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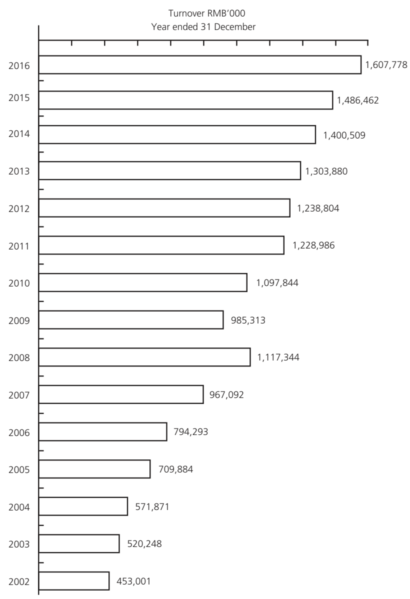
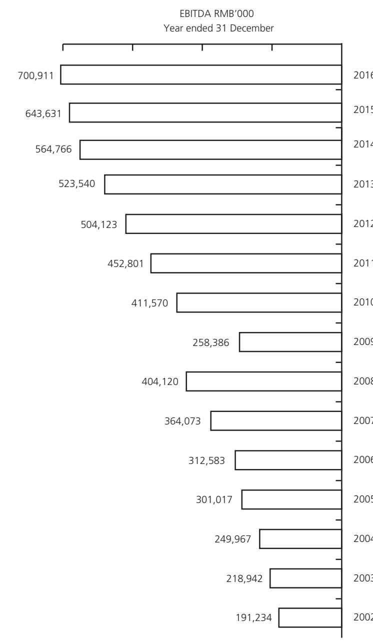


1. The Group's total turnover increased by 8.2% to RMB1,607.8 million.
2. EBITDA increased by 8.9% to RMB700.9 million and EBITDA margin increased to 43.6% (2015: 43.3%).
3. Net profit[1] increased by 6.4% to RMB242.9 million.
4. Basic earnings per share increased by 6.2% to RMB0.4484.
5. The Directors proposed a final dividend of HK17 cents per share (2015: HK16 cents).



CLEAR MEDIA LIMITED
白馬戶外媒體有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 100)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The Board of Directors (the "Board") of Clear Media Limited (the "Company" or "Clear Media") and its subsidiaries (hereinafter collectively referred to as the "Group") are pleased to announce that the audited consolidated results of the Group for the year ended 31 December 2016, which has been reviewed by the Audit Committee of the Company, together with the comparative results for the previous year, are as follows:

1. Net profit attributable to shareholders of the Company.

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
Revenue	3	**1,607,778**	1,486,462
Cost of sales		**(896,487)**	(833,554)
Gross profit		**711,291**	652,908
Other income	3	**4,248**	7,978
Selling and distribution expenses		**(166,380)**	(152,046)
Administrative expenses		**(162,977)**	(141,189)
Other expenses		**(5,842)**	(5,399)
Finance costs	5	**(1,327)**	(1,823)
PROFIT BEFORE TAX	4	**379,013**	360,429
Income tax expenses	6	**(106,586)**	(97,425)
PROFIT FOR THE YEAR		**272,427**	263,004
ATTRIBUTABLE TO:			
Owners of the parent	7	**242,901**	228,202
Non-controlling interests		**29,526**	34,802
		272,427	263,004
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	7	**0.4484**	0.4223
Diluted (RMB)	7	**0.4484**	0.4216

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Profit for the year	**272,427**	263,004
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**7,950**	(7,956)
Other comprehensive income/(loss) for the year, net of tax	**7,950**	(7,956)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**280,377**	255,048
ATTRIBUTABLE TO:		
Owners of the parent	**250,851**	220,246
Non-controlling interests	**29,526**	34,802
	280,377	255,048

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2016

	Notes	**2016** **RMB'000**	2015 RMB'000 (Restated)	2014 RMB'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	8	**49,149**	50,943	21,233
Concession rights	9	**1,596,488**	1,556,960	1,495,461
Long-term prepayments, deposits and other receivables	10	**81,127**	74,363	75,360
Total non-current assets		**1,726,764**	1,682,266	1,592,054
CURRENT ASSETS				
Trade receivables	11	**612,264**	575,700	505,632
Prepayments, deposits and other receivables	12	**159,064**	119,831	92,395
Due from related parties	13	**99,313**	89,438	70,878
Pledged deposits and restricted cash	14	**1,285**	1,282	1,278
Cash and cash equivalents	14	**514,170**	577,514	839,893
Total current assets		**1,386,096**	1,363,765	1,510,076
CURRENT LIABILITIES				
Other payables and accruals		**599,827**	541,190	585,281
Deferred income		**3,282**	3,000	4,071
Tax payable		**78,177**	65,439	29,137
Total current liabilities		**681,286**	609,629	618,489
NET CURRENT ASSETS		**704,810**	754,136	891,587
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,431,574**	2,436,402	2,483,641
NON-CURRENT LIABILITIES				
Deferred tax liabilities		**76,045**	87,893	84,214
Total non-current liabilities		**76,045**	87,893	84,214
Net assets		**2,355,529**	2,348,509	2,399,427
EQUITY				
Equity attributable to owners of the parent				
Share capital	15	**56,945**	56,945	56,600
Other reserves		**2,188,469**	2,180,783	2,257,108
		2,245,414	2,237,728	2,313,708
Non-controlling interests		**110,115**	110,781	85,719
Total equity		**2,355,529**	2,348,509	2,399,427

