CONNECTING BUSINESSES & PEOPLE WITH SOLUTIONS

ANNUAL REPORT **2017**

CLEAR MEDIA LIMITED
白馬戶外媒體有限公司

Stock code: 100

Linking Businesses

Clear Media is the largest operator of bus shelter advertising panels in China, with leading market shares more than 70% in top-tier cities, and broad presence in the fastest growing cities across the country. We provide one-stop solutions for nationwide advertising campaigns to our customers.

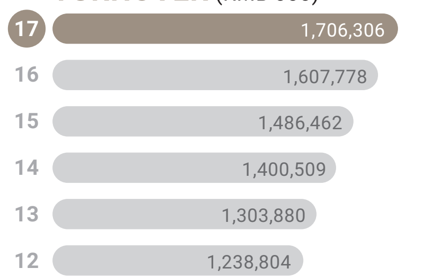
Clear Media's shares have been listed on the Main Board of The Stock Exchange of Hong Kong since 2001 under the stock code 100. Its largest shareholder is Clear Channel Outdoor (NYSE:CCO), one of the world's largest outdoor media companies.

Connecting People

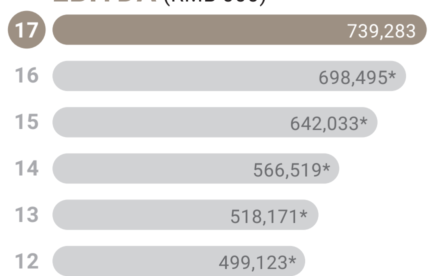
CONTENT

FINANCIAL HIGHLIGHTS

TURNOVER (RMB'000)



EBITDA (RMB'000)



* Figures restated

BRIDGING WITHOUT BOUNDARIES

	2017	2016 (Restated)
FULL YEAR RESULTS (RMB'000)		
Turnover	**1,706,306**	1,607,778
EBITDA	**739,283**	698,495
Operating profit	**395,947**	373,676
Net profit	**243,314**	240,727
Basic EPS (RMB)	**0.4492**	0.4444
BALANCE SHEET DATA (RMB'000)		
Cash and cash equivalents	**337,423**	441,540
Total assets	**3,144,848**	3,040,230
Total liabilities	**823,527**	757,331
Equity attributable to equity holders of the parent	**2,208,920**	2,180,047
CASH FLOW DATA (RMB'000)		
Cash generated from operations	**709,661**	599,516
Net decrease in cash and cash equivalents	**(92,469)**	(72,367)
Free cash flow	**214,333** *	299,311 *
FINANCIAL RATIOS		
Current ratio	**1.78 times**	1.93 times
EBITDA margin	**43.3%**	43.4%
Net profit margin	**14.3%**	15.0%
Debt-to –equity-ratio	**0.0%**	0.0%

* 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 expenses.

FACT SHEET AT A GLANCE

Shareholder Information as at 31 December 2017

50.42%
Clear Channel KNR Neth Antilles NV

18.88%
International Value Advisers, LLC

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 2017	541,700,500 shares
Market Capitalization	
• as at HK$7.77 per share (based on closing price on 29 December 2017)	HK$4,209 million (approximately US$541 million)
Stock Code	
• Hong Kong Stock Exchange	100
• Reuters	0100.HK
• Bloomberg	100 HK
Financial Year End	31 December

GO WITH CONFIDENCE

CHAIRMAN'S STATEMENT

CATCH YOUR EYE

Dear Shareholders,

I am pleased to report another year of new revenue record at RMB1,706.3 million, up 6.1% year on year. During the first quarter of 2017, the relatively early Chinese New Year and the postponement of marketing campaigns by certain key customers posed challenges for our sales team. Sales growth resumed in the second quarter with improved momentum and this growth trend continued into third and fourth quarters. We continued to see increase in demand from e-commerce, smartphone and mobile applications sectors. In addition, the revenue contribution from business/consumer services, transportation and telecommunications also increased. The advertisers from other traditional industries remained cautious with their marketing spend.

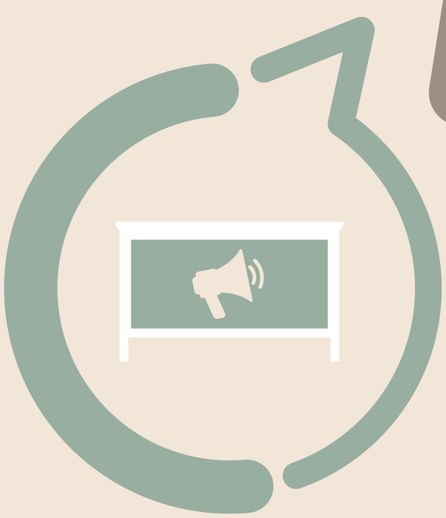
We are pleased to have won the public tenders for the concession rights in Guangzhou and Ningbo during 2017. We also completed the acquisitions of new concession rights in Changsha, Urumqi and Kunming. These newly secured concession rights would help broaden our asset base and improve our competitive position.

Our Board of Directors recommended payment of a final dividend of 17 HK cents per share for 2017, which together with the special dividend of 27 HK cents per share paid on 31 July 2017, will bring the total dividend per share to 44 HK cents per share for the year. The dividend payment will also represent a payout ratio of 30.4%.

The Board of Directors, through the announcements dated 2 January 2018, 8 February 2018 and 19 March 2018 informed the shareholders and potential investors that there had been misappropriation of certain funds. Since the announcement dated 2 January 2018, a special committee was established to (i) vigorously pursue all available remedies and options to recover any loss and minimize any damage caused by the misappropriation; (ii) consider the engagement of external professional parties to conduct a forensic investigation on the misappropriation and (iii) review the internal control systems of the Group to prevent similar incidents from taking place again. The Company has put in place enhanced internal control measures on monitoring cash payments and cash balances at banks. An independent external law firm and an independent accounting firm have been engaged to conduct a forensic investigation and to assist the special committee of the Company in investigating matters arising from the misappropriation and other related matters. The misappropriation of funds has been referred to the police for investigation.

Based on the investigation conducted so far, management expects the misappropriation has the effect of reducing the Group's cash and cash equivalents as of 31 December 2017 by approximately RMB76.7 million in total. Approximately 5.3% of the total misappropriated amounts was accounted for as a reduction in the profit for the year in the Company's consolidated statement of profit and loss for the year ended 31 December 2017 whilst the remainder of the adjustments were made to the prior years' profits because the misappropriation occurred mainly in prior years.

The impact of the misappropriation to the financial statements of the Group is set out in the "Loss on misappropriation of funds", prior year adjustments and restatements section on pages from 82 to 88 of this report.



CONVEYING INNOVATIVE IDEAS

During the process of the Company's investigation, which is still ongoing, it was discovered that there were three bank accounts opened in the name of certain members of the Group, which were not authorised, with certain transactions recorded therein. Two of the bank accounts have been closed and the other one is still open. As of the date of this report, the management of the Company is not aware of any liability attaching to those accounts. The matters have also been referred to the police for investigation.

Following the discovery of the misappropriation, the Company has enhanced a number of control measures which have focused on payments, bank balances and the control of the Company's chops. The Board considers that the measures adopted and being implemented are appropriate.

As noted above, the Company has also engaged an independent external law firm and an independent accounting firm to conduct a forensic investigation. An independent accounting firm was engaged to perform incremental and substantive testing of the Company's financial statements for the last 3 years and there were no material adverse findings. In addition, the Company has formed a special committee to conduct a thorough review of the Company's financial systems and controls to develop further enhancements to those controls. This committee will report to the Audit Committee.

We recently made an announcement that Mr. Teo Hong Kiong, our Chief Financial Officer of the Group, passed away. In his almost twenty years of loyal service, Mr. Teo demonstrated high integrity, strong sense of responsibility, professional skill, perseverance, dedication to his work and the Group, with warmth and collegiality to his colleagues. He will be sorely missed.

Looking ahead to 2018, we are cautiously optimistic about the overall operating environment. Management expects the revenue contribution from the new economy industries to perform relatively well and the revenue performance from traditional industries to be mixed.

I would like to thank our Board, management and staff for their dedication to our company. We are committed to a high standard of compliance, to enhance our advertising networks for advertisers to promote their products and services with professional service standards and to optimize our return to shareholders.

Yours sincerely,
Joseph Tcheng
Chairman

The economic growth in Mainland China continued to be moderate while the operating environment remained challenging and volatile in 2017. Late confirmation and last-minute cancellation of orders continued to be common. During the first quarter of 2017, the relatively early Chinese New Year and the postponement of the marketing campaigns by certain key customers posed challenges for our sales team. Sales growth resumed with improved momentum in the second quarter and this sales trend continued into the third and fourth quarters.

As of 31 December 2017, we operated the most extensive standardized bus shelter advertising network in Mainland, with a total of more than 51,000 panels (end-2016: 47,000 panels) covering 24 cities. Our bus shelter advertising revenue, net of value added tax, increased by 6.1% to RMB1,706.3 million. Yield per shelter before value added tax ("yield") increased by 6.2% and the average number of bus shelter panels remained comparable to that in 2016. The revenue growth was mainly driven by the increase in yield during the year.

The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 5.8% to RMB739.3 million (2016: RMB698.5 million*) mainly due to higher turnover of the core bus shelter advertising business during the year. The Group's earnings before interest and tax ("EBIT") increased by 6.0% to RMB395.9 million for the year from RMB373.7 million* in 2016 following the higher EBITDA during the year. Net profit attributable to owners of the parent increased by 1.1% to RMB243.3 million (2016: RMB240.7 million*) for the year ended 31 December 2017.

For the year ended 31 December 2017, the revenue from the top three cities Guangzhou, Shanghai and Beijing increased by 6.7% to RMB1,103.4 million (2016: RMB1,033.7 million) driven by a 6.4% increase in the average number of bus shelter panels. The yield per panel increased to RMB56,997 (2016: RMB56,821).

The revenue from all mid-tier cities increased by 5.1% to RMB694.1 million (2016: RMB660.3 million) due to a higher yield at RMB29,543 (2016: RMB26,740), despite the 4.9% decrease in the average number of bus shelter panels. Among the mid-tier cities where the Company operates, Nanjing, Wuhan, Changsha, Zhengzhou, Wuxi, Hangzhou, Dalian and Shenzhen performed particularly well during the year with double-digit growth in revenue.

As of 31 December 2017, we operated a total of 249 digital panels in Nanjing (2016: 253). Total sales generated from the digital operation net of value added tax amounted to RMB10.4 million (2016: RMB9.3 million).

Management is cautiously optimistic about the overall operating environment in 2018. The revenue performance from the new economy industries is expected to perform relatively well.

We expect to maintain our capital expenditure budget for 2018 at a similar scale to 2017 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 favourable 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.

Han Zi Jing
Chief Executive Officer

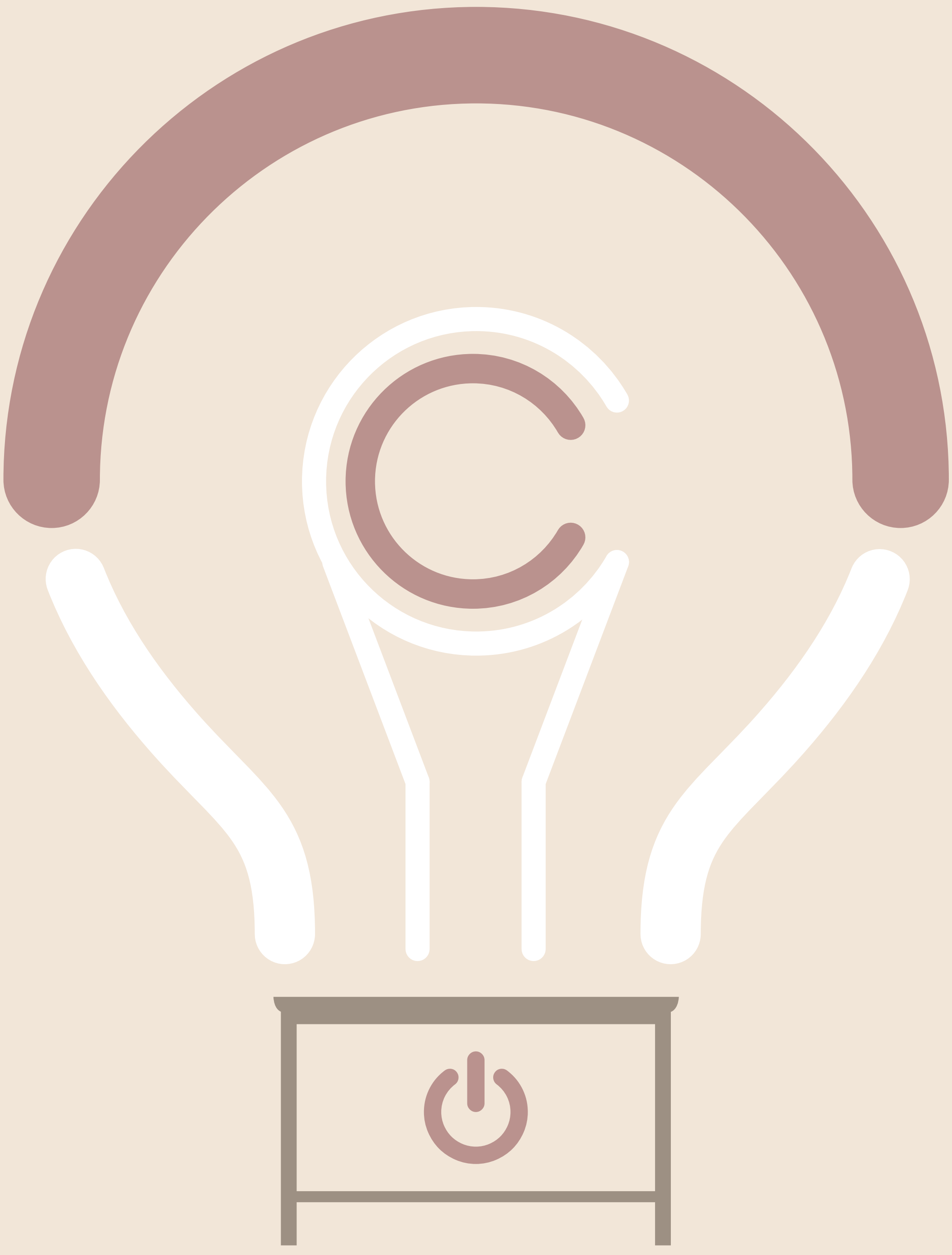
* Figures restated

ASSEMBLY OF IDEAS

DESCRIPTION OF THE BUSINESS AND COMPETITIVE POSITION

Clear Media is the largest bus shelter advertising panel operator in China. We have a portfolio of concession rights contracts signed with the local transportation authority of the cities that we operate in. In a typical multiyear concession rights contract, we are obligated to install new bus shelters, pay rental for and maintain the bus shelters under our management; and power up the bus shelter lighting facilities at night in exchange for the right and autonomy to sell the advertising panel on these bus shelters. The actual terms of the concession rights contracts can vary from contract to contract. As of 31 December 2017, the weighted average remaining term of the concession rights held by us was approximately six years.

We operate more than 51,000 bus shelter advertising panels in 24 cities across China. We have market share of more than 70% in key cities, including Beijing, Shanghai and Guangzhou. During the year, the total revenue from these key cities accounted for more than half of the total bus shelter revenue. Our bus shelter panel advertising space is mostly sold to both local and international advertisers through their advertising agents with our sales people working with both the agents and the advertisers. A typical market campaign is two-week long but it can be longer than two weeks depending on advertisers' decisions.



GLOWING WITH BRIGHT IDEAS

INDUSTRY OVERVIEW

The economic growth in Mainland China continued to be moderate while the operating environment remained challenging and volatile in 2017. Late confirmation and last-minute cancellation of orders continued to be common. During the first quarter of 2017, the relatively early Chinese New Year and the postponement of the marketing campaigns by certain key customers posed challenges for our sales team. Sales growth resumed with improved momentum in the second quarter and this sales trend continued into the third and fourth quarters.

