1 January 2012:	
Cost	3,691,320
Accumulated amortization	(1,853,732)
Net carrying amount	1,837,588
Cost at 1 January 2012, net of accumulated amortisation	1,837,588
Additions	222,275
Transfer from construction in progress (note 15)	28,111
Disposals, impairment, 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

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 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 2013, the weighted average remaining term of the concession rights currently held by the Group was approximately eight years. In terms of renewal rights, approximately 61% 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 PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

Long-term prepayments amounting to RMB45,809,000 (equivalent to HK$58,670,000) (31 December 2012: RMB35,600,000 (equivalent to HK$43,907,000)) have been placed with certain independent third parties in connection with the extension and renewal of certain of the Group's bus shelter concession rights in the PRC.

Long-term prepayments amounting to RMB10,920,000 (equivalent to HK$13,986,000) as at 31 December 2013 represented the deposits made to an independent third party for the purchase of bus shelters which will be delivered in 2014.

The balance as at 31 December 2013 also included a non-current portion of a prepaid bus shelter lease payment amounting to HK$10,058,000 (31 December 2012: HK$11,561,000).

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	
	2013 HK$'000	2012 HK$'000
Current to 90 days	**258,755**	250,309
91 days to 180 days	**219,493**	160,505
Over 180 days	**33,169**	65,626
	511,417	476,440
Less: Provision for impairment of trade receivables	**(23,783)**	(32,278)
Total trade receivables, net	**487,634**	444,162

19. TRADE RECEIVABLES (continued)

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

	Group	
	2013 HK$'000	2012 HK$'000
At 1 January	32,278	39,559
Impairment losses recognised/(reversed) (note 7)	1,251	(1,839)
Amount written off as uncollectible	(9,746)	(5,442)
At 31 December	23,783	32,278

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:

	2013 HK$'000	2012 HK$'000
Neither past due nor impaired	457,669	410,814
Less than 3 months past due	29,965	31,759
Over 3 months past due	—	1,589
	487,634	444,162

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.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance of prepayments, deposits and other receivables for the year ended 31 December 2013 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$70,560,000 (31 December 2012: HK$130,405,000), which are unsecured, interest-free and have no fixed terms of repayment.

21. DUE FROM A RELATED PARTY

	Group	
	2013 HK$'000	2012 HK$'000
Guangdong White Horse Advertising Company Limited ("GWH")	149,338	176,840

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

An aging analysis of the amounts due from GWH as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2013 HK$'000	2012 HK$'000
Current to 90 days	73,290	73,091
91 days to 180 days	64,623	67,768
Over 180 days	11,425	35,981
	149,338	176,840

22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

At the end of the reporting period, the Group's cash and bank balances and pledged deposits denominated in Renminbi ("RMB") amounted to HK$814,541,000 (2012: HK$1,269,648,000). 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. The Group's policy is to spread bank balances (including pledged deposits) among various creditworthy banks with no recent history of default. As at 31 December 2013, except for the Shanghai Pudong Development Bank which held 25% of the Group's total bank balances, the Group maintained less than 20% of the Group's total bank balances in each of the other banks.

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 2013, the Group had pledged deposits of RMB24,698,000 (equivalent to approximately HK$31,631,000) (31 December 2012: RMB17,800,000 (equivalent to approximately HK$21,954,000)) to banks as security for bills payable of RMB49,396,000 (equivalent to approximately HK$63,263,000) (31 December 2012: RMB35,600,000 (equivalent to approximately HK$43,907,000)).

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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

	2013		
	Depreciation and amortisation allowance in excess of related depreciation and amortisation and other temporary differences HK$'000	Withholding tax HK$'000	Total HK$'000
At 1 January	(47,684)	—	(47,684)
Deferred tax charged to the income statement during the year (note 11)	(6,169)	(26,537)	(32,706)
At 31 December	(53,853)	(26,537)	(80,390)

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

23. DEFERRED TAX (continued)

Deferred Tax Assets

Group

	Deductible temporary differences 2013 HK$'000	Deductible temporary differences 2012 HK$'000
At 1 January	79	57
Deferred tax credited to the income statement during the year (note 11)	3	22
At 31 December	82	79
Net deferred tax liabilities at 31 December	(80,308)	(47,605)

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 WHA Joint Venture, a subsidiary of the Company established in the Hainan Special Economic Zone of the PRC, in respect of earnings generated from 1 January 2008. As at 31 December 2013, a deferred tax liability of HK$26,537,000 was recognised for withholding taxes on the profits of WHA Joint Venture which the Group considers that it is probable to be distributed in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS
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24. SHARE CAPITAL

	2013 HK$'000	2012 HK$'000
Shares		
Authorised:		
1,000,000,000 ordinary shares of HK$0.10 each	**100,000**	100,000
Issued and fully paid:		
536,458,500 ordinary shares (2012: 529,000,500) of HK$0.10 each (2012: HK$0.10)	**53,646**	52,900

During the year, the increase in share capital represented the subscription rights attaching to 7,458,000 share options exercised at the subscription price of HK$2.73 per share, resulting in the issue of 7,458,000 shares of HK$0.1 each for a total cash consideration, before expenses, of HK$20,360,000. An amount of HK$10,892,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

25. SHARE OPTION SCHEMES AND CASH-SETTLE SHARE-BASED PAYMENTS

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.