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

	Attributable to owners of the parent								
	Share capital *RMB'000*	**Share premium account** *RMB'000*	**Share option reserve** *RMB'000*	**Contributed surplus** *RMB'000*	**Foreign currency translation reserve** *RMB'000*	**Retained profits** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
As at 1 January 2015 — restated *(note 1.1)*	56,600	864,004	6,159	245,347	4,272	1,137,326	2,313,708	85,719	2,399,427
Profit for the year	–	–	–	–	–	228,202	228,202	34,802	263,004
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	(7,956)	–	(7,956)	–	(7,956)
Total comprehensive income/(loss) for the year	–	–	–	–	(7,956)	228,202	220,246	34,802	255,048
Share options exercised	345	14,179	(5,109)	–	–	–	9,415	–	9,415
Equity-settled share option arrangements	–	–	1,814	–	–	–	1,814	–	1,814
Dividends paid/payable to a non-controlling shareholder	–	–	–	–	–	–	–	(9,740)	(9,740)
Final 2014 dividend paid	–	–	–	–	–	(64,955)	(64,955)	–	(64,955)
Special dividend paid	–	–	–	(206,496)	–	(36,004)	(242,500)	–	(242,500)
At 31 December 2015	56,945	878,183**	2,864**	38,851**	(3,684)**	1,264,569**	2,237,728	110,781	2,348,509
As at 1 January 2016	56,945	878,183	2,864	38,851	(3,684)	1,264,569	2,237,728	110,781	2,348,509
Profit for the year	–	–	–	–	–	242,901	242,901	29,526	272,427
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	–	–	–	–	7,950	–	7,950	–	7,950
Total comprehensive income for the year	–	–	–	–	7,950	242,901	250,851	29,526	280,377
Equity-settled share option arrangements	–	–	3,425	–	–	–	3,425	–	3,425
Transfer to contributed surplus*	–	(128,970)	–	128,970	–	–	–	–	–
Dividends paid/payable to a non-controlling shareholder	–	–	–	–	–	–	–	(30,192)	(30,192)
Final 2015 dividend paid	–	–	–	(27,086)	–	(47,175)	(74,261)	–	(74,261)
Special dividend paid	–	–	–	–	–	(172,329)	(172,329)	–	(172,329)
At 31 December 2016	56,945	749,213**	6,289**	140,735**	4,266**	1,287,966**	2,245,414	110,115	2,355,529

* Pursuant to a resolution passed at the general meeting held on 7 September 2016, the amount of RMB128,970,000 (equivalent to HK$150,000,000) was transferred from the share premium account to the contributed surplus account. Under the Companies Act 1981 of Bermuda, a company may make distributions to its shareholders out of the contributed surplus under certain circumstances.

** These reserve accounts comprise the consolidated reserve of RMB2,188,469,000 (2015: RMB2,180,783,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**379,013**	360,429
Adjustments for:			
Impairment and write-down of concession rights	4	**3,580**	2,011
Loss on disposal of concession rights	4	**2,467**	2,867
Impairment losses of trade receivables recognised	4	**20,009**	13,404
(Gain)/loss on disposal of items of property, plant and equipment	4	**(205)**	521
Depreciation of items of property, plant and equipment	4	**14,656**	9,710
Recognition of prepaid land lease payments		**2,018**	4,147
Amortisation of concession rights	4	**310,163**	279,647
Foreign exchange losses, net	4	**1,327**	1,621
Other finance costs		**–**	201
Cash-settled share-based payments	4	**–**	(5,539)
Equity-settled share option expense	4	**3,425**	1,814
Interest income	3	**(4,248)**	(7,978)
		732,205	662,855
Increase in long-term prepayments, deposits and other receivables		**(8,782)**	(3,150)
Increase in trade receivables		**(56,573)**	(83,472)
Increase in prepayments, deposits and other receivables		**(39,435)**	(28,258)
Increase in amounts due from related parties		**(9,875)**	(18,560)
Decrease in other payables and accruals		**(15,890)**	(7,248)
Increase/(decrease) in deferred income		**282**	(1,071)
Cash generated from operations		**601,932**	521,096
Income taxes paid		**(105,699)**	(72,195)
Net cash flows from operating activities		**496,233**	448,901

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment, excluding construction in progress	**(14,837)**	(37,732)
Proceeds from disposal of items of property, plant and equipment	**206**	63
Proceeds from disposal of concession rights	**161**	825
Purchase of concession rights	**(289,949)**	(379,324)
Interest received	**4,450**	2,316
Net cash flows used in investing activities	**(299,969)**	(413,852)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	**–**	9,415
Dividends paid to shareholders	**(246,590)**	(307,455)
Dividends paid to a non-controlling shareholder	**(19,625)**	(4,542)
Net cash flows used in financing activities	**(266,215)**	(302,582)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(69,951)**	(267,533)
Cash and cash equivalents at beginning of year	**577,514**	839,893
Effect of foreign exchange rate changes, net	**6,607**	5,154
CASH AND CASH EQUIVALENTS AT END OF YEAR	**514,170**	577,514
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**514,170**	577,514

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1.1 CHANGE OF PRESENTATION CURRENCY

The functional currency of the Group's major subsidiary is Renminbi ("RMB"). The presentation currency of the consolidated financial statements in prior financial periods was HK$.

The Group mainly operates its business in Mainland China via Hainan White Horse Advertising Media Investment Company Limited ("WHA Joint Venture"), which is the sole operating vehicle of the Group in Mainland China. WHA Joint Venture's operations, turnover, expenses and capital investment are denominated in RMB and most of the assets and liabilities of the Group are denominated in RMB. The directors consider that it is more appropriate to use RMB as the presentation currency of the Group and the presentation of financial statements in RMB can provide more relevant information for management to control and monitor the performance and financial position of the Group. Accordingly, the Group has changed its presentation currency for the preparation of the financial statements from HK$ to RMB starting from the year ended 31 December 2016. The comparative figures have been restated to conform with the current year's presentation in RMB.