The demand from clients in the e-commerce and IT digital product sectors continued to grow. During 2017, the revenue contribution from the e-commerce sector increased to 29% (2016: 23%) and that from the IT digital product sector increased to 28% (2016: 26%). New customers from the e-commerce sector were added to our client base. The revenue performance from the traditional industries was mixed. The revenue contribution from business/consumer services sector increased to 5% (2016: 4%) and that from transportation industry rose to 4% (2016: 2%).

The advertisers from other traditional industries remained cautious with their marketing spend.

STRATEGY

Strategic Expansion

Our key strategy is to continue to expand our bus shelter advertising panel network in China in selected cities that will mean long-term strategic value to our business. The strategic value includes profitability, growth prospects, competitive position and customer needs.

Customer Focus and Customer Relations Management

Our key focus is on providing professional services to all customers, including those represented by the 4As. More than 400 sales personnel service both our customers and their advertising agencies directly. We will maintain close ties with the customers to constantly obtain feedback on the quality of advertising campaign and services rendered, provide market research conducted either by independent research companies or jointly by the customers and us to assess the effectiveness of the campaign, and also implementing internal control procedures to monitor the quality of sales services provided.

STRATEGY

Product Quality and Innovation

We work towards maintaining high quality of bus shelters with format as standardized nationwide as practicable. We implement bus shelter refurbishment plans, when needed, to upgrade the quality of our bus shelters. Our management monitors new technology in the outdoor industry in local and international street furniture markets. Our first digital advertising panel was launched in the second half of 2014 and we now operate more than 249 digital panels in Nanjing.

Financial Discipline and Efficiency

We have strict discipline in managing our financial resources and capital investment. Our Capital Expenditure Committee regularly reviews and recommends our capital expenditure projects typically including our concession rights renewal and acquisitions, major bus shelter refurbishment and digital panel expansion plans. Our Cash Committee from time to time reviews our expected cash needs and evaluate the adequacy and the options for utilization of the Group's cash with a view to enhance shareholders' interests, and make related recommendations to the Board.

We are a net cash company with total cash and cash equivalents at RMB337.4 million as of 31 December 2017. Details of the currencies in which cash and cash equivalents are held are set out in note 21 to the financial statements. We have a policy for prudent management of our cash and cash equivalents the bulk of which were placed as bank deposits with various commercial banks in Hong Kong and China. We have a policy of restricting our cash deposits placed with any one particular bank to be less than 20% of our total cash and cash equivalents. Our Audit Committee reviewed the list of our bank deposits and the credit ratings of the underlying banks during the year.

PRINCIPAL RISKS

The principal risks that the Group has been facing are set out in the "Corporate Governance Report" section on page 44.

Geographical Location in 2017

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS HAVING A SIGNIFICANT IMPACT ON THE COMPANY

Our bus shelter operations in 24 cities in China are subject to various laws, regulations, policies and directives from the central and local government departments in China. During the year ended 31 December 2017, we are not aware of any material non-compliance with any laws or regulations in China. Any unfavorable change in the related laws, regulations, policies or directives from the central or local government departments may adversely affect our bus shelter operations and our financial performance.

OPERATION OVERVIEW

Bus Shelter Advertising Business

As of 31 December 2017, Clear Media operated the most extensive standardized bus shelter advertising network in Mainland, with a total of more than 51,000 panels (end-2016: 47,000 panels) covering 24 cities. Our bus shelter advertising revenue, net of value added tax, increased by 6.1% to RMB1,706.3 million.

Yield per shelter before value added tax ("yield") increased by 6.2% and the average number of bus shelter panels remained comparable to that in 2016. The revenue growth was mainly driven by the increase in yield during the year.

Key Cities

For the year ended 31 December 2017, the revenue from the top three cities Shanghai, Guangzhou and Beijing increased by 6.7% to RMB1,103.4 million (2016: RMB1,033.7 million) driven by a 6.4% increase in the average number of bus shelter panels.

Mid-tier Cities

The revenue from all mid-tier cities increased by 5.1% to RMB694.1 million (2016: RMB660.3 million) due to a higher yield at RMB29,543 (2016: RMB26,740), despite the 4.9% decrease in the average number of bus shelter panels.

Among the mid-tier cities where the Company operates, Nanjing, Wuhan, Changsha, Zhengzhou, Wuxi, Hangzhou, Dalian and Shenzhen performed particularly well during the year with double-digit growth in revenue.

Digital

As of 31 December 2017, we operated a total of 249 digital panels in Nanjing (2016: 253). Total sales generated from the digital operation net of value added tax amounted to RMB10.4 million (2016: RMB9.3 million).

FINANCIAL REVIEW

Turnover

The Group's total turnover increased by 6.1% to RMB1,706.3 million during the year ended 31 December 2017.

Other Income

Other income decreased from RMB4.2 million in 2016 to RMB3.9 million mainly due to lower bank fixed deposits interest income.

Expenses

During the year ended 31 December 2017, the Group's total direct operating costs, including rental, electricity and maintenance costs, and sales, cultural and other levies, increased by 4.7% to RMB614.0 million (2016: RMB586.3 million).

The rental costs for our core bus shelter advertising business increased by 9.7% during the year. The increase was mainly driven by the increase in the number of bus shelter panels and higher rental rates in certain cities upon contract renewal. The increase was partially offset by higher levels of reversal of certain rent provisions made in the normal course of business which were subject to negotiations on an ongoing basis with the relevant authority. The reversal of such provision in 2017 was RMB13.7 million whilst such reversal was RMB7.2 million in 2016.

Electricity costs decreased by 27.5% mainly due to the conversion of fluorescence light tubes to LED lighting structures which resulted in lower electricity consumption and the reversal of certain electricity provisions made in the normal course of business and in prior period which have been overdue for certain time period with no recourse. The impact is partially offset by the increase in the number of bus shelter panels.

Cleaning and maintenance costs increased by 3.1% mainly due to the increase in the number of bus shelter panels and a revision to the standard maintenance fee. The increase was partially offset by an adjustment to the ratio of cleaning and maintenance expenses subsidized by Hainan White Horse Advertising Co., Ltd., ("Hainan White Horse"), the non-controlling shareholder of 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 28.7% to RMB51.2 million (2016: RMB39.8 million).

Total selling, general and administrative expenses, excluding depreciation and amortization, increased by 10.4% to RMB347.3 million in 2017 (2016: RMB314.7 million) mainly due to higher provision of bad debt and salary increase.

Other expenses decreased from RMB5.8 million in prior year to RMB1.7 million in 2017 mainly due to lower impairment and write-down expenses of concession rights and lower loss on disposal of concession rights.

Loss on misappropriation of funds

The Board of Directors, through the announcements dated 2 January 2018, 8 February 2018 and 19 March 2018, informed the shareholders and potential investors that there had been misappropriation of certain funds. Since the announcement dated 2 January 2018, a special committee was established to (i) vigorously pursue all available remedies and options to recover any loss and minimise any damage caused by the misappropriation; (ii) consider the engagement of external professional parties to conduct a forensic investigation on the misappropriation and (iii) review the internal control systems of the Group to prevent similar incidents from taking place again. The Company has put in place enhanced internal control measures on monitoring cash payments and cash balances at banks. An independent external law firm and an independent accounting firm have been engaged to conduct a forensic investigation and to assist the special committee of the Company in investigating matters arising from the misappropriation and other related matters. The misappropriation of funds has been referred to the police for investigation.

Based on the investigation conducted so far, management expects the misappropriation has the effect of reducing the Group's cash and cash equivalents as of 31 December 2017 by approximately RMB76.7 million in total. Approximately 5.3% of the total misappropriated amounts was accounted for as a reduction in the profit for the year in the Company's consolidated statement of profit or loss for the year ended 31 December 2017 whilst the remainder of the adjustments were made to the prior years' profits because the misappropriation occurred mainly in prior years.

The impact of the misappropriation to the financial statements of the Group is set forth below:

	2017	2016	2015	2014	2013	2012 and before
Consolidated statement of profit or loss (RMB'000)						
(Decrease)/increase in profit attributable to owners of the parent	**(3,685)**	(2,174)	(1,438)	1,578	(4,833)	(58,500)
(Decrease)/increase in profit attributable to non-controlling interests	**(410)**	(242)	(160)	175	(536)	(6,500)
	(4,095)	(2,416)	(1,598)	1,753	(5,369)	(65,000)
Consolidated statement of financial position (RMB'000)						
Decrease in cash and cash equivalents	**(76,725)**	(72,630)	(70,214)	(68,616)	(70,369)	(65,000)
Decrease in equity attributable to owners of the parent	**(69,052)**	(65,367)	(63,193)	(61,755)	(63,333)	(58,500)
Consolidated statement of cash flows (RMB'000)						
(Decrease)/increase in cash generated from operations	**(4,095)**	(2,416)	(1,598)	1,753	(5,369)	(65,000)

Based on the preliminary findings of the on-going investigations, the Directors of the Company considered it appropriate to make adjustments based on the impact of the misappropriation as set forth above to the Group's consolidated financial statements for the year ended 31 December 2017 and before.

During the process of the Company's investigation, which is still ongoing, it was discovered that there were three bank accounts opened in the name of certain members of the Group, which were not authorised, with certain transactions recorded therein. Two of the bank accounts have been closed and the other one is still open. As of the date of this report, the management of the Company is not aware of any liability attaching to those accounts. The matters have also been referred to the police for investigation.

The limitation on the auditor's scope as a consequence of the police investigation will unlikely be removed before the completion of those investigations.

ENHANCED INTERNAL CONTROL MEASURES

The Company has enhanced a number of control measures which have focused on payments, bank balances and the control of the Company's chops. The Board considers that the measures adopted and being implemented are appropriate.

As noted above, the Company has also engaged an independent external law firm and an independent accounting firm to conduct a forensic investigation. In addition, an independent accounting firm was engaged to perform incremental and substantive testing of the Company's financial statements. As a result of these assignments, a number of improvements to the system of control have been identified. In addition, the Company has formed a special committee to conduct a thorough review of the Company's financial systems and controls to develop further enhancements to those controls. This committee will report to the Audit Committee.

EBITDA

The Group's earnings before interest, tax, depreciation and amortization ("EBITDA") increased by 5.8% to RMB739.3 million (2016: RMB698.5 million (restated)) mainly due to higher turnover of the core bus shelter advertising business during the year. EBITDA margin slightly decreased to 43.3% (2016: 43.4%). The 2016 EBITDA figure was restated to include the loss on misappropriation of funds of RMB2.4 million.

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

	2017 RMB'000	2016 RMB'000 (Restated)
Profit before tax	**394,743**	376,597
Add:		
– Finance costs	**5,083**	1,327
– Depreciation of property, plant and equipment	**14,828**	14,656
– Amortization of concession rights	**328,508**	310,163
Subtotal	**348,419**	326,146
Less:		
– Interest income	**(3,879)**	(4,248)
EBITDA	**739,283**	698,495

EBIT

The Group's earnings before interest and tax ("EBIT") increased by 6.0% to RMB395.9 million for the year from RMB373.7 million (restated) in 2016 following the higher EBITDA during the year.

Finance Costs

During the year, the Group carried no debt, the increase in finance costs by RMB3.8 million to RMB5.1 million (2016: RMB1.3 million) was mainly due to increase in realized exchange losses arising from the exchange rate movement between the declaration and settlement of an inter-company dividend.

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% (2016: 25%) on its assessable profits arising in the PRC for the year 2017.

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 RMB118.1 million for the year ended 31 December 2017 from RMB106.6 million in 2016. This was mainly due to the increase in assessable profits of the core bus shelter advertising business during the year and the higher withholding tax expenses during the year.

As at 31 December 2017, the Group recognized a deferred tax liability of RMB5.6 million (31 December 2016: RMB8.0 million) and income tax payable of RMB5.4 million (31 December 2016: Nil) in respect of the withholding tax on future dividend distribution by WHA Joint Venture.

Net Profit

Net profit attributable to owners of the parent slightly increased by 1.1% to RMB243.3 million (2016: RMB240.7 million (restated)) for the year ended 31 December 2017, while the net profit margin decreased to 14.3% (2016: 15.0%). Part of the decrease was attributable to the increase in amortization of concession rights to RMB328.5 million (2016: 310.2 million), the RMB5.1 million realized exchange losses recognized during the year as disclosed in the "Finance Costs" section, and higher withholding tax expenses.

Net profit attributable to non-controlling interests increased by 13.8% to RMB33.3 million (2016: RMB29.3 million (restated)).

Cash Flow

Net cash flows from operating activities increased by 16.5% to RMB575.4 million for the year ended 31 December 2017 from RMB493.8 million (restated) 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 decrease in amounts due from the related parties, and increase in payables and accruals as compared with last year. The impact is partially offset by a higher level of increase in trade receivable balances as compared with prior year and higher income taxes paid during the year.

Net cash flows used in investing activities increased to RMB426.1 million for the year ended 31 December 2017 from RMB300.0 million in the previous year. Main bulk of the inventory expansion in 2017 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 decreased to RMB241.8 million for the year ended 31 December 2017 from RMB266.2 million in the previous year. This was mainly due to lower level of dividends paid to the shareholders of the Group as compared with last year, partially offset by the cash used in the purchase of shares held under the share award scheme.

Free cash flow, defined as EBITDA (before gain and losses on disposal, impairment and write down of concession rights and other assets, equity-settled share option expenses and share award scheme expenses) less cash outflow on capital expenditure, less income tax and net interest expense, decreased to RMB214.3 million for the year ended 31 December 2017 compared to RMB299.3 million in the previous year. The decrease was mainly due to higher payments of capital expenditure than the previous year partially offset by higher level of EBITDA generated during the year.

Trade Receivables

The Group's accounts receivable balance due from third parties increased by 19.2% to RMB729.6 million as at 31 December 2017 from RMB612.3 million as at 31 December 2016. The outstanding balances in the current to 90 days and 91 to 180 days category increased by RMB55.4 million and RMB63.5 million, respectively, following the higher sales in 2017. Outstanding balances in the over 360 days category increased by RMB11.0 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 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 decreased to 117 days for the current year from 119 days in the previous year. As at 31 December 2017, the provision for impairment of accounts receivable increased to RMB57.7 million from RMB37.2 million as at 31 December 2016 mainly due to the slower collection from certain major customers during the year. Based on the customers' past payment history and settlement subsequent to the year end, the Company's management is of the view that the provision level is adequate as of 31 December 2017. 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 2017, the amounts due from WHM and WSI decreased to RMB85.3 million from RMB99.3 million as at 31 December 2016 mainly due to a higher level of cash collection from WHM and WSI during the year. Average balance due from related parties outstanding days, on a time-weighted basis, increased to 93 days for the current year from 77 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 2017 increased to RMB182.1 million from RMB159.1 million as at 31 December 2016.

The balance as at 31 December 2017 included a receivable from Hainan White Horse, the non-controlling shareholder of the WHA Joint Venture, amounting to RMB123.3 million (31 December 2016: RMB99.9 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 the office rental prepayment 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" section, partially offset by the decrease of bus shelter rental prepayments during the year.

Long-term Prepayments, Deposits and Other Receivables

The Group's total long-term prepayments, deposits and other receivables as at 31 December 2017 increased to RMB93.2 million from RMB81.1 million as at 31 December 2016.

The increase in long-term prepayments, deposits and other receivables was mainly due to long-term deposits amounting to RMB19.1 million placed with certain independent third parties for the rental of certain of the Group's bus shelter in the PRC, partially offset by the decline in the long term prepayments made to an independent third party for the purchase of bus shelters as the bus shelters which have been delivered and the balance has been classified as concession rights during the year.

Other Payables and Accruals

The Group's total payables and accruals as at 31 December 2017 were RMB682.1 million, compared to RMB599.8 million as at 31 December 2016. The increase was mainly due to the increase in direct costs payables, partially offset by lower capital expenditure related payables during the year. 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 2017, the Group's total assets amounted to RMB3,144.8 million, a 3.4% increase from RMB3,040.2 million (restated), as at 31 December 2016. The Group's total liabilities increased to RMB823.5 million as at 31 December 2017, from RMB757.3 million as at 31 December 2016. Net assets as at 31 December 2017 increased by 1.7% to RMB2,321.3 million from RMB2,282.9 million (restated) as at 31 December 2016. This was mainly due to the retention of the net profit earned in the year ended 31 December 2017, partially offset by the 2016 final and special dividends paid to the shareholders of the Group, the purchase of shares held under the share award scheme. Net current assets decreased from RMB632.2 million (restated) as at 31 December 2016, to RMB591.4 million as at 31 December 2017.