25. SHARE OPTION SCHEMES AND CASH-SETTLE SHARE-BASED PAYMENTS (continued)

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 were reversed in 2010.

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

As at 31 December 2013, the aggregate number of shares issuable under share options granted under both the New Scheme and the Old Scheme was 5,242,000, which represented approximately 0.98% 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 5,242,000 additional ordinary shares of HK$0.10 each in the Company and proceeds, before the relevant share issue expenses, of approximately HK$14,310,700.

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 AND CASH-SETTLE SHARE-BASED PAYMENTS (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	Lapsed 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	6.50	6.45
	The New Scheme	866,666	—	(866,334)	—	—	—	332	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	6.50	6.45
	The New Scheme	866,668	—	—	—	—	—	866,668	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	—	—
		4,100,000	—	(1,733,000)	—	—	—	2,367,000						
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	6.50	6.45
	The New Scheme	533,333	—	(532,667)	—	—	—	666	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	6.50	6.45
	The New Scheme	533,334	—	—	—	—	—	533,334	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	—	—
		2,400,000	—	(1,066,000)	—	—	—	1,334,000						
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	6.80	6.79
	The New Scheme	400,000	—	(400,000)	—	—	—	—	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	6.80	6.79
	The New Scheme	400,000	—	—	—	—	—	400,000	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	—	—
		1,600,000	—	(800,000)	—	—	—	800,000						

25. SHARE OPTION SCHEMES AND CASH-SETTLE SHARE-BASED PAYMENTS (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	Lapsed 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	—	—	—	—	(400,000)	2,400,000	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	6.70	6.79
	The New Scheme	2,183,333	—	(1,675,667)	—	(500,000)	—	7,666	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	6.70	6.79
	The New Scheme	2,183,334	—	—	—	(250,000)	—	1,933,334	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	—	—
		9,350,000	—	(3,859,000)	—	(750,000)	(400,000)	4,341,000						
In aggregate	The Old Scheme	6,300,000	—	—	—	—	(400,000)	5,900,000	29/06/2007	30/06/2010 to 29/06/2014	8.53	8.50	—	—
	The New Scheme	4,483,332	—	(3,983,332)	—	—	—	500,000	20/05/2009	21/05/2012 to 20/05/2016	2.73	2.73	6.64	6.66
	The New Scheme	4,483,332	—	(3,474,668)	—	(500,000)	—	508,664	20/05/2009	21/05/2013 to 20/05/2016	2.73	2.73	6.64	6.66
	The New Scheme	4,483,336	—	—	—	(250,000)	—	4,233,336	20/05/2009	21/05/2014 to 20/05/2016	2.73	2.73	—	—
		19,750,000	—	(7,458,000)	—	(750,000)	(400,000)	11,142,000						

* 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 in 2010 and the shares under the 2007 Options are not issuable.

** 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 2013, no share options were granted by the Company.

Apart from the foregoing, at no time during the year ended 31 December 2013 was the Company, or any of its subsidiaries, a party to any arrangement to enable the directors or any of their respective spouses or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

25. SHARE OPTION SCHEMES AND CASH-SETTLE SHARE-BASED PAYMENTS (continued)

Cash-settled share based payments

Certain Executive Directors of the Company were granted cash-settled share based payments which took effect on 1 January 2013 and was calculated based on the Company's closing share price on the last trading day of 2015. Some of the cash-settled based payments has a performance target which must be met before the cash-settled share based payments can be vested. Fair value of the cash-settled share based payments is measured at each reporting date using Black-Scholes Model taking into account the terms and conditions upon which the instruments were granted and the current likelihood of achieving the specified target.

The carrying amount of the liability relating to the cash-settled share based payments as at 31 December 2013 was HK$5,112,000, which was recorded in other payables and accruals in the consolidated statement of financial position.

The following table lists the inputs to the models used for the cash-settled share based payments for the year ended 31 December 2013:

Dividend yield	2.26%
Expected volatility	34%
Risk-free interest rate	0.64%
Expected life	2 years

The expected volatility reflect the assumption that the historic volatility over a period similar to the life of the cash-settled share based payments is indicative of future trends, which may not necessarily be the actual outcome.