For the purpose of presenting the consolidated financial statements of the Group in RMB, the assets and liabilities for the consolidated statement of financial position are translated into RMB at the closing rate at the end of the reporting period. Income and expenses for the consolidated statement of profit or loss and consolidated statement of comprehensive income are translated at the average exchange rates for the financial period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates prevailing at the dates of transactions are used. The share capital, share premium and reserves are translated at the exchange rates at the dates of transactions. The non-controlling interests for the consolidated statement of financial position are translated into RMB at the closing rate at the end of the reporting period.

1.2. STATUTORY ACCOUNTS AND BASIS OF PREPARATION

The information in this announcement does not constitute statutory accounts.

Certain financial information in this announcement is extracted from the statutory accounts for the year ended 31 December 2016 (the "accounts"), which will be delivered to the Registrar of Companies. The auditors expressed an unqualified opinion on those statutory accounts in their report dated 24 January 2017.

The accounts 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. The accounts are presented in RMB.

2. SEGMENT INFORMATION

The outdoor advertising business is the only major reportable operating segment of the Group which comprises the display of advertisements on street furniture. 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 locations of the customers, and assets are attributed to the segments based on the locations of the assets. As the Group's major operations and markets are all located in the PRC, no further geographical segment information is provided.

3. REVENUE AND OTHER INCOME

Revenue, 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:

	2016 *RMB'000*	2015 *RMB'000* (Restated)
Revenue		
Rental from outdoor advertising spaces	**1,607,778**	1,486,462
Other income		
Interest income	**4,248**	7,978

4. PROFIT BEFORE TAX

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

	Notes	2016 *RMB'000*	2015 *RMB'000* (Restated)
Cost of services provided		**228,681**	233,759
Operating lease rentals on bus shelters		**356,157**	315,747
Cost of services in a bus shelter joint-operation arrangement*		**1,486**	4,401
Amortisation of concession rights	*9*	**310,163**	279,647
Cost of sales		**896,487**	833,554
Impairment losses of trade receivables recognised	*11*	**20,009**	13,404
Auditor's remuneration		**2,482**	2,351
Depreciation of items of property, plant and equipment	*8*	**14,656**	9,710
Impairment and write-down of concession rights		**3,580**	2,011
Loss on disposal of concession rights		**2,467**	2,867
(Gain)/loss on disposal of items of property, plant and equipment		**(205)**	521
Operating lease rentals on buildings		**39,005**	30,259
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		**157,057**	148,537
Cash-settled share-based payments			
— Reversal of previous years**		**–**	(7,267)
— Current year		**–**	1,728
Equity-settled share option expense		**3,425**	1,814
Pension scheme contributions		**18,478**	16,278
		178,960	161,090
Foreign exchange losses, net		**1,327**	1,621
Interest income		**(4,248)**	(7,978)

* The Group operated certain bus shelters jointly with an independent third party under a profit sharing arrangement. The Group has the primary responsibility for providing services to the customers and acts as a principal in the arrangement. The Group recognised revenue on a gross basis. The cost of services represented the costs paid by the Group under this arrangement.

** As a certain performance target was not met, the cash-settled share-based payment expenses recognised in previous years amounting to RMB7,267,000 were reversed during the year of 2015.

5. FINANCE COSTS

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Finance costs	**1,327**	1,823

6. INCOME 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.

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Current — Hong Kong profits tax	**–**	–
Current — PRC corporate income tax	**104,848**	89,644
Deferred tax	**1,738**	7,781
Total tax charge for the year	**106,586**	97,425

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:

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Profit before tax	**379,013**	360,429
Tax at the applicable statutory tax rate	**96,827**	91,398
Income not subject to tax	**(139)**	(485)
Realised exchange loss from an intra-group loan	**–**	(108)
Expenses not deductible for tax	**2,207**	1,673
Tax losses not recognised	**3,460**	2,669
Effect of withholding tax on the distributable profits of the Group's PRC subsidiary	**4,231**	2,278
Tax charge at the Group's effective rate of 28.1% (2015: 27.1%)	**106,586**	97,425

According to the Enterprise Income Tax Law of the PRC effective on 1 January 2008, 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 rate of 25% (2015: 25%) for the head office and its branches on its assessable profits arising in the PRC for the year 2016.

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 2016, the Group recognised a deferred tax liability of RMB7,991,000 (31 December 2015: RMB17,346,000) in respect of the withholding taxes on future dividend distribution by WHA Joint Venture.

7. 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:

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**242,901**	228,202

	Number of shares	
	2016	2015
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**541,700,500**	540,326,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	**–**	926,000
	541,700,500	541,252,000

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *RMB'000*	Furniture and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2016					
At 31 December 2015 and at 1 January 2016:					
Cost	**50,152**	**17,036**	**36,731**	**565**	**104,484**
Accumulated depreciation	**(21,280)**	**(7,284)**	**(24,977)**	**–**	**(53,541)**
Net carrying amount	**28,872**	**9,752**	**11,754**	**565**	**50,943**
At 1 January 2016, net of accumulated depreciation	**28,872**	**9,752**	**11,754**	**565**	**50,943**
Additions	**7,109**	**2,755**	**3,548**	**16,227**	**29,639**
Disposals	**–**	**(1)**	**–**	**–**	**(1)**
Depreciation provided during the year	**(7,007)**	**(3,316)**	**(4,333)**	**–**	**(14,656)**
Exchange realignment	**15**	**1**	**–**	**–**	**16**
Transfers to concession rights *(note 9)*	**–**	**–**	**–**	**(16,792)**	**(16,792)**
At 31 December 2016, net of accumulated depreciation	**28,989**	**9,191**	**10,969**	**–**	**49,149**
At 31 December 2016:					
Cost	**57,333**	**17,406**	**38,973**	**–**	**113,712**
Accumulated depreciation	**(28,344)**	**(8,215)**	**(28,004)**	**–**	**(64,563)**
Net carrying amount	**28,989**	**9,191**	**10,969**	**–**	**49,149**