Share Capital and Shareholders' Equity

Total issued and fully paid share capital remained at RMB56.9 million as at 31 December 2017. Total shareholders' equity for the Group as at 31 December 2017 increased by 1.7%, to RMB2,321.3 million, from RMB2,282.9 million (restated) as at 31 December 2016. The Group's reserves as at 31 December 2017 amounted to RMB2,152.0 million, a 1.4% increase over the corresponding balance of RMB2,123.1 million (restated) as at 31 December 2016. This was mainly due to the retention of the net profit earned in the year ended 31 December 2017, partially offset by the 2016 final and special dividends paid to the shareholders of the Group and the purchase of shares held under the share award scheme.

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 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.

Liquidity, Financial Resources, Borrowing and Gearing

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

As of 31 December 2017, the Group's total cash and cash equivalents amounted to RMB337.4 million (RMB441.5 million (restated) as at 31 December 2016). The Group had no short term or long-term debt outstanding as at 31 December 2017 (31 December 2016: 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 2017, the Group invested RMB391.4 million in the construction of bus shelters and acquisition of concession rights, and RMB7.5 million on fixed assets, compared to RMB355.3 million and RMB13.4 million, respectively, in 2016.

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 2017, the Group had a total of 598 employees. Total wages and salaries increased by 1.2% 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 2017, the Group had pledged deposits of RMB16.5 million (31 December 2016: Nil) to banks as security for bills payable of RMB30.0 million (31 December 2016: Nil) and letter of guarantee of RMB15.0 million (31 December 2016: Nil).

As at 31 December 2017, a bank balance of RMB1.3 million (31 December 2016: RMB1.3 million) was frozen in respect of a legal claim discussed in the "Contingent Liabilities" paragraph below.

Capital Commitments

As at 31 December 2017, the Group had capital commitments contracted but not provided for in relation to the construction of bus shelters amounting to RMB6.6 million (31 December 2016: RMB0.1 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 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.

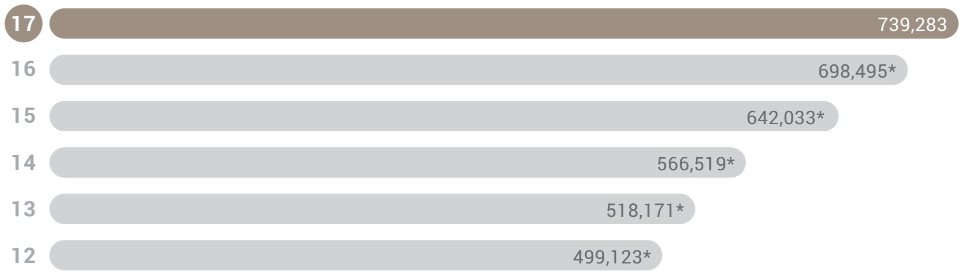
On 8 January 2016, the Group received a notice from a District Court in the PRC (the "Court") stating that a plaintiff has initiated legal action against the Supplier and that the Court has ruled in such plaintiff's favour and has frozen the Supplier's right to receive payment from the Group for the 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.

EBITDA (RMB'000)



* Figures restated

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 2017, we have also converted about 3% of our existing bus shelter panels to LED lighting structures during the year. As of 31 December 2017, about 74% (2016: 66%) 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 decreased to 636 from 776 in 2016.

OUTLOOK

Management is cautiously optimistic about the overall operating environment in 2018. The revenue performance from the new economy industries is expected to perform relatively well.

We expect to maintain our capital expenditure budget for 2018 at a similar scale to 2017 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. Such capital expenditure is expected to be funded from the cash on the balance sheet and the Company's future operating cash flows.

As previously announced, the day to day operations of the Group have not been affected by the Misappropriation incident. However, as the Company's investigation and the police investigation is still on going, it is uncertain if and to what extent this will impact on the financial performance and business operation. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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 urban development.

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.

BIOGRAPHIES OF DIRECTORS

JOSEPH TCHENG

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

Mr. Tcheng, aged 63, is currently the Chairman of Sichuan Swellfun Co. Ltd. (四川水井坊股份有限公司), a premium baijiu company listed on the Shanghai Stock Exchange. Diageo has a controlling stake in this company. Mr. Tcheng was the Managing Director of Diageo Greater China from April 2009 to June 2013 where he was responsible for Diageo's international spirits brands such as Johnnie Walker, Smirnoff, Baileys and Guinness. During this time he established the first Johnnie Walker House, an experience centre for Scotch in Shanghai and Beijing.

Mr. Tcheng was the Managing Director of Diageo S.E. Asia from June 2007 to March 2009. Prior to that, he has worked for 25 years in a variety of roles in general management and marketing with Philip Morris International in New York and Asia.

Mr. Tcheng holds an MA in Economics from Downing College, Cambridge University. He obtained the Financial Times Non-Executive Director Diploma in 2014.

Mr. Tcheng has been an executive director since January 2016.

WILLIAM ECCLESHARE

Deputy Chairman
Non-Executive Director

Mr. Eccleshare, aged 62, is currently the Chairman and Chief Executive Officer of Clear Channel International. Prior to his appointment by CCI effective from January 2015, Mr. Eccleshare was Chief Executive Officer of Clear Channel Outdoor (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 a Board member and trustee of the Donmar Warehouse Theatre in London. He is a Board member of Centaur Media Plc and of Britvic PLC.

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

Mr. Eccleshare has been a non-executive director since October 2009.

PETER COSGROVE

Deputy Chairman
Chairman of the Cash Committee
Non-Executive Director

Mr. Cosgrove, aged 64, has been a Director of the Company since 2001 and has over 25 years' experience in the outdoor, publishing and broadcasting industries. He is currently Chairman of HT&E Limited, a Radio and Outdoor media operator in Australia and New Zealand which is listed on the Australian Stock Exchange (ASX) and Chairman of Buspak Advertising (Hong Kong) Limited.

Mr. Cosgrove has been a Director of HT&E Limited since December 2003 and he was appointed as the Chairman of the Board in February 2013.

Mr. Cosgrove has been a non-executive director since April 2001.

HAN ZI JING

Chief Executive Officer
Executive Director

Mr. Han, aged 62, 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.

Mr. Han has been an executive director since April 2001.

TEO HONG KIONG

Chief Financial Officer
Executive Director

Mr. Teo, aged 53, 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 of Singapore.

Mr. Teo was an executive director between April 2001 and March 2018.

On 20 March 2018, the Board of Directors, with profound sadness, announced that Mr. Teo Hong Kiong, an Executive Director and the Chief Financial Officer passed away suddenly.

Mr. Teo joined the Group in January 1999. In his almost twenty years of loyal service, Mr. Teo demonstrated high integrity, strong sense of responsibility, professional skill, perseverance, dedication to his work and the Group, and with warmth and collegiality to his colleagues. He will be sorely missed.

ZHANG HUAI JUN

Chief Operating Officer
Executive Director

Mr. Zhang, aged 47, 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 to 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.

Mr. Zhang has been an executive director since May 2008.

JONATHAN ZHU

Non-Executive Director

Mr. Zhu, aged 55, is a Managing Director of Bain Capital, based in Hong Kong. Since joining Bain Capital in 2006, Mr. Zhu has led Bain Capital's investments in China. Mr Zhu is currently a non-executive director of Greatview Aseptic Packaging Company Limited and Sunac China Holdings Limited, the shares of which are listed on the Stock Exchange of Hong Kong. Before joining Bain Capital in 2006, he was the China Chief Executive Officer of Morgan Stanley. Mr. Zhu holds a juris doctor degree from Cornell Law School, an MA degree from Nanjing University, and a BA degree from Zhengzhou University. Mr Zhu is also a trustee of Cornell University and Nanjing University.

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

CORMAC O'SHEA

Non-Executive Director

Mr. O'Shea, aged 45, graduated from University College Cork with a bachelor's degree in Commerce (majoring in finance). He is currently the chief financial officer of the international division of Clear Channel Outdoor Holdings, Inc. ("Clear Channel Outdoor"). He was the chief financial officer of each of Australian Radio Network Pty Ltd from October 2010 to April 2013 and APN Outdoor Pty Ltd from April 2006 to October 2010 before he joined Clear Channel Outdoor in April 2013. Prior to the abovementioned positions, Mr. O'Shea held the positions of group corporate finance manager and group accountant of APN News & Media Ltd.. Mr. O'Shea also spent four years with KPMG in Ireland where he qualified as a chartered accountant. Mr. O'Shea is also a fellow of the Institute of Chartered Accountants in Ireland.

Mr. O'Shea has been a non-executive director since July 2014.

WANG SHOU ZHI

Independent Non-Executive Director

Mr. Wang, aged 71, 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 August 2001.

LEONIE KI GBS, JP

Independent Non-Executive Director

Ms. Ki, aged 70, 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 September 2004.

THOMAS MANNING

Chairman of the Remuneration Committee

Independent Non-Executive Director

Mr. Manning, aged 62, is currently a Lecturer in Law at the University of Chicago Law School and a corporate board director, and until 2012, he was the Chief Executive Officer of several companies in Asia. He has been an independent non-executive director of CommScope Holding Company, Inc., a telecommunication technology manufacturer and Nasdaq-listed company, since November 2014, and the Lead Director and an independent non-executive director of Dun & Bradstreet, a business information company whose shares are also listed on the NYSE, since June 2013. 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 Co-Chairman of the Chicago Philharmonic. He was formerly an independent non-executive director of iSoftStone Information Technology (Group) Co. Ltd., 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.

ROBERT GAZZI

Chairman of the Audit Committee
Independent Non-Executive Director

Mr. Gazzi, aged 64, was a partner with PricewaterhouseCoopers in Hong Kong for over 20 years and was subsequently a Senior Advisor with the firm. Qualified as a chartered accountant in London, he is a Fellow of the Institute of Chartered Accountants in England and Wales and also of the Hong Kong Institute of Certified Public Accountants.

Currently, Mr. Gazzi holds a number of directorships in privately-held companies and key positions in a number of organizations. Mr. Gazzi is an independent non-executive director of FWD Life Insurance Company (Bermuda) Limited and QBE General Insurance (Hong Kong) Limited. He is also a Trustee of Indochina Starfish Foundation, a charity which supports disadvantaged children in Cambodia through education, healthcare and sporting projects, as well as the chairman of Angkor Hospital for Children, a leading pediatric and teaching hospital in Cambodia. Mr. Gazzi is a member of the Financial Review Reporting Panel within the Financial Reporting Council.

Mr. Gazzi has been an independent non-executive director since August 2016.

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

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 2017 with management, the internal auditor and the external auditor. The Audit Committee has also reviewed the annual results for the year ended 31 December 2017.

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 2017 to 31 December 2017, 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 2017. 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 2017.

THE BOARD

Member attendance of Board, Committee, Annual and Special General Meetings during 2017:

	Number of meetings attended and held								
	Board Meetings	Audit Committee	Remuneration Committee	Nomination Committee	Capital Expenditure Committee	Cash Committee	Risk Committee	Annual General Meeting	Special General Meeting
EXECUTIVE DIRECTORS									
Mr. Joseph Tcheng (Executive Chairman)	6/6			3/3	4/4	1/1	4/4	1/1	1/1
Mr. Han Zi Jing (Chief Executive Officer)	4/6								
Mr. Teo Hong Kiong (Chief Financial Officer)*	6/6				4/4		4/4	1/1	1/1
Mr. Zhang Huai Jun (Chief Operating Officer)	6/6				4/4	0/1	4/4		
NON-EXECUTIVE DIRECTORS									
Mr. William Eccleshare	5/6		3/4	2/3					
Mr. Peter Cosgrove	6/6	4/4	4/4	3/3		1/1		1/1	
Mr. Zhu Jia	6/6								
Mr. Cormac O'Shea	6/6				4/4		4/4		
ALTERNATE DIRECTOR									
Mr. Zou Nan Feng	0/6								
INDEPENDENT NON-EXECUTIVE DIRECTORS									
Mr. Wang Shou Zhi	5/6	4/4	4/4	3/3					
Ms. Leonie Ki Man Fung	6/6	4/4	4/4	3/3					
Mr. Thomas Manning	5/6		4/4	3/3				1/1	
Mr. Robert Gazzi	5/6	4/4		3/3				1/1	

* On 20 March 2018, the Board of Directors, with profound sadness, announced that Mr. Teo Hong Kiong, an Executive Director and the Chief Financial Officer passed away suddenly.

Mr. Teo joined the Group in January 1999. In his almost twenty years of loyal service, Mr. Teo demonstrated high integrity, strong sense of responsibility, professional skill, perseverance, dedication to his work and the Group, and with warmth and collegiality to his colleagues. He will be sorely missed.

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, regular committee meetings are not considered necessary for its principal function. There was no Directors' Securities Dealing Committee meeting during the year.

As of the date of this report, the Board comprises 11 members. There are three executive directors, including the Chairman, the Chief Executive Officer (the "CEO") and the Chief Operating Officer; four non-executive directors and four independent non-executive directors. At the date of this report, the Board had been working towards seeking a suitable candidate to fill the vacancy of the Chief Financial Officer. Throughout the year ended 31 December 2017, 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 26 to 31.

CHAIRMAN AND CEO

The Group insists on a clear division of responsibilities among its top management. To this end, the Group adopts a dual leadership structure in which the role of the Chairman is kept separate from that of the CEO and the two roles are exercised by different individuals. The Board is responsible for the overall direction and strategy of the Company while the CEO and the senior management are 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 compliance with the independence guidelines as laid down in the Listing Rules.

During the year ended 31 December 2017, 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 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.

BOARD PROCEEDINGS (continued)

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 meeting rather than a written resolution. Independent non-executive directors who, and whose close 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 Chairman and the 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 Hong Kong Stock Exchange 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 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 control 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 and the regulatory environment. All directors have confirmed that such updates were reviewed by them.

During 2017, the Company arranged and funded a formal training session on inside information and disclosure of false or misleading information, Directors' duties in corporate transaction valuations, mandatory electronic filing — disclosure of interests online system and environmental, social and governance report. Mr. Joseph Tcheng, Mr. Peter Cosgrove, Mr. Han Zi Jing, Mr. Teo Hong Kiong, Mr. Zhang Huai Jun, Mr. Zhu Jia, Mr. Cormac O'Shea, Ms. Leonie Ki Man Fung, Mr. Wang Shou Zhi, Mr. Thomas Manning and Mr. Robert Gazzi attended the training session.

All directors have provided written records of the training they received during 2017 to the Company.

BOARD COMMITTEES

The Board has established seven 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.

BOARD OF DIRECTORS						
Audit Committee	Remuneration Committee	Nomination Committee	Capital Expenditure Committee	Cash Committee	Directors' Securities Dealing Committee	Risk Committee

AUDIT COMMITTEE

The responsibilities and authorities of the Audit Committee include the review of the Group's financial controls and internal control systems; and the details of its responsibilities and authorities 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. Robert Gazzi, a former audit partner from PricewaterhouseCoopers in 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

Robert Gazzi, *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 2017 to review the internal auditor's review work on bus shelter inspections, operations department, payment and receipts function and internal control on cash management. It also discussed the interim review plan, interim review report and the annual results with the external auditors of the Company. The Audit Committee reviewed and approved an engagement proposal with the external auditors. 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.

Apart from considering the issues arising from the audit process, the Audit Committee also discusses matters raised by the external auditors. The Audit Committee also regularly reviews the effectiveness of the Company's financial controls and internal control systems. 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 rotation and the ratio of annual fees for non-audit services to those for audit services is subject to close scrutiny by the Audit Committee.

The Audit Committee has conducted a review of the effectiveness of the Group's internal control systems for the financial year ended 31 December 2017.

MEMBERS OF THE AUDIT COMMITTEE (continued)

During the year under review, the fees paid or payable to the Group's external auditors Ernst & Young were as follows:

	2017 RMB'000	2016 RMB'000
Audit fees	**2,592**	2,482
Non-audit fees	**793**	736

The Audit Committee has reviewed the findings of the audit and non-audit service fees, process and effectiveness, and independence and objectivity of Ernst & Young. During 2017, non-audit service include professional services in relation to the review and analysis services for new revenue and lease accounting standard and the preparation of environmental, social and governance report.