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 066 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/ (accumulated losses) HK$'000	Proposed final dividend HK$'000	Total HK$'000
At 1 January 2012	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
Profit for the year	—	—	—	—	659,392	—	659,392
Other comprehensive income	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	659,392	—	659,392
Share options exercised	(10,892)	30,506	—	—	—	—	19,614
Equity-settled share option arrangements	2,173	—	—	—	—	—	2,173
Final 2012 dividend declared	—	—	—	—	—	(79,350)	(79,350)
Special dividend declared	—	—	—	—	(708,125)	—	(708,125)
Proposed 2013 final dividend	—	—	(80,469)	—	—	80,469	—
At 31 December 2013	8,608	825,752	289,954	16,628	(1,454)	80,469	1,219,957

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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	
	2013 HK$'000	2012 HK$'000
Contracted, but not provided for:		
The construction of shelters for which concession rights are held	13,480	4,636

(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 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2013 HK$'000	2012 HK$'000
Within one year	338,562	310 275
In the second to fifth years, inclusive	1,084,375	771,754
After five years	1,376,938	1,079,796
	2,799,875	2,161,825

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	2013 HK$'000	2012 HK$'000
Agency commission paid to GWH, a company in which a director of the Company has the ability to exercise direct or indirect influence over management	(i)	**13,681**	12,530
Sales to GWH	(ii)	**217,471**	215,469
Bus shelter cleaning and maintenance fees payable to a company which has been an associate of a director of the Company	(iii)	**51,346**	59,839
Creative services fees payable to GWH	(iv)	**3,683**	3,686

Notes:

(i) The agency commission paid to GWH was based on the standard percentage of gross sales rental revenue for outdoor advertising spaces payable to other major third party agencies used by the Group. On 11 March 2013, WHA Joint Venture entered into a three-year framework agreement with GWH for the years 2013, 2014 and 2015 on substantially the same terms as the framework agreements previously entered into between WHA Joint Venture and GWH. GWH is a related party of the Company because Mr. Han Zi Dian is the brother of Mr. Han Zi Jing, an executive director of the Company, and Mr. Han Zi Dian is able to exercise influence over the management and day-to-day operations as director and general manager of GWH and controls the composition of a majority of the board of directors of GWH with his indirect interest of 14.2% in GWH.

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

(iii) On 24 January 2013, WHA Joint Venture entered into a Framework Maintenance Services Agreement with White Horse Holding in place of the maintenance services arrangements between WHA Joint Venture and White Horse Holding. The Framework Maintenance Services Agreement is entered into for a fixed term and expired on 31 December 2013.

White Horse Holding is a related party of the Company because Mr. Han Zi Dian became interested in more than 50% of the voting power of White Horse Holding following a capital injection into White Horse Holding in November 2009. Mr. Han Zi Dian was a non-executive director of the Company from April 2001 to November 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.

Under the Framework Maintenance Services Agreement, WHA Joint Venture would pay a maintenance fee consisting of a predetermined cost element and an incentive payment to White Horse Holding for the services provided by its branches. The same basis for calculating payment of the maintenance fee is applicable to all service providers of the Group including third party service providers.

Under the Framework Maintenance Services Agreement, the maintenance fees payable by WHA Joint Venture to White Horse Holding for the financial year ended 31 December 2013 shall not exceed HK$69,000,000. Maintenance fees shall be settled by WHA Joint Venture on a monthly basis before the tenth day of every month.

(iv) On 3 March 2011, 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 similar to those available from independent third parties.

29. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding Balance with Related Parties

The Group had outstanding receivables from GWH of HK$149,338,000 (31 December 2012: HK$176,840,000) 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:

	2013 HK$'000	2012 HK$'000
Short-term employee benefits	21,034	13,651
Performance-related bonuses	1,643	—
Equity-settled share option expense	993	1,941
Cash-settled share-based payments	5,112	—
Pension scheme contributions	121	111
Total compensation paid to key management personnel	28,903	15,703

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	
	2013 HK$'000	2012 HK$'000
Other receivables	84,294	159,860
Trade receivables	487,634	444,162
Due from a related party	149,338	176,840
Pledged deposits	31,631	24,428
Cash and cash equivalents	892,822	1,289,724
	1,645,719	2,095,014

Financial liabilities

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost		Total	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Other payables	5,112	—	528,863	482,638	533,975	482,638
	5,112	—	528,863	482,638	533,975	482,638

30. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Company

Financial Assets

	Loans and receivables	
	2013 HK$'000	2012 HK$'000
Due from subsidiaries	—	175,206
Other receivables	1,070	656
Cash and cash equivalents	109,128	43,359
	110,198	219,221

Financial Liabilities

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost		Total	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Other payables	5,112	—	1,861	1,204	6,973	1,204
	5,112	—	1,861	1,204	6,973	1,204

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group and the Company's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follow:

Group and Company

	Carrying amounts		Fair Values	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Financial liabilities				
Cash-settled share based payment	5,112	—	5,112	—
	5,112	—	5,112	—

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Group and Company (continued)

Management has assessed that the fair values of cash and cash equivalents, the pledged deposits, trade receivables, amounts due from a related party, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and amounts due from subsidiaries approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair value of cash-settled share based payments is measured using valuation techniques which incorporate various market observable inputs including the spot share prices. The carrying amount of cash-settled share based payments is the same as its fair value.