	Leasehold improvements *RMB'000* (Restated)	Furniture and equipment *RMB'000* (Restated)	Motor vehicles *RMB'000* (Restated)	Construction in progress *RMB'000* (Restated)	Total *RMB'000* (Restated)
31 December 2015					
At 1 January 2015:					
Cost	21,792	14,802	35,924	–	72,518
Accumulated depreciation	(18,534)	(8,855)	(23,896)	–	(51,285)
Net carrying amount	3,258	5,947	12,028	–	21,233
At 1 January 2015, net of accumulated depreciation	3,258	5,947	12,028	–	21,233
Additions	6,523	7,117	3,992	39,164	56,796
Transfer from construction in progress	21,790	–	–	(21,790)	–
Disposals	–	(564)	(19)	–	(583)
Depreciation provided during the year	(2,714)	(2,749)	(4,247)	–	(9,710)
Exchange realignment	15	1	–	–	16
Transfers to concession rights *(note 9)*	–	–	–	(16,809)	(16,809)
At 31 December 2015, net of accumulated depreciation	28,872	9,752	11,754	565	50,943
At 31 December 2015:					
Cost	50,152	17,036	36,731	565	104,484
Accumulated depreciation	(21,280)	(7,284)	(24,977)	–	(53,541)
Net carrying amount	28,872	9,752	11,754	565	50,943

9. CONCESSION RIGHTS

	RMB'000
31 December 2016	
Cost at 1 January 2016, net of accumulated amortisation	**1,556,960**
Additions	**339,107**
Transfer from construction in progress *(note 8)*	**16,792**
Disposals, impairment, write-off and write-down	**(6,208)**
Amortisation during the year	**(310,163)**
At 31 December 2016	**1,596,488**
At 31 December 2016:	
Cost	**4,189,256**
Accumulated amortisation	**(2,592,768)**
Net carrying amount	**1,596,488**
31 December 2015	
At 1 January 2015 (Restated):	
Cost	3,667,456
Accumulated amortisation	(2,171,995)
Net carrying amount	1,495,461
Cost at 1 January 2015, net of accumulated amortisation	1,495,461
Additions	330,040
Transfer from construction in progress *(note 8)*	16,809
Disposals, impairment, write-off and write-down	(5,703)
Amortisation during the year	(279,647)
At 31 December 2015	1,556,960
At 31 December 2015:	
Cost	3,866,932
Accumulated amortisation	(2,309,972)
Net carrying amount	1,556,960

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 ongoing 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 2016, the weighted average remaining term of the concession rights currently held by the Group was approximately six years. In terms of renewal rights, approximately 54% of the concession rights held by the Group, based on the total number of bus shelters granted to the Group, grant the Group the priority purchase 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.

10. LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Long-term prepayments amounting to RMB49,552,000 (31 December 2015: RMB45,809,000) 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 as at 31 December 2016 also included a deposit amounting to RMB6,300,000 (31 December 2015: RMB3,150,000) made to an independent third party for the purchase of bus shelters.

The balance as at 31 December 2016 also included a non-current portion of a prepaid bus shelter lease payment amounting to RMB4,537,000 (31 December 2015: RMB6,555,000) and a long-term rental deposit of RMB20,738,000 (31 December 2015: RMB18,849,000).

11. 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 diverse number of customers and are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the revenue recognition date, is as follows:

	2016 ***RMB'000***	2015 *RMB'000* (Restated)
Current to 90 days	**291,219**	289,437
91 days to 180 days	**234,973**	199,161
181 days to 360 days	**88,657**	94,376
Over 360 days	**34,599**	19,048
	649,448	602,022
Less: Provision for impairment of trade receivables	**(37,184)**	(26,322)
Total trade receivables, net	**612,264**	575,700

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

	2016 *RMB'000*	2015 *RMB'000* (Restated)
At 1 January	**26,322**	16,979
Impairment losses recognised *(note 4)*	**20,009**	13,404
Amount written off as uncollectible	**(9,147)**	(4,061)
At 31 December	**37,184**	26,322

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

	2016 *RMB'000*	2015 *RMB'000* (Restated)
Neither past due nor impaired	**526,192**	488,598
Less than 3 months past due	**72,211**	70,284
Over 3 months past due	**13,861**	16,818
	612,264	575,700

Receivables that were neither past due nor impaired relate to a diverse number of 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.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance of prepayments, deposits and other receivables for the year ended 31 December 2016 included a receivable from Hainan White Horse Advertising Co., Ltd. ("Hainan White Horse"), the non-controlling shareholder of WHA Joint Venture, amounting to RMB99,902,000 (31 December 2015: RMB79,938,000), which is unsecured, interest-free and has no fixed terms of repayment.

13. DUE FROM RELATED PARTIES

	2016 *RMB'000*	2015 *RMB'000* (Restated)
Guangdong White Horse Advertising Company Limited ("GWH")	**–**	1,729
Hainan White Horse Media Advertising Company Limited ("WHM")	**21,360**	87,709
White Horse (Shanghai) Investment Company Limited ("WSI")	**77,953**	–
	99,313	89,438

The balances with the related parties are unsecured, interest-free and repayable on demand.

An ageing analysis of the amounts due from GWH, WHM and WSI as at the end of the reporting period, based on the revenue recognition date, is as follows:

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Current to 90 days	**76,665**	70,075
91 days to 180 days	**20,228**	18,022
181 days to 360 days	**2,420**	1,341
Over 360 days	**–**	–
	99,313	89,438

14. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND RESTRICTED CASH

At the end of the reporting period, the Group's cash and bank balances, pledged deposits and restricted cash denominated in Renminbi ("RMB") and in Hong Kong dollars ("HK$") amounted to RMB434,866,000 (2015: RMB405,632,000) and RMB80,589,000 (2015: RMB173,164,000), respectively. 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 2016, the Group maintained less than 20% of the Group's total bank balances in any one bank.