REMUNERATION COMMITTEE

The responsibilities and authorities of the Remuneration 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 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 2017 to review the remuneration structure and policy, the grant of options, performance shares and other long-term incentives, and the bonus for the executive directors and made the related recommendation to the Board.

MEMBERS OF THE REMUNERATION COMMITTEE

Thomas Manning, *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 the "Notes to Financial Statements" on pages 108 to 110.

SHARE OPTIONS AND LONG-TERM INCENTIVES

The Remuneration Committee may from time to time recommend grants of share options under the Group's approved share option scheme for executive directors. Details of the share options granted to executive directors and the management team to date are published on pages 65 to 68 of the "Report of the Directors."

The Remuneration Committee may from time to time recommend the award of shares under the share award scheme approved by the Board on 31 May 2017. Details of the shares awarded and held by the trustee under the share award scheme for the executive directors are set out on pages 62 to 63 of the "Report of the Directors".

Apart from share options and share awards, the Remuneration Committee may from time to time review and recommend other forms of long-term incentive for the executive 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 2017 can be found on pages 108 to 110 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 is 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

Joseph Tcheng, *Executive Director (Chairman)*
William Eccleshare, *Non-Executive Director*
Peter Cosgrove, *Non-Executive Director*
Robert Gazzi, *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 in 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 to 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 to the benefits of diversity in 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 2017 to review the structure, size and composition of the Board, 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 Chairman, the Chief Financial Officer, the Chief Operating Officer and one non-executive director with relevant international operational experience.

MEMBERS OF THE CAPITAL EXPENDITURE COMMITTEE

Joseph Tcheng, *Chairman of the Board , Executive Director (Chairman)*
Teo Hong Kiong, *Chief Financial Officer, Executive Director**
Zhang Huai Jun, *Chief Operating Officer, Executive Director*
Cormac O'Shea, *Non-Executive Director*

* On 20 March 2018, the Board of Directors, with profound sadness, announced that Mr. Teo Hong Kiong, an Executive Director and the Chief Financial Officer passed away suddenly.

Mr. Teo joined the Group in January 1999. In his almost twenty years of loyal service, Mr. Teo demonstrated high integrity, strong sense of responsibility, professional skill, perseverance, dedication to his work and the Group, and with warmth and collegiality to his colleagues. He will be sorely missed.

The Capital Expenditure Committee met four times in 2017 to review the Group's strategic development, capital expenditure budget, refurbishment needs, renewal of certain bus shelter concession rights, acquisitions and construction 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 are 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 Chairman and the Chief Operating Officer.

MEMBERS OF THE CASH COMMITTEE

Peter Cosgrove, *Non-Executive Director (Chairman)*
Joseph Tcheng, *Chairman of the Board , Executive Director*
Zhang Huai Jun, *Chief Operating Officer, Executive Director*

The Cash Committee met one time in 2017 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 of 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

Joseph Tcheng, *Chairman of the Board , Executive Director (Chairman)*
Teo Hong Kiong, *Chief Financial Officer, Executive Director**
Zhu Jia, *Non-Executive Director*

* On 20 March 2018, the Board of Directors, with profound sadness, announced that Mr. Teo Hong Kiong, an Executive Director and the Chief Financial Officer passed away suddenly.

Mr. Teo joined the Group in January 1999. In his almost twenty years of loyal service, Mr. Teo demonstrated high integrity, strong sense of responsibility, professional skill, perseverance, dedication to his work and the Group, and with warmth and collegiality to his colleagues. He will be sorely missed.

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 gave clearances on the grant of options to 3 executive and 1 alternate directors, and the award of shares, under the share award scheme, to 3 executive directors. The Committee also received the notification letters and gave clearances, on the acceptance of above-mentioned option grant and share awards.

RISK COMMITTEE

The Risk Committee was established on 27 May 2016. The Risk Committee currently comprises three executive directors and one non-executive director. The Risk Committee is chaired by the Chairman of the Board, Mr. Jospeh Tcheng. The principal functions of the Risk Committee include:

- to assist the Board in evaluating and determining the extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management system;
- to assist the Board in overseeing management in the design, implementation and monitoring of the risk management system;
- to review the Company's risk management system;
- to discuss the risk management system with management to ensure that management has performed its duty to have effective system;
- to consider major investigation findings on risk management matters as delegated by the board or on its own initiative and management's response to these findings;

RISK COMMITTEE (continued)

- to advise the Board on the Group's risk appetite statement(s), risk principles and other risk-related issues including corporate actions and proposed strategic transactions such as mergers, acquisitions and disposals;
- to approve the Group's risk policies and risk tolerances;
- to consider emerging risks relating to the Group's business and strategies to ensure that appropriate arrangements are in place to control and mitigate the risks effectively;
- to review risk reports and breaches of risk tolerances and policies; and
- to review and assess regularly the adequacy and effectiveness of the Group's risk management framework and risk management policies and procedures in identifying, measuring, monitoring and controlling risk, and oversee their effective operation, implementation and maintenance.

MEMBERS OF THE RISK COMMITTEE

Joseph Tcheng, *Chairman of the Board Executive Director (Chairman)*
Teo Hong Kiong, *Executive Director**
Zhang Huai Jun, *Executive Director*
Cormac O'Shea, *Non-Executive Director*

* On 20 March 2018, the Board of Directors, with profound sadness, announced that Mr. Teo Hong Kiong, an Executive Director and the Chief Financial Officer passed away suddenly.

Mr. Teo joined the Group in January 1999. In his almost twenty years of loyal service, Mr. Teo demonstrated high integrity, strong sense of responsibility, professional skill, perseverance, dedication to his work and the Group, and with warmth and collegiality to his colleagues. He will be sorely missed.

The Risk Committee held four meetings in 2017 to review, based on the Group's risk management system, the risks relevant to the Group. In the review, the Risk Committee considered:

(a) the changes in the nature and extent of the significant risks and the associated procedures designed to address the risks;

(b) the scope and quality of management of the various departments' ongoing monitoring of risks system; and

(c) the extent and frequency of communication of risk monitoring results to the Board.

MEMBERS OF THE RISK COMMITTEE (continued)

The following highlights the top 3 risks to the Group based on the annual risk assessment conducted in 2017.

	Group's Top 3 Risks	Treatment Plan(s)
1	Loss of existing major concession rights in the top tier cities will adversely impact business performance	Ongoing monitoring of contract expiry and extension status: • Working team to visit key cities and negotiate contract extension before expiry • Expand total advertising panel number to diversify the risk
2	High customer concentration may lead to significant revenue decline if there is any substantial reduction in the appetite for advertising by a small number of key customers	• Identify new industries with sales prospects • Identify new customers in different industries • Procure more sales from other customers
3	Inability to attract and retain talents	• Utilize internal and external channels to identify and recruit employees with potential • Review and maintain competitive remuneration and commission levels • Conduct appropriate training • Conduct exit interview to understand departure reasons

RISK MANAGEMENT, INTERNAL CONTROLS AND INTERNAL AUDIT

The Board is entrusted with the overall responsibility for establishing and maintaining the Group's risk management and internal control systems and reviewing their effectiveness. The role of the Group's management is to implement all Board policies on risk and internal control.

Risk Management and Internal Control Systems

Risk Management System

The Group has in place an internal risk identification, assessment and management system. Regular surveys are conducted with the management of all operating departments to identify the key (i) operation risks, (ii) financial risks, (iii) compliance risks and (iv) strategic risks of the Group. Key risks identified are assessed and ranked according to the likelihood of occurrence and extent of impact to the Group.

Identified risks are then mapped to relevant control procedures and are allocated to the relevant departments according to their functions for risk management on an ongoing basis. For instance, the business development department is responsible for addressing the operation risk of loss of existing major concession rights whereas the human resources department focuses on maximizing talent retention within the Group. The departments entrusted with risk management responsibilities give regular update and report on the risk control status to the Risk Committee, who then reports to the Board.

RISK MANAGEMENT, INTERNAL CONTROLS AND INTERNAL AUDIT (continued)

Risk Management and Internal Control Systems *(continued)*

Internal Control System

The Group has internal control systems which 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 are designed to 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. Key internal control procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information used within the business or for publication. The procedures are designed to provide reasonable but not absolute assurance against material errors, losses or fraud. Procedures have also been designed to ensure compliance with applicable laws, rules and regulations.

The Group also has in place procedures and internal controls for handling and dissemination of inside information whereby the Chairman of the Board, the Chief Financial Officer and the Company Secretary work closely, seeking advice from our legal advisor from time to time, if needed, with proper reporting to and approval from the Board, for proper handling and dissemination of inside information in accordance with relevant laws and regulations.

While the Board is committed to mitigating risks and maximizing internal controls, the Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Internal Audit

The Group has an internal audit function. 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. This policy has been refreshed every 3 years and the 3-year internal audit plan is renewed and reviewed on an annual basis. The Group subsequently outsourced the completion of this work to a qualified consultant. The Group's internal auditor 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.

Material internal control defects identified are reported to the Audit Committee who shall supervise the management's design and implementation of rectification measures. The Audit Committee also keeps the Board informed of the rectification process.

RISK MANAGEMENT, INTERNAL CONTROLS AND INTERNAL AUDIT (continued)

Review of the Risk Management and Internal Control Systems

The Group's risk management and internal control systems are reviewed on an annual basis at the end of each year and covers the systems in place during that full financial year.

At the annual review of the risk management system, risk levels of the key risks identified during the year are re-assessed to evaluate the sufficiency and effectiveness of the existing procedures implemented to address the risks.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Groups' internal control system and effectiveness of internal audit function for the financial year ended 31 December 2017. The Board, through the Risk Committee, has conducted a review of the effectiveness of the Group's risk management system for the financial year ended 31 December 2017. Such reviews cover all material financial, operational and compliance controls and the risk management function. The adequacy of resources, qualifications and experience of the staff, training programmes and budget of the Group's accounting, internal audit and financial reporting functions were also looked into. The Board considers the risk management system of the Group is effective and adequate.

The Board of Directors, through the announcements dated 2 January 2018, 8 February 2018 and 19 March 2018, informed the shareholders and potential investors that there had been misappropriation of certain funds. Since the announcement dated 2 January 2018, a special committee was established to (i) vigorously pursue all available remedies and options to recover any loss and minimize any damage caused by the misappropriation; (ii) consider the engagement of external professional parties to conduct forensic investigation on the misappropriation and (iii) review the internal control systems of the Group to prevent similar incidents from taking place again. The Company has put in place enhanced internal control measures on monitoring cash payments and cash balances at banks. An independent external law firm and an independent accounting firm have been engaged to conduct a forensic investigation and to assist the special committee of the Company in investigating matters arising from the misappropriation and other related matters. The misappropriation of funds has been referred to the police for investigation.

Based on the investigation conducted so far, management expects the misappropriation has the effect of reducing the Group's cash and cash equivalents as of 31 December 2017 by approximately RMB76.7 million in total. Approximately 5.3% of the total misappropriated amounts was accounted for as a reduction in the profit for the year in the Company's consolidated statement of profit or loss for the year ended 31 December 2017 whilst the remainder of the adjustments were made to the prior years' profits because the misappropriation occurred mainly in prior years.

The impact of the misappropriation to the financial statements of the Group is set out in the "Loss on misappropriation of funds, prior year adjustments and restatements" section on pages from 82 to 88 of this report.

During the process of the Company's investigation, which is still ongoing, it was discovered that there were three bank accounts opened in the name of certain members of the Group, which were not authorised, with certain transactions recorded therein. Two of the bank accounts have been closed and the other one is still open. As of the date of this report, the management of the Company is not aware of any liability attaching to those accounts. The matters have also been referred to the police for investigation.

Following the discovery of the misappropriation, the Company has enhanced a number of control measures which have focused on payments, bank balances and the control of the Company's chops. The Board considers that the measures adopted and being implemented are appropriate.

RISK MANAGEMENT, INTERNAL CONTROLS AND INTERNAL AUDIT (continued)

Review of the Risk Management and Internal Control Systems *(continued)*

As noted above, the Company has also engaged an independent external law firm and an independent accounting firm to conduct a forensic investigation. An independent accounting firm was engaged to perform incremental and substantive testing of the Company's financial statements for the last 3 years and there were no material adverse findings. In addition, the Company has formed a special committee to conduct a thorough review of the Company's financial systems and controls to develop further enhancements to those controls. This committee will report to the Audit Committee.

Except for the enhanced control measures, which have focused on payments, bank balances and the control of the Company's chops, put in place after the discovery of the misappropriation on 2 January 2018, and the further enhancements to be recommended and implemented by the special committee after the thorough review of the Company's financial systems and controls as described above, the Board considers other parts of the internal control system of the Group to be effective and adequate.

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 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. The 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 71 to 73 of this annual report has set out the responsibilities of Ernst & Young, the external auditors of the Company.

CORPORATE GOVERNANCE FUNCTIONS

During the year ended 31 December 2017, the Board reviewed the policy for the corporate governance of the Company, and performed the duties under Code Provision D.3.1. In particular, the Board conducted a general review of the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements, as well as the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

For work done in respect of training and continuous professional development of directors and senior management and the review and monitoring of code of conduct and compliance manual applicable to employees and directors, please refer to the sections headed "Directors' Training" and "Code of Conduct and Business Ethics" in the Corporate Governance Report.

CODE OF CONDUCT AND BUSINESS ETHICS

The directors of the Group have a duty and responsibility to act honestly and with due diligence and care when carrying out their duties on behalf of the Group. 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. During 2014, the Company updated the directors on the effect of the amendments to the Listing Rules and arranged and funded a formal training session on connected transactions, fair and equal treatment to shareholders and directors' fiduciary duties. During 2015, the Company updated the directors on the effect of the amendments to the Listing Rules. During 2016, the Company Secretary updated the directors on the effect of the amendments to the Listing Rules and the Company funded a formal training session on connected transactions, key changes to the ESG reporting and disclosures of interests under Part XV of the Securities and Futures Ordinance. During 2017, the Company arranged and funded a formal training session on inside information and disclosure of false or misleading information, Directors' duties in corporate transaction valuations, mandatory electronic filing — disclosure of interests online system and environmental, social and governance report.

The Group is committed to ethical business conduct and compliance with Bribery and Corruption Laws. The Group has adopted a Code of Business Conduct 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 Conduct 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 2017, 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 donates approximately 10% of its advertising panels to local municipal governments to help promote community events. The Group is also a donor of sponsored advertising spaces for various charitable causes.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted strict procedures that require all directors to confirm that their securities transactions are fully compliant with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. In 2017, all directors confirmed their compliance with the Model Code. Specified employees who are likely to be in possession of inside 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 2017.

DIRECTORS' INTERESTS

Full details of individual director's interests in the shares and share options of the Company are set out on pages 62 to 68 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 is generally 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 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, Lee Garden One, 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.

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 enquiries about the above procedures or have enquiries to put to the Board may write to the Company Secretary at Suite 1202, 12th Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

SHAREHOLDERS' RIGHTS (continued)

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) concerned 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, Lee Garden One, 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.

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 enquiries about the above procedures or have enquiries to put to the Board may write to the Company Secretary at Suite 1202, 12th Floor, Lee Garden One, 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 541,700,500. 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 Chairman of the Board as proxy for each specific proposal. All shareholders are welcome to ask questions or present proposals for discussion at these meetings.

CONSTITUTIONAL DOCUMENTS

There is no change in the Company's Bye-laws during the year ended 31 December 2017.

INVESTOR RELATIONS

The Group regards open communication with both existing and potential investors as being vital to its continued success. To this end, the Group insists on full, honest, equal and timely disclosure of all essential information regarding its business to the investment community. The Group is committed to transparent communication and is determined to maintain close ties with the investment community. Our senior management team regularly attends investor conferences organised by securities houses in Hong Kong, China and overseas.

The Group's corporate website also provides an effective communication platform where the public and investor community have fast and easy access to up-to-date information regarding the Group.