As at 31 December 2013, cash-settled share based payments were measured at fair value using significant observable inputs (Level 2)[2]. There were no transfers of fair value measurements between Level 1[1] and Level 2 and no transfers into or out of Level 3[3] for both financial assets and financial liabilities (2012: Nil).

1. Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
2. Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
3. Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

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.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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
2013		
If Hong Kong dollar weakens against RMB	5%	12,005
If Hong Kong dollar strengthens against RMB	(5%)	(12,005)
2012		
If Hong Kong dollar weakens against RMB	5%	12,420
If Hong Kong dollar strengthens against RMB	(5%)	(12,420)

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.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity Risk

The Group continued to be at a strong financial position at the end of 2013, with cash and cash equivalents amounting to HK$893 million as at 31 December 2013.

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

	2013				
	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	—	303,722	225,141	5,112	533,975
	—	303,722	225,141	5,112	533,975

	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	—	289,015	193,623	—	482,638
	—	289,015	193,623	—	482,638

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

	2013				
	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	—	1,198	663	5,112	6,973
	—	1,198	663	5,112	6,973

	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

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 2013 and 31 December 2012.

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	
	2013 HK$'000	2012 HK$'000
Other payables and accruals	**583,149**	521,326
Less:		
Pledged deposits	**(31,631)**	(24,428)
Cash and cash equivalents	**(892,822)**	(1,289,724)
Net surplus	**(341,304)**	(792,826)
Equity attributable to owners of the parent	**2,826,882**	3,274,602
Total capital	**2,826,882**	3,274,602
Capital and net debt	**2,485,578**	2,481,776
Gearing ratio	**—**	—

33. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 January 2014.

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.
free cash flow	EBITDA (before gain and losses on disposal, impairment and write-down of concession rights and other assets and equity-settled share option expenses) less cash outflow on capital expenditure, less income tax and net interest expense.
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.

GLOSSARY

Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
media	Advertising outlets for advertising — including radio, outdoor, television, Internet, magazines, newspapers and direct mail.
medium	The industry term used to describe one of the media advertising outlets, e.g. "television is usually the most expensive advertising medium" or, where the context requires, an individual product offered in respect of such media.
outdoor advertising	One of the advertising media that communicates to people when they are outside their homes, and includes advertising on billboards, advertising on and in public transportation vehicles and terminals, advertising panels in airports and malls, and advertising on street furniture.
point-of-sale	A form of advertising at retail locations that is designed to reduce or eliminate the time between a consumer's awareness of advertising and his decision to make a purchase, e.g. putting the offer right next to the product so purchase decisions (and sales) can be made immediately. Advertisers distinguish point-of-sale advertising in their promotional budget.
Reach	An industry-accepted term which describes the potential effectiveness of a media advertising schedule by reflecting the number of different people who hear or see a commercial campaign.
return on asset	(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, freestanding 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

	2013	2012	2011	2010	2009
RESULTS (HK$'000)					
Revenue	**1,647,455**	1,522,036	1,485,898	1,261,600	1,118,149
EBITDA	**662,317**	619,245	547,456	472,960	293,221
EBIT	**347,542**	312,284	275,129	227,402	57,064
Profit attributable to owners of the parent	**201,008**	219,236	187,542	166,068	31,258
CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA (HK$'000)					
Current assets	**1,710,537**	2,148,673	1,853,036	1,554,458	1,262,791
Current liabilities	**652,015**	591,993	532,233	406,472	359,490
Equity attributable to owners of the parent	**2,826,882**	3,274,602	3,078,602	2,746,504	2,487,102
CASH FLOW DATA (HK$'000)					
Cash generated from operations	**674,517**	681,653	674,173	492,893	402,677
FINANCIAL RATIOS					
Return on equity (%)	**6.6**	6.9	6.4	6.3	1.3
Current ratio (times)	**2.62**	3.63	3.48	3.82	3.51
EBITDA margin (%)	**40.2**	40.7	36.8	37.5	26.2
Net profit margin (%)	**12.2**	14.4	12.6	13.2	2.8

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)

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PRC Law

King & Wood PRC Lawyers

Bermuda Law

Conyers Dill & Pearman

AUDITORS

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