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 2016, a bank balance of RMB1,285,000 (2015: RMB1,282,000) was frozen by one of the financial institutions which has commenced legal proceedings against the Company's subsidiary as disclosed in the "Contingent Liabilities" section of the announcement. The directors of the Company are of the view that the dispute will not have any material impact on the consolidated financial statements of the Group.

15. SHARE CAPITAL

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Shares		
Issued and fully paid:		
541,700,500 ordinary shares (2015: 541,700,500) of HK$0.1 each (2015: HK$0.1)	**56,945**	56,945

16. DIVIDENDS

	2016	2015
	RMB'000	*RMB'000*
		(Restated)
Special dividend — HK37 cents (2015: Nil) per ordinary share	**172,329**	–
Proposed final — HK17 cents (2015: HK16 cents) per ordinary share	**81,398**	72,614
	253,727	72,614

The special dividend of RMB172,329,000 (HK37 cents per share) was approved at the special general meeting on 7 September 2016 and it was paid in September 2016.

At the Board meeting held on 24 January 2017, the directors proposed a final dividend of HK17 cents per share (2015: HK16 cents per share) for the year ended 31 December 2016. This final dividend is equivalent to RMB81,398,000 (2015: RMB72,614,000) based on the 541,700,500 (2015: 541,700,500) outstanding shares. Subject to the approval by the shareholders at the forthcoming annual general meeting, the proposed dividends will be payable on Thursday, 13 July 2017 to the shareholders registered on the Register of Members on Thursday, 8 June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During 2016, economic growth in Mainland China continued to be moderate while the operating environment remained challenging and volatile. Late confirmation and last-minute cancellation of orders continued and had gradually evolved into an industry-wide phenomenon that participants were pushed to live with.

The strong demand from clients in the e-commerce and IT sectors continued. The revenue contribution from the e-commerce sector increased to 23% (2015: 16%) and that from the IT sector increased to 26% (2015: 14%). In particular, major clients in the e-commerce and internet sections were active and have increased their media spend throughout the year.

Meanwhile, in general, the advertisers from traditional industries stayed cautious with their advertising spend.

OPERATION OVERVIEW

Bus Shelter Advertising Business

As of 31 December 2016, Clear Media operated the most extensive standardized bus shelter advertising network in Mainland, with a total of more than 47,000 panels (end-2015: 45,000 panels) covering 24 cities. Our bus shelter advertising revenue, net of value added tax, increased by 8.2% to RMB1,608 million.

The average number of bus shelter panels increased by 7.1% during the year. Yield per shelter before value added tax ("yield") increased by 1.2%. The revenue growth was primarily driven by the increase in our average number of panels in operation during the year.

Key Cities

For the year ended 31 December 2016, the revenue from the top three cities Guangzhou, Shanghai and Beijing increased by 19.8% to RMB1,034.2 million (2015: RMB863.5 million) driven by a 9.7% increase in the average number of bus shelter panels and a higher yield per shelter of RMB56,845 (2015: RMB52,078).

Mid-tier Cities

The revenue from all mid-tier cities decreased by 5.6% to RMB659.8 million (2015: RMB699.2 million) due to a lower yield at RMB26,722 (2015: RMB29,799), despite the 5.2% increase in the average number of bus shelter panels.

Among the mid-tier cities where the Company operates, Shenzhen, Shenyang, Jinan, Dalian and Changchun performed particularly well during the year with double-digit growth in revenue.

Digital

As of 31 December 2016, we operated a total of 253 digital panels in Nanjing (2015: 254). Total sales generated from the digital operation amounted to RMB9.9 million (2015: RMB12.2 million).

FINANCIAL REVIEW

Turnover

The Group's total turnover increased by 8.2% to RMB1,607.8 million during the year ended 31 December 2016.

Other Income

Other income decreased from RMB8.0 million in 2015 to RMB4.2 million mainly due to lower bank fixed deposits interest income.

Expenses

During the year ended 31 December 2016, the Group's total direct operating costs, including rental, electricity and maintenance costs, and sales, cultural and other levies, increased by 5.9% to RMB586.3 million (2015: RMB553.9 million).

The rental costs for our core bus shelter advertising business increased by 11.8% during the year. The increase was mainly driven by the increase in the number of bus shelter panels. In addition, in last year we have reversed certain rent provisions amounting to RMB20.9 million made in the normal course of business which was subject to negotiations on an ongoing basis with the relevant authority. The reversal of such provision in 2016 was RMB7.2 million and not as significant as compared to last year.

Electricity costs decreased by 5.3% mainly due to the conversion of fluorescence light tubes to LED lighting structures which resulted in lower electricity consumption. The impact is partially offset by the increase in the number of bus shelter panels.

Cleaning and maintenance costs decreased by 1.8% mainly due to cost control and an adjustment to the ratio of cleaning and maintenance expenses subsidized by the Hainan White Horse Advertising Co., Ltd., (the "Hainan White Horse"), the non-controlling shareholder of Hainan White Horse Advertising Media Investment Company Limited (the "WHA Joint Venture"). This cleaning and maintenance subsidy arrangement was made and has been in effect since 2001 as part of the pre-listing re-organization exercise and is based on a certain percentage of the cleaning and maintenance cost. The ratio is negotiated on a yearly basis, with an aim to match the subsidy payable by Hainan White Horse to the cleaning and maintenance entity against the dividend attributable to this non-controlling shareholder. The cleaning and maintenance subsidy increased by 26.4% to RMB39.8 million (2015: RMB31.5 million). The impact is partially offset by the increase in the number of bus shelter panels.