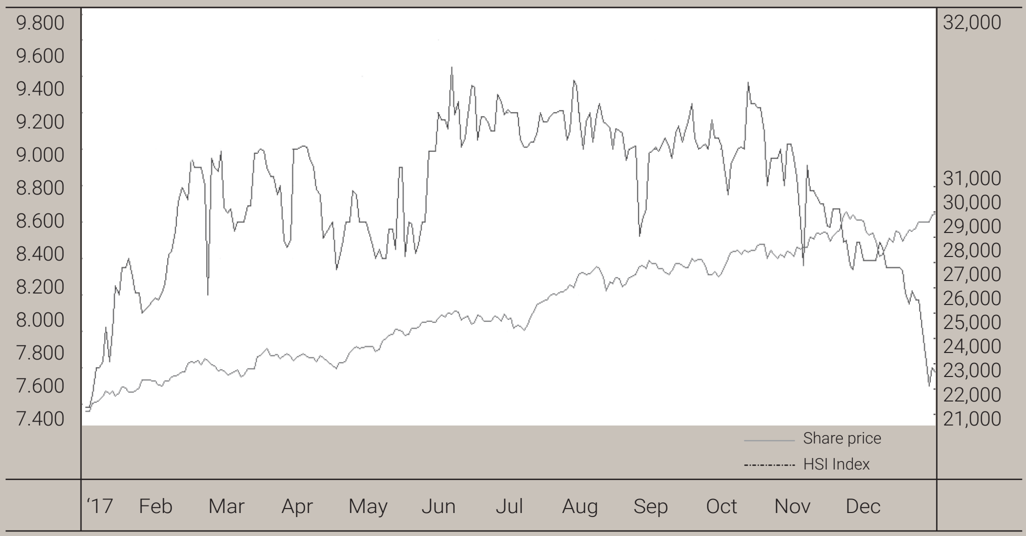
Investors with queries are encouraged to direct their enquiries to the following:

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

FINANCIAL CALENDAR 2018

Results Announcement 2017	29 March
Interim Results Announcement	Early-to-mid August
Financial Year End	31 December

SHARE PRICE PERFORMANCE



Sources: (Bloomberg)

35.9 million shares were traded on the Main Board of the Hong Kong Stock Exchange in 2017. The highest trading price for the share was HK$9.60 on 7 June 2017 and the lowest was HK$7.58 on 3 and 4 January and 27 December 2017.

REPORT OF THE DIRECTORS

The directors of the Company are pleased to present their report together with the consolidated financial statements of the Group for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

The business review for the year ended 31 December 2017 is set out in the management discussion and analysis section from pages 10 to 25.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2017 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 74 to 79.

At the Board meeting held on 29 March 2018, the directors proposed a final dividend of HK17 cents per share (2016: HK17 cents per share) for the year ended 31 December 2017. This final dividend, to be paid out from the retained earnings and the contributed surplus account, is equivalent to RMB73,994,000 (2016: RMB81,398,000) based on the 541,700,500 (2016: 541,700,500) outstanding shares.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years is set out on page 139. 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				
	2017 RMB'000	2016 RMB'000 (Restated)	2015 RMB'000 (Restated)	2014 RMB'000 (Restated)	2013 RMB'000 (Restated)
Results					
Profit attributable to:					
– Owners of the parent	**243,314**	240,727	226,764	192,943	154,154
– Non-controlling interests	**33,326**	29,284	34,642	31,443	26,250
Assets and liabilities					
Total assets	**3,144,848**	3,040,230	2,975,817	3,033,514	2,754,845
Total liabilities	**823,527**	757,331	697,522	702,703	572,031
Total equity	**2,321,321**	2,282,899	2,278,295	2,330,811	2,182,814

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 2017 are set out in notes 15 and 16 to the financial statements, respectively.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year together with the reasons therefor, and details of the Company's share option schemes are set out in notes 23 and 24 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 34 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2017, the Company's retained earnings and other components of equity available for cash distribution and/or distribution in specie amounted to RMB1,047,360,000 (2016: RMB1,082,988,000) of which RMB73,994,000 (2016: RMB81,398,000) 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, 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.

CHARITABLE CONTRIBUTIONS

During the year, the Group did not make any charitable contributions (2016: 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 close 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 30 to the financial statements also constituted connected transactions under the Listing Rules, and are required to be disclosed in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected persons (as defined in the Listing Rules) and the Group 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 during the year ended 31 December 2017:

1. 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") in respect of the advertising commission arrangement (as described below) 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.

1. CONTINUING CONNECTED TRANSACTIONS (continued)

(a) (continued)

The initially 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$260.0 million, HK$285.0 million and HK$315.0 million, respectively. At the Special General Meeting held on 16 July 2014, the independent shareholders approved a supplemental framework agreement dated 30 May 2014 and the annual caps for the gross value of sales from GWH for the financial years ending on 31 December 2014 and 2015 were revised to HK$374.0 million and HK$404.0 million, respectively. The total gross value of sales from GWH and WHM (as defined below) for 2015 was approximately HK$347.6 million. The initially 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. At the same Special General Meeting held on 16 July 2014, the independent shareholders approved the revised annual caps of HK$30.0 million and HK$32.5 million, respectively, for the advertising commission payable to GWH for each of 2014 and 2015. The total advertising commission payable to GWH and WHM for 2015 was approximately HK$20.4 million.

On 22 December 2015, WHA Joint Venture entered into a new three-year framework agreement ("2015 Framework Agreement") with GWH, Hainan White Horse Media Advertising Co., Ltd ("WHM") and White Horse (Shanghai) Investment Company Limited ("WSI") (GWH, WHM and WSI, together the "Service Providers") for the years 2016, 2017 and 2018 on substantially the same terms as the Framework Agreement, save for the addition of WHM and WSI as signing parties to the Framework Agreement. Similar to GWH, Mr. Han Zi Dian (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 of each of WHM and WSI. Accordingly, WHM and WSI are associates of Mr. Han Zi Jing (a director) and hence are connected persons of the Company under Chapter 14A of the Listing Rules. The Framework Agreement provides that the Service Providers may, with the consent of the WHA Joint Venture, assign part or all of the said agreement to an affiliated company or to such other company over which Mr. Han Zi Dian may exercise influence over the management and day-to-day operations. The assignee(s) will assume the obligations and rights of the relevant Service Provider(s) 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 28 January 2016, the independent shareholders approved the Framework Agreement and the annual cap amounts of the transactions under the Framework Agreement for the years 2016, 2017 and 2018.

The approved annual caps for the gross value of sales from the Service Providers for the financial years ending on 31 December 2016, 2017 and 2018 are HK$414.0 million, HK$424.5 million and HK$435.0 million, respectively. The total gross value of sales from WHM and WSI for 2017 was approximately HK$365.0 million. The approved annual caps for the advertising commission payable to the Service Providers for each of these financial years are HK$33.0 million, HK$34.0 million and HK$35.0 million, respectively. The total advertising commission payable to WHM and WSI for 2017 was approximately HK$25.1 million.

(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, for a term from 1 January 2011 to 31 December 2013. 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.

1. CONTINUING CONNECTED TRANSACTIONS (continued)

(b) (continued)

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 previous creative services agreement entered into on 3 March 2011. The terms of such new creative services agreement are substantially the same as the terms under the previous creative services agreement entered into on 3 March 2011, and it has a fixed term of three years 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 cap 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.

On 24 October 2016, the Board resolved that WHA Joint Venture shall enter into a new creative services agreement with WHM on substantially the same terms as the creative services agreement entered into on 28 January 2014 with GWH. The new creative services agreement has a fixed term of three years which took effect on 1 January 2017 and it will expire on 31 December 2019. The annual cap for the consideration for each of the financial years ending on 31 December 2017, 2018 and 2019 will be no more than RMB4,000,000. The total consideration for 2017 was approximately RMB3,774,000.

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

Following a capital injection 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.

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 would be settled by WHA Joint Venture on a monthly basis before the tenth day of every month.

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 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.

On 24 October 2016, the Board resolved that WHA Joint Venture shall enter into a new maintenance services agreement with White Horse Holding to renew the terms under the maintenance services agreement entered into on 28 January 2014. The terms of the new maintenance services agreement are substantially the same as the terms under the maintenance services agreement entered into on 28 January 2014, and it has a fixed term of three years which took effect on 1 January 2017 and will expire on 31 December 2019. The annual caps for the consideration for each of the financial years ending on 31 December 2017, 2018 and 2019 will not exceed HK$52,000,000, HK$60,000,000 and HK$66,000,000, respectively. For the year ended 31 December 2017, the maintenance fee paid or payable by WHA Joint Venture for the services provided by White Horse Holding was RMB29,628,000 (equivalent to approximately HK$34,114,000).

2. CONNECTED TRANSACTIONS

During the year 2015, WHA Joint Venture entered into certain arrangements with Beijing YiHong Media Company Limited ("BYH") and a third party company whereby BYH agreed to act as agent and represent WHA Joint Venture to rent certain shelters from the third party company for the display of WHA Joint Venture advertising campaign and provide advertising display and other services to WHA Joint Venture. BYH is a subsidiary of WHM and also 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 influence over the management and day-to-day operations of WHM. In the opinion of the directors, these transaction were entered into on terms similar to those available from independent third parties. The total consideration for 2015 was HK$723,000 and there was no such transaction in 2016 or 2017.

The independent non-executive directors confirmed that all the continuing 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.

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. A copy of the auditor's letter on the continuing connected transactions of the Group for the year ended 31 December 2017 has been provided by the Company to the Stock Exchange.

Extracts of the auditor's letter are as below:

Based on the foregoing, in respect of the disclosed continuing connected transactions:

a. nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.

b. for transactions involving the provision of goods or services by the Group, nothing has come to our attention that causes us to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.

c. nothing has come to our attention that causes us to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

2. CONNECTED TRANSACTIONS (continued)

d. with respect to the aggregate amount of each of the continuing connected transactions set out in the attached list of continuing connected transactions, nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the previous announcements dated 22 December 2015, and 24 October 2016 made by the Company in respect of each of the disclosed continuing connected transactions.

Without qualifying our conclusion, we draw your attention to our disclaimer opinion expressed on the Company's consolidated financial statements for the year ended 31 December 2017 dated 29 March 2018. We are not able to ascertain whether those transactions stated in our opinion would have any consequential impact on the Company's disclosure of the continuing connected transactions in the financial statements.

DIRECTORS

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

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

Non-Executive Directors:
William Eccleshare
Peter Cosgrove
Zhu Jia
Cormac O'Shea

Independent Non-Executive Directors:
Leonie Ki Man Fung
Wang Shou Zhi
Thomas Manning
Robert Gazzi

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, the Chairman and the Chief Executive Officer 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.

* On 20 March 2018, the Board of Directors, with profound sadness, announced that Mr. Teo Hong Kiong, an Executive Director and the Chief Financial Officer, passed away suddenly.

  Mr. Teo joined the Group in January 1999. In his almost twenty years of loyal service, Mr. Teo demonstrated high integrity, strong sense of responsibility, professional skill, perseverance, dedication to his work and the Group, and with warmth and collegiality to his colleagues. He will be sorely missed.

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 26 to 31 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 TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 30 to the financial statements, no director or an entity connected with a director had a material interest, either directly or indirectly, in any transaction, arrangement or 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.

PERMITTED INDEMNITY PROVISION

Pursuant to Article 166 of the Bye-Laws of the Company, the directors and other officers of the Company shall be indemnified out of the assets and profits of the Company against all actions, costs and losses incurred or sustained by such director or officer in or about the execution of his duty. In addition, the Board maintains 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.

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

As at 31 December 2017, 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 Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

A. Long Positions in Ordinary Shares of the Company as at 31 December 2017:

	Number of shares held, capacity and nature of interest					Percentage of the Company's issued share capital
Name of director	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	
Peter Cosgrove	–	–	–	250,000	250,000	0.05%
Han Zi Jing	–	–	6,600,000	–	6,600,000	1.22%

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

The 6,600,000 shares are held by Outdoor Media China, Inc. ("OMC"), a company incorporated in Western Samoa of Offshore Chambers. As at 31 December 2017, Mr. Han Zi Jing held approximately 94.5% 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 94.5%.

On 31 May 2017, the Board of Directors adopted the share award scheme (the "Share Award Scheme"). Under the Share Award Scheme, the Board of Directors may select any employee of the Group (the "Selected Employee") and make an award of Shares and cash (if any) ("Award") to such Selected Employee and determine the reference awarded sum ("Reference Awarded Sum") for the purchase and/or allocation of Awarded Shares. The Company has appointed an independent trustee ("Trustee") for the administration of the Share Award Scheme.

On 31 May 2017, the Board of Directors resolved to grant three Awards comprising an aggregate Reference Awarded Sums of HK$9,600,000 for the purchase of Shares and an aggregate amount of HK$4,800,000 in cash to be awarded to the following three Executive Directors under the Share Award Scheme.

Name of Directors	Aggregate sum for the purchase of shares under the share award scheme	Cash award
Han Zi Jing	HK$3,200,000	HK$1,600,000
Teo Hong Kiong	HK$3,200,000	HK$1,600,000
Zhang Huai Jun	HK$3,200,000	HK$1,600,000

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

A. Long Positions in Ordinary Shares of the Company as at 31 December 2017: *(continued)*

Under the Share Award Scheme, the Company paid the sum of HK$9,600,000 (being the Reference Awarded Sum) to the Trustee from the Company's resources. The Trustee then applied the Reference Awarded Sum towards the purchase of the maximum number of board lots of Shares from the market and had been holding such Shares for the benefit of the relevant Selected Employees in accordance with the Share Award Scheme and the underlying trust deed.

Vesting of the three Awards granted is subject to the fulfillment (or waiver) of vesting conditions (including the EBITDA performance of the Group for the years ended 31 December 2017, 2018 and 2019) specified in the Grant Letters. The actual number of Awarded Shares (and their Related Income) and the amount of cash award to be vested is subject to the performance of the Group prior to vesting and may be reduced accordingly.

As at 31 December 2017, the Trustee was holding the Shares for the following three Executive Directors in accordance with the Share Award Scheme and the underlying trust deed:

Name of Executive Directors	No. of Shares
Han Zi Jing	352,900
Teo Hong Kiong	352,900
Zhang Huai Jun	352,900

The interests of the directors in the share options of the Company are separately disclosed on pages 65 to 68.

B. Long Positions in the Class A Common Shares of Clear Channel Outdoor Holdings, Inc. as at 31 December 2017:

Clear Channel Outdoor Holdings, Inc. (Note 1)

	Number of shares held, capacity and nature of interest					
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	99,779	–	–	–	99,779	0.20%
Cormac O'Shea	120,065	–	–	–	120,065	0.24%

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

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

C. Right to Acquire Class A Common Shares in Clear Channel Outdoor Holdings, Inc. as at 31 December 2017 (Note 2):

Name of director	Date of grant	Number of Outstanding Options as at 31 December 2017	Option Period	Subscription Price per share of Clear Channel Outdoor Holdings, inc.
William Eccleshare	10/09/2009	28,062	10/09/2010–10/09/2019	US$1.17
	10/09/2009	56,830	10/09/2011–10/09/2019	US$1.17
	10/09/2009	40,006	10/09/2012–10/09/2019	US$1.17
	10/09/2009	40,009	10/09/2013–10/09/2019	US$1.17
	24/02/2010	6,976	24/02/2013–24/02/2020	US$1.16
	24/02/2010	15,524	24/02/2014–24/02/2020	US$1.16
	10/09/2010	15,895	10/09/2011–10/09/2020	US$1.43
	10/09/2010	15,896	10/09/2012–10/09/2020	US$1.43
	10/09/2010	15,895	10/09/2013–10/09/2020	US$1.43
	10/09/2010	15,897	10/09/2014–10/09/2020	US$1.43
	13/12/2010	5,120	10/09/2011–13/12/2020	US$4.78
	13/12/2010	5,120	10/09/2012–13/12/2020	US$4.78
	13/12/2010	5,120	10/09/2013–13/12/2020	US$4.78
	21/02/2011	22,500	21/02/2012–21/02/2021	US$6.09
	21/02/2011	22,500	21/02/2013–21/02/2021	US$6.09
	21/02/2011	22,500	21/02/2014–21/02/2021	US$6.09
	21/02/2011	22,500	21/02/2015–21/02/2021	US$6.09
	26/03/2012	22,500	26/03/2013–26/03/2022	US$5.02
	26/03/2012	22,500	26/03/2014–26/03/2022	US$5.02
	26/03/2012	22,500	26/03/2015–26/03/2022	US$5.02
	26/03/2012	22,500	26/03/2016–26/03/2022	US$5.02
Cormac O'Shea	04/04/2014	926	04/04/2015–04/04/2024	US$5.85
	04/04/2014	926	04/04/2016–04/04/2024	US$5.85
	04/04/2014	926	04/04/2017–04/04/2024	US$5.85
	04/04/2014	926	04/04/2018–04/04/2024	US$5.85
	15/06/2015	2,360	15/06/2016–15/06/2025	US$7.71
	15/06/2015	2,360	15/06/2017–15/06/2025	US$7.71
	15/06/2015	2,360	15/06/2018–15/06/2025	US$7.71
	15/06/2015	2,361	15/06/2019–15/06/2025	US$7.71
	03/06/2016	1,924	03/06/2017–03/06/2026	US$5.69
	03/06/2016	1,924	03/06/2018–03/06/2026	US$5.69
	03/06/2016	1,924	03/06/2019–03/06/2026	US$5.69
	03/06/2016	1,924	03/06/2020–03/06/2026	US$5.69

2. Clear Channel Outdoor Holdings, Inc. is an indirect holding company of the Company. The table sets out the share options granted pursuant to the share option scheme of Clear Channel Outdoor Holdings, Inc.