Total selling, general and administrative expenses, excluding depreciation and amortization, increased by 11.0% to RMB314.7 million in 2016 mainly due to salary increase, higher office rental expenses and higher provision of bad debt. In addition, there was a reversal of the cash-settled share-based payment expenses amounting to RMB7.3 million in 2015. There was no such reversal in 2016.

EBITDA

The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 8.9% to RMB700.9 million (2015: RMB643.6 million) mainly due to higher turnover of the core bus shelter advertising business during the year. EBITDA margin slightly increased to 43.6% (2015: 43.3%).

A reconciliation of the Group's profit before tax to EBITDA is as follows:

	2016 ***RMB'000***	2015 *RMB'000*
Profit before tax	**379,013**	360,429
Add:		
— Finance costs	**1,327**	1,823
— Depreciation of property, plant and equipment	**14,656**	9,710
— Amortisation of concession rights	**310,163**	279,647
Subtotal	**326,146**	291,180
Less:		
— Interest income	**(4,248)**	(7,978)
EBITDA	**700,911**	643,631

EBIT

The Group's earnings before interest and tax ("EBIT") increased by 6.2% to RMB376.1 million for the year from RMB354.3 million in 2015 following the higher EBITDA during the year.

Finance Costs

During the year, the Group carried no debt, hence the finance costs incurred were minimal at RMB1.3 million (2015: RMB1.8 million).

Taxation

According to the PRC Enterprise Income Tax Law effective from 1 January 2008, the WHA Joint Venture, an indirect majority-owned subsidiary of the Company established in the Hainan Special Economic Zone of the PRC, was subject to a corporate income tax of 25% (2015: 25%) on its assessable profits arising in the PRC for the year 2016.

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.

Income tax expense of the Group increased to RMB106.6 million for the year ended 31 December 2016 from RMB97.4 million in 2015. This was mainly due to the increase in assessable profits of the core bus shelter advertising business during the year.

As at 31 December 2016, the Group recognized a deferred tax liability of RMB8.0 million (31 December 2015: RMB17.3 million) in respect of the withholding tax on future dividend distribution by WHA Joint Venture. The decrease in the balance is due to declaration of dividend from WHA Joint Venture to the Company during the year.

Net Profit

Net profit attributable to owners of the parent increased by 6.4% to RMB242.9 million (2015: RMB228.2 million) for the year ended 31 December 2016, while the net profit margin slightly decreased to 15.1% (2015: 15.4%).

Net profit attributable to non-controlling interests decreased by 15.2% to RMB29.5 million (2015: RMB34.8 million). In 2015, certain realized exchange gains were recognized by our China subsidiary, WHA Joint Venture and this has resulted in higher net profit attributable to the non-controlling interest. There were no such exchange gain recognized in 2016.

Cash Flow

Net cash flows from operating activities increased by 10.5% to RMB496.2 million for the year ended 31 December 2016 from RMB448.9 million in the previous year. The increase was due mainly to the higher operating profit for the year and the effect of working capital changes including a lower level of increase in account receivables balances and amounts due from the related parties as compared with last year. The impact is partially offset by the higher income taxes paid during the year.

Net cash flows used in investing activities decreased to RMB300.0 million for the year ended 31 December 2016 from RMB413.9 million in the previous year. Main bulk of the inventory expansion in 2015 relates to acquisition of shelters from third parties which required settlement within the year whilst in 2016, a higher percentage of the inventory addition was in the form of organic expansion and has longer payment terms.

Net cash flows used in financing activities amounted to RMB266.2 million for the year ended 31 December 2016. This was mainly due to the 2015 final and special dividends paid to the shareholders of the Group 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 RMB301.7 million for the year ended 31 December 2016 compared to RMB142.5 million in the previous year. The increase was mainly due to a higher EBITDA generated during the year, and lower payments of capital expenditure than the previous year.

Trade Receivables

The Group's accounts receivable balance due from third parties increased by 6.4% to RMB612.3 million as at 31 December 2016 from RMB575.7 million as at 31 December 2015. The outstanding balances in the 91 to 180 days category increased by RMB35.8 million, following the higher sales in 2016. Outstanding balances in the over 360 days category increased by RMB15.6 million, mainly due to slower repayment from certain major customers. None of the accounts receivable was due from connected persons, as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Accounts receivable from GWH, WHM and WSI 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 relate to a large number of different customers.

The average accounts receivable outstanding days, on a time weighted basis, slightly increased to 119 days for the current year from 117 days in the previous year. As at 31 December 2016, the provision for impairment of accounts receivable increased to RMB37.2 million from RMB26.3 million as at 31 December 2015 mainly due to the slower collection from customers and increase in balance in the more than 12 months category during the year. Based on the customers' credential and past payment history, management is of the view that the provision level is adequate as of 31 December 2016. We will continue to closely monitor the accounts receivable balance and ensure the level of provision is appropriate and prudent.

Due from Related Parties

As at 31 December 2016, the amounts due from GWH, WHM and WSI increased to RMB99.3 million from RMB89.4 million as at 31 December 2015. The main bulk of the increase was in the current to 90 days category following the higher sales sourced from WHM and WSI. Average balance due from related parties outstanding days, on a time-weighted basis, decreased to 77 days for the current year from 81 days in the previous year. We will continue to work closely with WHM and WSI to expedite collection.

Prepayments, Deposits and Other Receivables

The Group's total prepayments, deposits and other receivables as at 31 December 2016 increased to RMB159.1 million from RMB119.8 million as at 31 December 2015.