Save as disclosed above, none of the directors nor the chief executive had registered an interest or short position in the shares and 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 Hong Kong 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 the "Share Option Schemes" and "Share Award Scheme" 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 and the last remaining batch of such options expired on 29 June 2014. Accordingly, there are no outstanding options under the Old Scheme.

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 New Scheme was subsequently amended in the Annual General Meeting on 1 June 2012. 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 ordinary 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 Hong Kong 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 Hong Kong 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.

On 10 June 2015, 5,000,000 share options were granted to certain eligible participants under the New Scheme. Such eligible participants included three Executive Directors and one alternate Director. The terms of such grant are set out on page 67.

On 31 May 2017, the Company granted an aggregate of 1,929,000 share options to certain eligible participants under the New Scheme. Among these 1,929,000 share options, 905,000 options were granted to three Executive Directors and an Alternate Director. The details of such grant are set out on page 67.

As at 31 December 2017, the aggregate number of shares issuable under share options granted under the New Scheme was 6,929,000, which represented approximately 1.28% 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 6,929,000 additional ordinary shares of HK$0.10 each in the Company and proceeds, before relevant share issue expenses, of approximately HK$65,041,710.

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 for a consideration of HK$1.00 per grant are set out below:

		Number of share options									Price of the Company's shares***		
Name or category of participant	Type of share option scheme	At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options*	Exercise period	Exercise price per share** HK$	At grant date of options HK$	Immediately before the exercise date HK$	At exercise date of options HK$
Director													
Han Zi Jing	The New Scheme	333,333	–	–	–	–	333,333	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	333,333	–	–	–	–	333,333	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	333,334	–	–	–	–	333,334	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	–	333,000	–	–	–	333,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	–	–
		1,000,000	333,000	–	–	–	1,333,000						
Teo Hong Kiong	The New Scheme	166,666	–	–	–	–	166,666	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	166,666	–	–	–	–	166,666	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	166,668	–	–	–	–	166,668	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	–	200,000	–	–	–	200,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	–	–
		500,000	200,000	–	–	–	700,000						
Zhang Huai Jun	The New Scheme	166,666	–	–	–	–	166,666	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	166,666	–	–	–	–	166,666	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	166,668	–	–	–	–	166,668	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	–	266,000	–	–	–	266,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	–	–
		500,000	266,000	–	–	–	766,000						
Zou Nan Feng	The New Scheme	100,000	–	–	–	–	100,000	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	100,000	–	–	–	–	100,000	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	100,000	–	–	–	–	100,000	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	–	106,000	–	–	–	106,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	–	–
		300,000	106,000	–	–	–	406,000						
Other													
Member of senior management and other employees of the Group	The New Scheme	899,994	–	–	–	–	899,994	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	899,994	–	–	–	–	899,994	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	900,012	–	–	–	–	900,012	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	–	1,024,000	–	–	–	1,024,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	–	–
		2,700,000	1,024,000	–	–	–	3,724,000						
In aggregate	The New Scheme	1,666,659	–	–	–	–	1,666,659	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	1,666,659	–	–	–	–	1,666,659	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	1,666,682	–	–	–	–	1,666,682	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	–	1,929,000	–	–	–	1,929,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	–	–
		5,000,000	1,929,000	–	–	–	6,929,000						

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

** 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 Hong Kong 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 Hong Kong Stock Exchange closing prices over all of the exercises of options within the disclosure line.

SHARE OPTION SCHEMES (continued)

On 10 June 2015, 5,000,000 share options were granted to certain eligible participants under the New Scheme. Such eligible participants included three Executive Directors and one alternate Director.

On 31 May 2017, the Company granted an aggregate of 1,929,000 share options to certain eligible participants under the New Scheme. Among these 1,929,000 share options, 905,000 options were granted to three Executive Directors and an Alternate Director. The details of such grant are set out on page 67.

SHARE AWARD SCHEME

On 31 May 2017, the Board of Directors adopted the share award scheme (the "Share Award Scheme"). Under the Share Award Scheme, the Board of Directors may select any employee of the Group (the "Selected Employee") and make an award of ordinary shares of the Company and cash (if any) ("Award") to such Selected Employee and determine the reference awarded sum for the purchase and/or allocation of Awarded Shares. The Company has appointed an independent trustee for the administration of the Share Award Scheme.

The purposes of the Share Award Scheme are (i) to retain and motivate the Selected Employees; (ii) to align the interest of the Selected Employees with the long-term success of the Company; (iii) to provide fair and competitive compensation to the Selected Employees; and (iv) to drive the achievement of strategic objectives of the Company.

Under the Share Award Scheme, the Board shall not make any further Award which will result in the number of the Shares awarded by the Board under the Share Award Scheme exceeding 3% of the number of Shares in issue as at the date of adoption of the Share Award Scheme (i.e. 31 May 2017). The maximum number of Shares which may be awarded to a Selected Employee shall not exceed 1% of the number of Shares in issue as at the adoption date.

Details of awards granted under the Share Award Scheme are set out on pages 62 to 63.

Apart from the foregoing, at no time during the year ended 31 December 2017 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 2017, 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	50.42%
International Value Advisers, LLC	2	102,298,770	18.88%
Mittleman Investment Management, LLC	3	27,108,780	5.00%

Notes:

1. As at 31 December 2017, Clear Channel KNR Neth Antilles NV was an indirect wholly owned subsidiary of Clear Channel Outdoor Holdings, Inc. iHeartMedia, Inc. owns approximately 90% of the outstanding equity of Clear Channel Outdoor Holdings, Inc. Approximately 67% of the outstanding voting equity of iHeartMedia Inc., was indirectly held jointly by Bain Capital Investors, LLC and Thomas H Lee Advisors LLC.

2. International Value Advisers, LLC notified the Stock Exchange that as at 29 January 2016, 102,298,770 shares of the Company were held by it.

3. Mittleman Investment Management, LCC notified the Stock Exchange that as at 28 June 2016, 27,108,780 shares of the Company were held by it. According to the notification, Mittleman Investment Management, LLC is 100% controlled by Master Control, LLC, which is 100% controlled by Mittleman Brothers, LLC, which in turn is jointly controlled by Christopher Philip Mittleman (33.3%), David Joseph Mittleman (33.3%) and Philip Charles Mittleman (33.3%).

Save as disclosed above, as at 31 December 2017, 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 2017 to 31 December 2017 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

Save as disclosed in note 29 to the financial statements, as at 31 December 2017, the Group was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Group as far as the board of directors was aware of.

OTHERS

Please also refer to the sections headed "Chairman's Statement", "CEO's Report", "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report (which form part of this Report of the Directors) for further details.

ON BEHALF OF THE BOARD
Joseph Tcheng
Chairman

Hong Kong
29 March 2018

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Central, Hong Kong

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

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Clear Media Limited and its subsidiaries ("the Group") set out on pages 74 to 138, which comprise the consolidated statement of financial position as at 31 December 2017, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. Because of the significance of the matters described in the *Basis for disclaimer of opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements.

BASIS FOR DISCLAIMER OF OPINION

(1) Unrecorded bank receipts and payments

As disclosed in the Company's announcement dated 2 January 2018, one employee in the finance department of the Group in the PRC, being a cashier, reported and confessed to the PRC police authorities to have illegally misappropriated certain funds of the Group. The Company has established a special committee to look into this matter and engaged an independent external law firm and an independent accounting firm to conduct a forensic investigation and to assist the special committee of the Company in investigating the misappropriation (the "Investigation").

As detailed in note 2.2 and note 14 to the consolidated financial statements, management concluded that the misappropriation had the effect of reducing the Group's cash and cash equivalents and adjustments were put through by the management to reduce the cash and cash equivalents as at 31 December 2017 and 2016 and 1 January 2016 by RMB76.7 million, RMB72.6 million and RMB70.2 million, respectively. The impact on the current year's consolidated statement of profit or loss amounted to approximately RMB4.1 million and the remainder was related to prior years. Management considered it appropriate to make adjustments to the current and prior years' financial statements.

It is noted from the bank statements obtained during the current year audit that funds deposited into and withdrawn from two bank accounts of a PRC subsidiary with two banks in the PRC during the years from 2007 to 2017, totalling RMB799 million and RMB868.8 million, respectively, had not been recorded by the subsidiary in its accounting records and therefore had not been reflected in the Group's consolidated financial statements. As the Group did not maintain any records and supporting documents in connection with these unrecorded bank receipts and payments, we were unable to perform any effective audit procedures on these unrecorded bank receipts and payments. Accordingly, we were unable to ascertain the nature of these unrecorded bank receipts and payments, the appropriateness of the adjustments put through by management in connection with these unrecorded bank receipts and payments and the possible impact that these unrecorded bank receipts and payments may have on the Group's financial statements.

BASIS FOR DISCLAIMER OF OPINION (continued)

(2) Unrecorded bank accounts

As set out in note 2.2 and note 14 to the consolidated financial statements, during the Investigation, it was discovered that three bank accounts opened in the name of a PRC subsidiary of the Group with three banks in the PRC were not recorded by the subsidiary in its accounting records and accordingly all the transactions in these three bank accounts had not been reflected in the Group's consolidated financial statements. We noted from the bank statements that the funds deposited into and withdrawn from these three bank accounts during the years from 2006 to 2017 both amounted to RMB257.1 million. The closing balances of these bank accounts at each of the year end dates were not material. As the Group did not maintain any records and supporting documents in connection with these unrecorded bank receipts and payments, we were unable to perform any effective audit procedures on these unrecorded bank receipts and payments. Accordingly, we are unable to ascertain the nature of these unrecorded bank receipts and payments and the possible impact that these unrecorded bank receipts and payments may have on the Group's financial statements.

(3) Customer development expenses

Included in the Group's selling expenses for the year ended 31 December 2017, we noted that customer development expenses of RMB19.8 million (2016: RMB23.5 million) were paid to entities whose identities were different from the entities in the documents maintained by the Group to support these payments. Management represented to us that these payments were made to intermediaries that act as agents of the Group to pay customer development expenses to those who conducted customer development services for the Group. The Group has not maintained sufficient supporting documents to support the payments made to these intermediaries and also the subsequent payments made by these intermediaries to those who conducted customer development services for the Group. We were unable to perform sufficient effective audit procedures on these payments. Accordingly, we were unable to ascertain the nature of these payments made by the Group.

(4) Investigations

As the independent investigation and the police investigation (the "investigations") are still ongoing, we were unable to ascertain whether the investigations would reveal any further findings that would have impact on the Group's consolidated financial statements.

(5) Completeness of transactions and disclosures

We were unable to contact several key personnel of the finance department of the Group, who were either under police investigation or could not be reached. In addition, unrecorded bank receipts and payments and unrecorded bank accounts were identified in points (1) and (2) above. The situation has casted significant doubt for us to rely on management's representation for the completeness of the transactions being recorded by the Group in its accounting records.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Company's financial statements in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement partner on the audit resulting in this independent auditor's report is M. L. Chau.

Ernst & Young
Certified Public Accountants
Hong Kong
29 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000 (Restated)
Revenue	6	**1,706,306**	1,607,778
Cost of sales		**(942,475)**	(896,487)
Gross profit		**763,831**	711,291
Other income	6	**3,879**	4,248
Selling and distribution expenses		**(185,674)**	(166,380)
Administrative expenses		**(176,455)**	(162,977)
Other expenses		**(1,660)**	(5,842)
Finance costs	10	**(5,083)**	(1,327)
Loss on misappropriation of funds	2.2,14	**(4,095)**	(2,416)
PROFIT BEFORE TAX	7	**394,743**	376,597
Income tax expenses	11	**(118,103)**	(106,586)
PROFIT FOR THE YEAR		**276,640**	270,011
ATTRIBUTABLE TO:			
Owners of the parent		**243,314**	240,727
Non-controlling interests		**33,326**	29,284
		276,640	270,011
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	13	**0.4492**	0.4444
Diluted (RMB)	13	**0.4492**	0.4444

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	2017 RMB'000	2016 RMB'000 (Restated)
Profit for the year	**276,640**	270,011
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(6,575)**	7,950
Other comprehensive (loss)/income for the year, net of tax	**(6,575)**	7,950
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**270,065**	277,961
ATTRIBUTABLE TO:		
Owners of the parent	**236,739**	248,677
Non-controlling interests	**33,326**	29,284
	270,065	277,961

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	2017 RMB'000	2016 RMB'000 (Restated)	2015 RMB'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	15	**41,754**	49,149	50,943
Concession rights	16	**1,657,662**	1,596,488	1,556,960
Long-term prepayments, deposits and other receivables	17	**93,209**	81,127	74,363
Total non-current assets		**1,792,625**	1,726,764	1,682,266
CURRENT ASSETS				
Trade receivables	18	**729,579**	612,264	575,700
Prepayments, deposits and other receivables	19	**182,088**	159,064	119,831
Due from related parties	20	**85,344**	99,313	89,438
Pledged deposits and restricted cash	21	**17,789**	1,285	1,282
Cash and cash equivalents	21	**337,423**	441,540	507,300
Total current assets		**1,352,223**	1,313,466	1,293,551
CURRENT LIABILITIES				
Other payables and accruals		**682,086**	599,827	541,190
Deferred income		**3,329**	3,282	3,000
Tax payable		**75,412**	78,177	65,439
Total current liabilities		**760,827**	681,286	609,629
NET CURRENT ASSETS		**591,396**	632,180	683,922
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,384,021**	2,358,944	2,366,188
NON-CURRENT LIABILITIES				
Deferred tax liabilities	22	**62,700**	76,045	87,893
Total non-current liabilities		**62,700**	76,045	87,893
Net assets		**2,321,321**	2,282,899	2,278,295
EQUITY				
Equity attributable to owners of the parent				
Share capital	23	**56,945**	56,945	56,945
Other reserves	27	**2,151,975**	2,123,102	2,117,590
		2,208,920	2,180,047	2,174,535
Non-controlling interests		**112,401**	102,852	103,760
Total equity		**2,321,321**	2,282,899	2,278,295

Han Zi Jing
Director

Zhang Huai Jun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	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	Share award reserve RMB'000	Shares held under the share award scheme RMB'000	Retained profits RMB'000 (Restated)	Total RMB'000 (Restated)	Non-controlling interests RMB'000 (Restated)	Total equity RMB'000 (Restated)
As at 1 January 2016	56,945	878,183	2,864	38,851	(3,684)	–	–	1,201,376	2,174,535	103,760	2,278,295
Profit for the year	–	–	–	–	–	–	–	240,727	240,727	29,284	270,011
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	–	–	240,727	248,677	29,284	277,961
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**	–	–	1,222,599**	2,180,047	102,852	2,282,899
As at 1 January 2017	**56,945**	**749,213**	**6,289**	**140,735**	**4,266**	**-**	**-**	**1,222,599**	**2,180,047**	**102,852**	**2,282,899**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**243,314**	**243,314**	**33,326**	**276,640**
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**(6,575)**	**-**	**-**	**-**	**(6,575)**	**-**	**(6,575)**
Total comprehensive (loss)/income for the year	**-**	**-**	**-**	**-**	**(6,575)**	**-**	**-**	**243,314**	**236,739**	**33,326**	**270,065**
Equity-settled share option arrangements	**-**	**-**	**4,460**	**-**	**-**	**-**	**-**	**-**	**4,460**	**-**	**4,460**
Recognition of share award scheme expenses	**-**	**-**	**-**	**-**	**-**	**1,791**	**-**	**-**	**1,791**	**-**	**1,791**
Purchases of shares held under the share award scheme	**-**	**-**	**-**	**-**	**-**	**-**	**(8,165)**	**-**	**(8,165)**	**-**	**(8,165)**
Dividends paid/payable to a non-controlling shareholder	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(23,777)**	**(23,777)**
Final 2016 dividend paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(79,979)**	**(79,979)**	**-**	**(79,979)**
Special dividend paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(125,973)**	**(125,973)**	**-**	**(125,973)**
At 31 December 2017	**56,945**	**749,213****	**10,749****	**140,735****	**(2,309)****	**1,791****	**(8,165)****	**1,259,961****	**2,208,920**	**112,401**	**2,321,321**

* 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 other reserves of RMB2,151,975,000 (2016: RMB2,123,102,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**394,743**	376,597
Adjustments for:			
Impairment and write-down of concession rights	7	**1,645**	3,580
Loss on disposal of concession rights	7	**53**	2,467
Impairment losses of trade receivables recognised	7	**30,716**	20,009
Gain on disposal of items of property, plant and equipment	7	**(38)**	(205)
Depreciation of items of property, plant and equipment	7	**14,828**	14,656
Recognition of prepaid lease payments		**2,018**	2,018
Amortisation of concession rights	7	**328,508**	310,163
Foreign exchange losses, net	7	**5,083**	1,327
Share award scheme expense	7	**1,791**	–
Equity-settled share option expense	7	**4,460**	3,425
Interest income	6	**(3,879)**	(4,248)
		779,928	729,789
Increase in long-term prepayments, deposits and other receivables		**(19,499)**	(8,782)
Increase in trade receivables		**(148,031)**	(56,573)
Increase in prepayments, deposits and other receivables		**(23,862)**	(39,435)
Decrease/(increase) in amounts due from related parties		**13,969**	(9,875)
Increase/(decrease) in other payables and accruals		**107,109**	(15,890)
Increase in deferred income		**47**	282
Cash generated from operations		**709,661**	599,516
Income taxes paid		**(134,213)**	(105,699)
Net cash flows from operating activities		**575,448**	493,817
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(7,672)**	(14,837)
Proceeds from disposal of items of property, plant and equipment		**72**	206
Proceeds from disposal of concession rights		**24**	161
Purchase of concession rights		**(405,882)**	(289,949)
Interest received		**3,816**	4,450
Increase in pledged deposits		**(16,504)**	–
Net cash flows used in investing activities		**(426,146)**	(299,969)

Year ended 31 December 2017

	2017 RMB'000	2016 RMB'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to shareholders	**(205,952)**	(246,590)
Dividends paid to a non-controlling shareholder of a subsidiary	**(27,654)**	(19,625)
Purchase of shares held under the share award scheme	**(8,165)**	–
Net cash flows used in financing activities	**(241,771)**	(266,215)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(92,469)**	(72,367)
Cash and cash equivalents at beginning of year	**441,540**	507,300
Effect of foreign exchange rate changes, net	**(11,648)**	6,607
CASH AND CASH EQUIVALENTS AT END OF YEAR	**337,423**	441,540
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**337,423**	441,540

1. CORPORATE AND GROUP 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 below. 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 iHeart Media, Inc. which is incorporated in the United States of America.

Information about subsidiaries

Particulars of the Company's principal 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
Hainan White Horse Advertising Media Investment Company Limited ("WHA Joint Venture")	PRC#	US$60,000,000/ US$60,000,000	–	80	Operation of outdoor advertising business

\# The People's Republic of China (the "PRC") excludes, for the purpose of these financial statements, Hong Kong, Macau and Taiwan.

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 Sino-foreign 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% of 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 2016 at a consideration of HK$250,000 payable to Hainan White Horse each year for the fiscal years 2006 to 2017 (both years inclusive). The agreement was renewed on 28 October 2016 on substantially the same terms as the previous agreement for the years 2018 and 2019.

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 RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017. 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 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 above.

2.2 LOSS ON MISAPPROPRIATION OF FUNDS, PRIOR YEAR ADJUSTMENTS AND RESTATEMENTS

The Board of Directors, through the announcements dated 2 January 2018, 8 February 2018 and 19 March 2018, informed the shareholders and potential investors that there had been misappropriation of certain funds. Since the announcement dated 2 January 2018, a special committee was established to (i) vigorously pursue all available remedies and options to recover any loss and minimise any damage caused by the misappropriation; (ii) consider the engagement of external professional parties to conduct a forensic investigation on the misappropriation and (iii) review the internal control systems of the Group to prevent similar incidents from taking place again. The Company has put in place enhanced internal control measures on monitoring cash payments and cash balances at banks. An independent external law firm and an independent accounting firm have been engaged to conduct a forensic investigation and to assist the special committee of the Company in investigating matters arising from the misappropriation and other related matters. The misappropriation of funds has been referred to the police for investigation.

Both the Company's investigation and the police investigation into the misappropriation are ongoing, but based on preliminary findings to date, it appears that a cashier of the Guangzhou office made unauthorized and unrecorded transactions through two of the Company's bank accounts, falsified documents retained in the Company's books and records, and used deception to keep such transactions undetected. The cashier also apparently colluded with another employee with respect to certain fraudulent transactions. Both employees are under police arrest with respect to the misappropriation. To date, there is no evidence that any senior management or directors of the Company were implicated in the misappropriation.

Based on the investigation conducted so far, management expects the misappropriation has the effect of reducing the Group's cash and cash equivalents as of 31 December 2017 by approximately RMB76.7 million in total. Approximately 5.3% of the total misappropriated amounts was accounted for as a reduction in the profit for the year in the Company's consolidated statement of profit or loss for the year ended 31 December 2017 whilst the remainder of the adjustments were made to the prior years' profits because the misappropriation occurred mainly in prior years.

2.2 LOSS ON MISAPPROPRIATION OF FUNDS, PRIOR YEAR ADJUSTMENTS AND RESTATEMENTS (continued)

The impact of the misappropriation to the financial statements of the Group is set forth below:

	2017	2016	2015	2014	2013	2012 and before
Consolidated statement of profit or loss (RMB'000)						
(Decrease)/increase in profit attributable to owners of the parent	**(3,685)**	(2,174)	(1,438)	1,578	(4,833)	(58,500)
(Decrease)/increase in profit attributable to non-controlling interests	**(410)**	(242)	(160)	175	(536)	(6,500)
	(4,095)	(2,416)	(1,598)	1,753	(5,369)	(65,000)
Consolidated statement of financial position (RMB'000)						
Decrease in cash and cash equivalents	**(76,725)**	(72,630)	(70,214)	(68,616)	(70,369)	(65,000)
Decrease in equity attributable to owners of the parent	**(69,052)**	(65,367)	(63,193)	(61,755)	(63,333)	(58,500)
Consolidated statement of cash flows (RMB'000)						
(Decrease)/increase in cash generated from operations	**(4,095)**	(2,416)	(1,598)	1,753	(5,369)	(65,000)

2.2 LOSS ON MISAPPROPRIATION OF FUNDS, PRIOR YEAR ADJUSTMENTS AND RESTATEMENTS (continued)

Based on the preliminary findings of the on-going investigations, the Directors of the Company considered it appropriate to make adjustments based on the impact of the misappropriation as set forth above to the Group's consolidated financial statements for the year ended 31 December 2017 and before as follows:

The effects of the restatements on the consolidated statement of profit or loss for the year ended 31 December 2016 are as follows:

	As previously reported RMB'000	Prior year adjustment RMB'000	Restated RMB'000
Revenue	1,607,778	–	1,607,778
Cost of sales	(896,487)	–	(896,487)
Gross profit	711,291	–	711,291
Other income	4,248	–	4,248
Selling and distribution expenses	(166,380)	–	(166,380)
Administrative expenses	(162,977)	–	(162,977)
Other expenses	(5,842)	–	(5,842)
Finance costs	(1,327)	–	(1,327)
Loss on misappropriation of funds	–	(2,416)	(2,416)
PROFIT BEFORE TAX	379,013	(2,416)	376,597
Income tax expenses	(106,586)	–	(106,586)
PROFIT FOR THE YEAR	272,427	(2,416)	270,011
ATTRIBUTABLE TO:			
Owners of the parent	242,901	(2,174)	240,727
Non-controlling interests	29,526	(242)	29,284
	272,427	(2,416)	270,011
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)	0.4484	(0.0040)	0.4444
Diluted (RMB)	0.4484	(0.0040)	0.4444

2.2 LOSS ON MISAPPROPRIATION OF FUNDS, PRIOR YEAR ADJUSTMENTS AND RESTATEMENTS (continued)

The effects of the restatements on the consolidated statement of comprehensive income for the year ended 31 December 2016 are as follows:

	As previously reported RMB'000	Prior year adjustment RMB'000	Restated RMB'000
Profit for the year	272,427	(2,416)	270,011
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations	7,950	–	7,950
Other comprehensive income for the year, net of tax	7,950	–	7,950
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
ATTRIBUTABLE TO:			
Owners of the parent	250,851	(2,174)	248,677
Non-controlling interests	29,526	(242)	29,284
	280,377	(2,416)	277,961

2.2 LOSS ON MISAPPROPRIATION OF FUNDS, PRIOR YEAR ADJUSTMENTS AND RESTATEMENTS (continued)

The effects of the restatements on the consolidated statement of financial position at 31 December 2016 are as follows:

	As previously reported RMB'000	Prior year adjustment RMB'000	Restated RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	49,149	–	49,149
Concession rights	1,596,488	–	1,596,488
Long-term prepayments, deposits and other receivables	81,127	–	81,127
Total non-current assets	1,726,764	–	1,726,764
CURRENT ASSETS			
Trade receivables	612,264	–	612,264
Prepayments, deposits and other receivables	159,064	–	159,064
Due from related parties	99,313	–	99,313
Pledged deposits and restricted cash	1,285	–	1,285
Cash and cash equivalents	514,170	(72,630)	441,540
Total current assets	1,386,096	(72,630)	1,313,466
CURRENT LIABILITIES			
Other payables and accruals	599,827	–	599,827
Deferred income	3,282	–	3,282
Tax payable	78,177	–	78,177
Total current liabilities	681,286	–	681,286
NET CURRENT ASSETS	704,810	(72,630)	632,180
TOTAL ASSETS LESS CURRENT LIABILITIES	2,431,574	(72,630)	2,358,944
NON-CURRENT LIABILITIES			
Deferred tax liabilities	76,045	–	76,045
Total non-current liabilities	76,045	–	76,045
Net assets	2,355,529	(72,630)	2,282,899
EQUITY			
Equity attributable to owner of the parent			
Share capital	56,945	–	56,945
Other reserves	2,188,469	(65,367)	2,123,102
	2,245,414	(65,367)	2,180,047
Non-controlling interests	110,115	(7,263)	102,852
Total equity	2,355,529	(72,630)	2,282,899

2.2 LOSS ON MISAPPROPRIATION OF FUNDS, PRIOR YEAR ADJUSTMENTS AND RESTATEMENTS (continued)

The effects of the restatements on the consolidated statement of cash flows for the year ended 31 December 2016 are as follows:

	As previously reported RMB'000	Prior year adjustment RMB'000	Restated RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	379,013	(2,416)	376,597
Adjustments for:			
Impairment and write-down of concession rights	3,580	–	3,580
Loss on disposal of concession rights	2,467	–	2,467
Impairment losses on trade receivables recognised	20,009	–	20,009
Gain on disposal of items of property, plant and equipment	(205)	–	(205)
Depreciation of items of property, plant and equipment	14,656	–	14,656
Recognition of prepaid lease payments	2,018	–	2,018
Amortisation of concession rights	310,163	–	310,163
Foreign exchange losses, net	1,327	–	1,327
Share award scheme expense	–	–	–
Equity-settled share option expense	3,425	–	3,425
Interest income	(4,248)	–	(4,248)
	732,205	(2,416)	729,789
Increase in long-term prepayments, deposits and other receivables	(8,782)	–	(8,782)
Increase in trade receivables	(56,573)	–	(56,573)
Increase in prepayments, deposits and other receivables	(39,435)	–	(39,435)
Increase in amounts due from related parties	(9,875)	–	(9,875)
Decrease in other payables and accruals	(15,890)	–	(15,890)
Increase in deferred income	282	–	282
Cash generated from operations	601,932	(2,416)	599,516
Income taxes paid	(105,699)	–	(105,699)
Net cash flows from operating activities	496,233	(2,416)	493,817
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	(14,837)	–	(14,837)
Proceeds from disposal of items of property, plant and equipment	206	–	206
Proceeds from disposal of concession rights	161	–	161
Purchase of concession rights	(289,949)	–	(289,949)
Interest received	4,450	–	4,450
Net cash flows used in investing activities	(299,969)	–	(299,969)

2.2 LOSS ON MISAPPROPRIATION OF FUNDS, PRIOR YEAR ADJUSTMENTS AND RESTATEMENTS (continued)

	As previously reported RMB'000	Prior year adjustment RMB'000	Restated RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders	(246,590)	–	(246,590)
Dividends paid to a non-controlling shareholder of a subsidiary	(19,625)	–	(19,625)
Purchase of shares held under the share award scheme	–	–	–
Net cash flows used in financing activities	(266,215)	–	(266,215)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(69,951)	(2,416)	(72,367)
Cash and cash equivalents at beginning of year	577,514	(70,214)	507,300
Effect of foreign exchange rate changes, net	6,607	–	6,607
CASH AND CASH EQUIVALENTS AT END OF YEAR	514,170	(72,630)	441,540
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	514,170	(72,630)	441,540

During the process of the Company's investigation, which is still ongoing, it was discovered that there were three bank accounts opened in the name of certain members of the Group, which were not authorised, with certain transactions recorded therein. Two of the bank accounts have been closed and the other one is still open. As of the date of this report, the management of the Company is not aware of any liability attaching to those accounts. The matters have also been referred to the police for investigation.

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 *included in Annual Improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

None of the above amendments to HKFRSs has had a significant financial effect on these financial statements.

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

The nature and the impact of the amendments are described below:

(a) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments have had no impact on the Group's financial statements.

(b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

(c) Amendments to HKFRS 12 clarify that the disclosure requirements in HKFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of HKFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements.

2.4 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.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[1]
HKFRS 9	*Financial Instruments*[1]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[1]
HKFRS 16	*Leases*[2]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to HKAS 40	*Transfers of Investment Property*[1]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[2]
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28[1]
Annual Improvements 2015-2017 Cycle	*Amendments to* HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The Group expects to adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

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

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt HKFRS 9 from 1 January 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. During 2017, the Group has performed a detailed assessment of the impact of the adoption of HKFRS 9. The expected impact relate to the classification and measurement and the impairment requirements and are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. Based on the assessment undertaken to date, the Group does not expect any significant change to the impairment loss allowance for trade debtors and other receivables.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

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

HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group will adopt HKFRS 15 on 1 January 2018 and will adopt the transitional provisions in HKFRS 15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2018 and comparatives will not be restated. In addition, the Group will adopt a practical expedient under HKFRS 15 to apply the new requirements only to contracts that are not completed before 1 January 2018. The Group expects that the transitional adjustment to be made on 1 January 2018 upon initial adoption of HKFRS 15 will not be significant to the Group's financial statements.

The presentation and disclosure requirements in HKFRS 15 are more detailed than those under the current HKAS 18. The presentation requirements represent a significant change from current practice. However, after performing a detailed assessment including reviewing all sales contracts with customers, the Group concluded that only sales generated from the Group's digital operations will fall within the scope of HKFRS 15 and the impact of changes in disclosure requirement will not be significant to the Group's financial statements.