The balance as at 31 December 2016 included a receivable from Hainan White Horse, the non-controlling shareholder of the WHA Joint Venture, amounting to RMB99.9 million (31 December 2015: RMB79.9 million), which is unsecured, interest-free and has no fixed terms of repayment.

The increase in prepayments, deposits and other receivables was mainly due to the increase of bus shelter rental prepayments, and the increase of the receivable from Hainan White Horse during the year for the cleaning and maintenance expenses subsidized as disclosed in the "Expenses" paragraph.

Long-term Prepayments, Deposits and Other Receivables

The Group's total long-term prepayments, deposits and other receivables as at 31 December 2016 increased to RMB81.1 million from RMB74.4 million as at 31 December 2015.

The increase in long-term prepayments, deposits and other receivables was mainly due to a deposit amounting to RMB3.2 million made to an independent third party for the acquisition of bus shelter during the year, and long-term deposits amounting to RMB3.7 million 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.

Other Payables and Accruals

The Group's total payables and accruals as at 31 December 2016 were RMB599.8 million, compared to RMB541.2 million as at 31 December 2015. The higher payables and accruals balances was mainly due to increase in capital expenditure related payables, partially offset by lower direct costs payables. We consider it 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 2016, the Group's total assets amounted to RMB3,112.9 million, a 2.2% increase from RMB3,046.0 million, as at 31 December 2015. The Group's total liabilities increased to RMB757.3 million as at 31 December 2016, from RMB697.5 million as at 31 December 2015. Net assets as at 31 December 2016 slightly increased by 0.3% to RMB2,355.5 million from RMB2,348.5 million as at 31 December 2015. This was mainly due to the retention of the net profit earned in the year ended 31 December 2016, partially offset by the 2015 final and special dividends paid to the shareholders of the Group. Net current assets decreased from RMB754.1 million as at 31 December 2015, to RMB704.8 million as at 31 December 2016.

As at 31 December 2016, the Group's total cash and bank balances amounted to RMB514.2 million (31 December 2015: RMB577.5 million).

Share Capital and Shareholders' Equity

Total issued and fully paid share capital remained at RMB56.9 million as at 31 December 2016. Total shareholders' equity for the Group as at 31 December 2016 slightly increased by 0.3%, to RMB2,355.5 million, from RMB2,348.5 million as at 31 December 2015. The Group's reserves as at 31 December 2016 amounted to RMB2,188.5 million, a 0.4% increase over the corresponding balance of RMB2,180.8 million as at 31 December 2015. This was mainly due to the retention of the net profit earned in the year ended 31 December 2016, partially offset by the 2015 final and special dividends paid to the shareholders of the Group. 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 are denominated in RMB. As at the date of this announcement, 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.

Exchange Rate

For the purpose of presenting the consolidated financial statements of the Group in RMB, the Group used the following exchange rates to translate HK$ to RMB:

	2016	**2015**	**2014**
Closing exchange rates used to translate the assets and liabilities for the consolidated statement of financial position	0.8954	0.8378	0.8002
Average exchange rates used to translate income and expense for the consolidated statement of profit or loss and consolidated statement of comprehensive income	0.8602	0.8126	0.7987

Liquidity, Financial Resources, Borrowing and Gearing

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

As of 31 December 2016, the Group's total cash and cash equivalents amounted to RMB514.2 million (RMB577.5 million as at 31 December 2015). The Group had no short term or long-term debt outstanding as at 31 December 2016 (31 December 2015: Nil).

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

Capital Expenditure

For the year ended 31 December 2016, the Group invested RMB355.3 million in the construction of bus shelters and acquisition of concession rights, and RMB13.4 million on fixed assets, compared to RMB347.4 million and RMB39.4 million, respectively, in 2015.

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 2016, the Group had a total of 584 employees, a slight decrease of 0.2% compared to 31 December 2015. Total wages and salaries increased by 5.7% year-on-year mainly due to salary increments.

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 2016, a bank balance of RMB1.3 million (31 December 2015: RMB1.3 million) was frozen in respect of a legal claim discussed in the "Contingent Liabilities" paragraph below.

Capital Commitments

As at 31 December 2016, the Group had capital commitments contracted but not provided for in relation to the construction of bus shelters amounting to RMB0.1 million (31 December 2015: RMB1.3 million).

Contingent Liabilities

During 2014, a supplier of the Group in China (the "Supplier") factored its accounts receivable allegedly due from the Group (the "Accounts Receivable") under certain supply contracts (the "Purported Supply Contracts") to certain financial institutions in China. Whilst the Purported Supply Contracts were allegedly entered into with a subsidiary of the Company, the Group has confirmed that none of them is an authentic supply contract to which it is a party. When the Accounts Receivable remained unpaid, the financial institutions commenced legal proceedings against, among others, the Company's subsidiary to recover an aggregate amount of approximately RMB115 million. As of the date of this announcement, the trial dates for these legal proceedings had yet to be fixed. As the Group confirmed that it had not entered into any of the Purported Supply Contracts, the Group treated the Purported Supply Contracts as contractual fraud and reported the cases to the competent police authority. The directors, taking into account the advices from the Group's legal counsel, believe that the Group has a valid defence in law to the allegations against it and, accordingly, have not provided for any potential claim arising from the litigation, other than the related legal and other costs.

On 8 January 2016, the Group received a notice from a District Court in the PRC (the "Court") stating that a plaintiff has initiated legal action against the Supplier and that the Court has ruled in such plaintiff's favour and has frozen the Supplier's right to receive payment from the Group for the settlement of any outstanding liability between the Supplier and the Group. Total outstanding liability owed by the Group to the Supplier was RMB31.6 million. The Court has issued a compulsory order requiring the Group to remit an outstanding sum of about RMB17.6 million into the bank account of the Court. On 5 August 2016, the Court issued another compulsory order requiring the Group to remit the remaining outstanding sum of about RMB14.0 million owed by the Group to the Supplier to the bank account of the Court. The directors, taking into consideration the advice of the Group's legal counsel, believe that this development will not result in the Group being liable for additional liability exceeding the outstanding liability already taken up in the account under other payables and accruals, between the Supplier and the Group.

FINANCIAL KEY PERFORMANCE INDICATOR

EBITDA as the financial key performance indicator

EBITDA is the Group's earnings before interest, tax, depreciation and amortization. The Company uses the Group's EBITDA as the financial key performance indicator. The Company's aim is to increase the Group's EBITDA. We monitor the Group's EBITDA periodically and make comparison with that in the same period of the previous year as a measure of the performance. Details of the Group's EBITDA are set out in the "EBITDA" section.

Environmental Policies and Compliance

We are committed to minimizing the impact of our activities on the environment. To this end, various impact assessments have been undertaken and policies created which are in line with international best practices and long term sustainability.

The core values of our environmental policy are to meet all the environmental legislations that relate to our operations.

In addition to full compliance with all laws relevant to sustaining and improving the environment, we are committed to deploying ecologically friendly construction techniques, materials and operational procedures.

The energy consumed by bus shelter panel accounts for almost 95% of the Group's energy consumption. In order to reduce electrical consumption for bus shelter panel while preserving illumination for public safety, we have gradually reduced the number of fluorescent tubes usage and increased the use of LED lighting structures. The LED lighting structures offer energy savings of more than 50% compared to the use of fluorescent tube. In addition to using LED lighting structures on all new shelters built in 2016, we have also converted about 20% of our existing bus shelter panels to LED lighting structures during the year. As of 31 December 2016, about 66% (2015: 43%) of our total bus shelter panels are with LED lighting structures and we plan to gradually increase the ratio in the next few years.

In addition, we have installed light controllers and auto timers into many of the lightbox structures which help to reduce electrical consumption.

KEY RELATIONSHIPS

Relationships with Vendors

We have established relationships with over 12 major suppliers for the construction and supply of bus shelters and other outdoor media. Except for one vendor who has allegedly engaged in certain fraudulent activities as set out in the "Contingent Liabilities" section and was replaced with other third party suppliers, we have no major events affecting our relationships with our suppliers. An annual internal evaluation, led by our Engineering Department, is performed to measure the financial, technical, quality and logistics performance of these suppliers.

Relationships with Employees

During the year, we are not aware of any major event affecting our relationships with our employees.

Relationships with Customers

Our sales team interact closely with advertising clients' marketing personnel and their advertising agents. In addition, our sales team identify new advertising clients every year. During the year, the total number of advertising clients slightly decreased to 776 from 839 in 2015.

OUTLOOK

The operating environment is expected to remain challenging for 2017. Management expects the revenue performance from customers in different industries to be mixed. We expect a high level of advertising activities from the e-commerce, smart phone and mobile applications sectors.

We expect to maintain our capital expenditure budget for 2017 at a similar scale to 2016 as we continue to identify acquisition opportunities in major cities and new cities to extend the breadth and depth of the reach of our networks, capitalizing on the favorable asset price levels. Such capital expenditure is expected to be funded from the cash on the balance sheet and the Company's future operating cash flows.

In the long run, Clear Media maintains its optimistic stance towards prospects of the out-of-home advertising sector in China on the back of the country's persisting growth in consumer spending and continuing urbanization.

SUPPLEMENTARY INFORMATION

Purchase, Sale or Redemption of Shares

The Group has not redeemed any of its listed shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed shares during the year.

Corporate Governance

The Group is committed to achieving high standards of corporate governance which we believe are crucial to the development of the Group and to the safeguarding of the interests of our shareholders.

The Audit Committee comprises four non-executive Directors, three of whom are independent. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also discussed the year end closing and internal audit process, internal control and financial reporting matters for the year ended 31 December 2016 with management, the internal auditor and the external auditor. The Audit Committee has also reviewed the annual results for the year ended 31 December 2016.

The Company has adopted the terms of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

During the period from 1 January 2016 to 31 December 2016, the Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

In the opinion of the Board, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules during the year ended 31 December 2016. Upon specific enquiry with all Directors, the Board is not aware of any non-compliance with the Model Code throughout the fiscal year ended 31 December 2016.

BOOK CLOSURE FOR ENTITLEMENT TO THE PROPOSED FINAL DIVIDEND

The Register of Members of the Company will be closed from Tuesday, 6 June 2017 to Thursday, 8 June 2017 both days inclusive, during which period no share transfers can be registered. In order to qualify for the abovementioned final dividend (which are subject to approval by shareholders at the forthcoming Annual General Meeting of the Company to be held on Thursday, 25 May 2017), all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 5 June 2017.

By Order of the Board
Clear Media Limited
Joseph Tcheng
Chairman

Hong Kong, 24 January 2017

This announcement can also be accessed through our internet site at www.clear-media.net, www.irasia.com/listco/hk/clearmedia and the designated issuer website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk. The 2016 annual report of the Company containing financial statements and notes to the financial statements will be dispatched to the shareholders of the Company and will be published on the above websites in due course.

As at the date of this announcement, the Directors of the Company are:

Executive Directors:
Mr. Joseph Tcheng
Mr. Han Zi Jing
Mr. Teo Hong Kiong
Mr. Zhang Huai Jun

Non-executive Directors:
Mr. William Eccleshare
Mr. Peter Cosgrove
Mr. Zhu Jia
Mr. Cormac O'Shea

Independent Non-executive Directors:
Mr. Wang Shou Zhi
Ms. Leonie Ki Man Fung
Mr. Thomas Manning
Mr. Robert Gazzi

Alternate Directors:
Mr. Zou Nan Feng (Alternate to Mr. Zhang Huai Jun)