HKFRS 16, issued in May 2016, replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt HKFRS 16 from 1 January 2019. The Group is currently assessing the impact of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 28(b) to the financial statements, at 31 December 2017, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately RMB2,690,898,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

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

Amendments to HKAS 40, issued in April 2017, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to the changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at the date that it first applies the amendments and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application is only permitted if it is possible without the use of hindsight. The Group will adopt the amendments prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

HK(IFRIC)-Int 22, issued in June 2017, provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. Entities may apply the interpretation on a full retrospective basis or on a prospective basis, either from the beginning of the reporting period in which the entity first applies the interpretation or the beginning of the prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group will adopt the interpretation prospectively from 1 January 2018. The interpretation is not expected to have any significant impact on the Group's financial statements.

HK(IFRIC)-Int 23, issued in July 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group will adopt the interpretation from 1 January 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 categorised 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

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 categorisation (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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Non-Financial Assets *(continued)*

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

(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);
- (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); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the 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% to $33^1/_3$%
Motor vehicles	20% to $33^1/_3$%

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 are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to concession rights when completed and ready for use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concession Rights

Concession rights represent the cost of acquiring operating rights for the placement of advertisements on bus shelters in the PRC. Concession rights are stated at cost less accumulated amortisation and amortised using the straight-line and individual basis over the shorter of the rights and the useful lives of the bus shelters 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.

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 other 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is 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.

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 exists 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).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Financial Assets *(continued)*

Financial Assets Carried at Amortised Cost *(continued)*

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.

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 and in the case of loans and borrowings, net of 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:

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 they are acquired for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition as 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity 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 consolidated 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 recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax *(continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

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

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

(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.

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 24 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the 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.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based Payments *(continued)*

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

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

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted (note 24). 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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends

Final and special dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign Currencies

The functional currency of the Group's major subsidiary is RMB. The Company's functional currency is HK$, while these financial statements are presented in RMB, which is the Company's 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 the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates 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.

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 difference 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 currencies of the Company and certain subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of the entities are translated into RMB, the presentation currency of the Group at the exchange rate prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB 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 an operation with functional currency other than RMB, 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 Company and certain subsidiaries with a functional currency other than RMB are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Company and those subsidiaries which arise throughout the year are translated into RMB 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 uncertainty 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 assesses whether there are any indicators of impairment for concession rights at the end of each reporting period. Concession rights are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of concession rights at 31 December 2017 was RMB1,657,662,000 (2016: RMB1,596,488,000).

Provision for Impairment of Trade 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, the difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which the estimate is changed. The Group reassesses the impairment allowances at the end of each year. At 31 December 2017, the provision for impairment of trade receivables was RMB57,712,000 (2016: RMB37,184,000).

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 is provided for the profits of the subsidiary in the PRC which the Group considers it probable to be distributed in the foreseeable future. Further details are included in note 22 to the financial statements.

5. OPERATING 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.

6. 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:

	2017 RMB'000	2016 RMB'000 (Restated)
Revenue		
Rental from outdoor advertising spaces	**1,695,871**	1,598,451
Sales revenue from digital panels	**10,435**	9,327
	1,706,306	1,607,778
Other income		
Interest income	**3,879**	4,248

7. PROFIT BEFORE TAX

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

	Notes	2017 RMB'000	2016 RMB'000 (Restated)
Cost of services provided		**221,970**	228,681
Operating lease rentals on bus shelters		**388,130**	356,157
Cost of services in a bus shelter joint-operation arrangement*		**3,867**	1,486
Amortisation of concession rights	16	**328,508**	310,163
Cost of sales		**942,475**	896,487
Impairment losses on trade receivables recognised	18	**30,716**	20,009
Bad debts recovered		**(3,032)**	–
Auditor's remuneration		**2,592**	2,482
Depreciation of items of property, plant and equipment	15	**14,828**	14,656
Impairment and write-down of concession rights		**1,645**	3,580
Loss on disposal of concession rights		**53**	2,467
Gain on disposal of items of property, plant and equipment		**(38)**	(205)
Operating lease rentals on buildings		**38,705**	39,005
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		**158,961**	157,057
Equity-settled share option expense		**4,460**	3,425
Share award scheme expense		**1,791**	–
Pension scheme contributions		**18,092**	18,478
		183,304	178,960
Loss on misappropriation of funds	2.2,14	**4,095**	2,416
Foreign exchange losses, net		**5,083**	1,327
Interest income		**(3,879)**	(4,248)

* 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.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2017 RMB'000	2016 RMB'000
Fees	**3,742**	3,834
Other emoluments:		
Salaries, allowances and benefits in kind	**15,865**	14,630
Performance-related bonuses	**145**	3,034
Equity-settled share option expense	**2,062**	1,575
Share award scheme expense	**1,791**	–
Pension scheme contributions	**141**	136
	20,004	19,375
	23,746	23,209

During the year, 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 24 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, three directors were granted awards comprising Reference Awarded Sums in aggregate of HK$9,600,000 for the purchase of shares and an aggregate amount of HK$4,800,000 in cash to be awarded to three selected employees under the Share Award Scheme, further details of which are set out in note 25 to the financial statements. The fair value is expensed over the vesting period and is included in the above directors' remuneration disclosures.

(a) Independent Non-executive Directors

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

	2017 RMB'000	2016 RMB'000
Mr. Robert Gazzi (appointed as an Independent Non-Executive Director and the Chairman of Audit Committee with effect from 9 August 2016)	**304**	121
Mr. Desmond Murray (resigned with effect from 9 August 2016)	**–**	153
Ms. Leonie Ki Man Fung	**169**	146
Mr. Wang Shou Zhi	**169**	146
Mr. Thomas Manning	**253**	146
	895	712

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

(b) Executive Directors, Non-executive Directors and Alternate Director

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Equity-settled share option expense RMB'000	Share award scheme expenses RMB'000	Pension scheme contributions RMB'000	Total emoluments RMB'000
2017							
Executive directors:							
Mr. Joseph Tcheng	295	1,434	–	–	–	15	1,744
Mr. Han Zi Jing	512	4,972	–	865	597	15	6,961
Mr. Zhang Huai Jun	698	2,961	–	484	597	88	4,828
Mr. Teo Hong Kiong	548	4,094	–	450	597	15	5,704
	2,053	13,461	–	1,799	1,791	133	19,237
Non-executive directors:							
Mr. William Eccleshare	169	–	–	–	–	–	169
Mr. Peter Cosgrove	287	422	–	–	–	–	709
Mr. Cormac O'Shea	169	–	–	–	–	–	169
Mr. Zhu Jia	169	–	–	–	–	–	169
	794	422	–	–	–	–	1,216
Alternate director:							
Mr. Zou Nan Feng	–	1,982	145	263	–	8	2,398
	2,847	15,865	145	2,062	1,791	141	22,851

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

(b) Executive Directors, Non-executive Directors and Alternate Director *(continued)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total emoluments RMB'000
2016						
Executive directors:						
Mr. Joseph Tcheng (appointed as Executive Chairman with effect from 1 January 2016)	300	1,414	–	–	15	1,729
Mr. Han Zi Jing	642	4,643	807	685	15	6,792
Mr. Zhang Huai Jun	834	2,847	1,271	342	83	5,377
Mr. Teo Hong Kiong	642	3,736	956	342	15	5,691
	2,418	12,640	3,034	1,369	128	19,589
Non-executive directors:						
Mr. William Eccleshare	146	–	–	–	–	146
Mr. Peter Cosgrove	266	428	–	–	–	694
Mr. Cormac O'Shea	146	–	–	–	–	146
Mr. Zhu Jia	146	–	–	–	–	146
	704	428	–	–	–	1,132
Alternate director:						
Mr. Zou Nan Feng	–	1,562	–	206	8	1,776
	3,122	14,630	3,034	1,575	136	22,497

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

During the year, performance-related bonuses of RMB145,000 were paid to a director (2016: RMB3,034,000). There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2016: 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 (2016: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2016: four) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining one (2016: one) non-director, highest paid employee for the year are as follows:

	2017 RMB'000	2016 RMB'000
Salaries, allowances and benefits in kind	**1,913**	1,921
Performance-related bonuses	**243**	315
Equity-settled share option expense	**268**	206
Pension scheme contributions	**73**	67
	2,497	2,509

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

	Number of employees	
	2017	2016
Nil to RMB1,000,000	**–**	–
RMB1,000,001 to RMB1,500,000	**–**	–
RMB1,500,001 to RMB2,000,000	**–**	–
RMB2,000,001 to RMB2,500,000	**1**	–
RMB2,500,001 to RMB3,000,000	**–**	1
	1	1

10. FINANCE COSTS

	2017 RMB'000	2016 RMB'000
Finance costs	**5,083**	1,327

11. 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.

	2017 RMB'000	2016 RMB'000
Current – Hong Kong profits tax	**–**	–
Current – PRC corporate income tax	**120,748**	104,848
Deferred tax *(note 22)*	**(2,645)**	1,738
Total tax charge for the year	**118,103**	106,586

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:

	2017 RMB'000	2016 RMB'000 (Restated)
Profit before tax	**394,743**	376,597
Tax at the applicable statutory tax rate	**101,410**	96,223
Income not subject to tax	**(214)**	(139)
Expenses not deductible for tax	**5,035**	2,811
Tax losses not recognised	**3,610**	3,460
Effect of withholding tax on the distributable profits of the Group's PRC subsidiary	**8,262**	4,231
Tax charge at the Group's effective rate of 29.9% (2016: 28.3%)	**118,103**	106,586

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 corporate income tax at a rate of 25% (2016: 25%) for the head office and its branches on its assessable profits arising in the PRC for the year 2017.

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 2017, the Group recognised a deferred tax liability of RMB5,553,000 (31 December 2016: RMB7,991,000) and income tax payable of RMB5,350,000 (31 December 2016: Nil) in respect of the withholding taxes on future dividend distribution by WHA Joint Venture.

12. DIVIDENDS

	2017 RMB'000	2016 RMB'000
Special dividend – HK27 cents (2016: HK37 cents) per ordinary share	**127,465**	172,329
Proposed final – HK17 cents (2016: HK17 cents) per ordinary share	**73,994**	81,398
	201,459	253,727

The special dividend of RMB127,465,000 (HK27 cents per share) was approved at the special general meeting on 7 July 2017 and was paid on 31 July 2017.

At the Board meeting held on 29 March 2018, the directors proposed a final dividend of HK17 cents per share (2016: HK17 cents per share) for the year ended 31 December 2017. This final dividend, to be paid out from the retained earnings and the contributed surplus account, is equivalent to RMB73,994,000 (2016: RMB81,398,000) based on the 541,700,500 (2016: 541,700,500) outstanding shares. Subject to the approval by the shareholders at the forthcoming annual general meeting, the proposed dividend will be payable on Tuesday, 17 July 2018 to the shareholders registered on the Register of Members on Thursday, 14 June 2018.

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

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

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	2017 RMB'000	2016 RMB'000 (Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**243,314**	240,727

	Number of shares	
	2017	2016
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**541,700,500**	541,700,500
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	–
	541,700,500	541,700,500

14. LOSS ON MISAPPROPRIATION OF FUNDS

The Board of Directors, through the announcements dated 2 January 2018, 8 February 2018 and 19 March 2018, informed the shareholders and potential investors that there had been misappropriation of certain funds. Since the announcement dated 2 January 2018, a special committee was established to (i) vigorously pursue all available remedies and options to recover any loss and minimise any damage caused by the misappropriation; (ii) consider the engagement of external professional parties to conduct forensic investigation on the misappropriation and (iii) review the internal control system of the Group to prevent similar incidents from taking place again. The Company has put in place enhanced internal control measures on monitoring cash payments and cash balances at banks. An independent external law firm and an independent accounting firm have been engaged to conduct a forensic investigation and to assist the special committee of the Company in investigating matters arising from the misappropriation and other related matters. The misappropriation of funds has been referred to the police for investigation.

Based on the investigation conducted so far, management expects the misappropriation has the effect of reducing the Group's cash and cash equivalents as of 31 December 2017 by approximately RMB76.7 million in total. Approximately 5.3% of the total misappropriated amounts was accounted for as a reduction in the profit for the year in the Company's consolidated statement of profit or loss for the year ended 31 December 2017 whilst the remainder of the adjustments were made to the prior years' profits because the misappropriation occurred mainly in prior years.

The impact of the misappropriation to the financial statements of the Group is set forth below:

	2017	2016	2015	2014	2013	2012 and before
Consolidated statement of profit or loss (RMB'000)						
(Decrease)/increase in profit attributable to owners of the parent	**(3,685)**	(2,174)	(1,438)	1,578	(4,833)	(58,500)
(Decrease)/increase in profit attributable to non-controlling interests	**(410)**	(242)	(160)	175	(536)	(6,500)
	(4,095)	(2,416)	(1,598)	1,753	(5,369)	(65,000)
Consolidated statement of financial position (RMB'000)						
Decrease in cash and cash equivalents	**(76,725)**	(72,630)	(70,214)	(68,616)	(70,369)	(65,000)
Decrease in equity attributable to owners of the parent	**(69,052)**	(65,367)	(63,193)	(61,755)	(63,333)	(58,500)
Consolidated statement of cash flows (RMB'000)						
(Decrease)/increase in cash generated from operations	**(4,095)**	(2,416)	(1,598)	1,753	(5,369)	(65,000)

During the process of the Company's investigation, which is still ongoing, it was discovered that there were three bank accounts opened in the name of certain members of the Group, which were not authorised, with certain transactions recorded therein. Two of the bank accounts have been closed and the other one is still open. As of the date of this report, the management of the Company is not aware of any liability attaching to those accounts. The matters have also been referred to the police for investigation.

15. 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 2017					
At at 1 January 2017:					
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
At 1 January 2017, net of accumulated depreciation	28,989	9,191	10,969	–	49,149
Additions	875	1,537	5,065	7,636	15,113
Disposals	–	(5)	(29)	–	(34)
Depreciation provided during the year	(7,622)	(3,110)	(4,096)	–	(14,828)
Exchange realignment	(10)	–	–	–	(10)
Transfers to concession rights *(note 16)*	–	–	–	(7,636)	(7,636)
At 31 December 2017, net of accumulated depreciation	22,232	7,613	11,909	–	41,754
At 31 December 2017:					
Cost	58,130	17,217	35,428	–	110,775
Accumulated depreciation	(35,898)	(9,604)	(23,519)	–	(69,021)
Net carrying amount	22,232	7,613	11,909	–	41,754

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	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 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 16)*	–	–	–	(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

16. CONCESSION RIGHTS

	RMB'000
31 December 2017	
Cost at 1 January 2017, net of accumulated amortisation	**1,596,488**
Additions	**383,768**
Transfer from construction in progress *(note 15)*	**7,636**
Disposals, impairment, write-off and write-down	**(1,722)**
Amortisation during the year	**(328,508)**
At 31 December 2017	**1,657,662**
At 31 December 2017:	
Cost	**4,478,634**
Accumulated amortisation	**(2,820,972)**
Net carrying amount	**1,657,662**
31 December 2016	
Cost at 1 January 2016, net of accumulated amortisation	1,556,960
Additions	339,107
Transfer from construction in progress *(note 15)*	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

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 2017, the weighted average remaining term of the concession rights currently held by the Group was approximately six years. In terms of renewal rights, approximately 49% 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.

17. LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Long-term prepayments amounting to RMB69,951,000 (31 December 2016: RMB49,552,000) 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.

The balance as at 31 December 2017 also included a non-current portion of a prepaid bus shelter lease payment amounting to RMB2,520,000 (31 December 2016: RMB4,537,000) and a long-term rental deposit of RMB20,738,000 (31 December 2016: RMB20,738,000).

18. 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:

	2017 RMB'000	2016 RMB'000
Current to 90 days	**346,606**	291,219
91 days to 180 days	**298,437**	234,973
181 days to 360 days	**96,643**	88,657
Over 360 days	**45,605**	34,599
	787,291	649,448
Less: Provision for impairment of trade receivables	**(57,712)**	(37,184)
Total trade receivables, net	**729,579**	612,264

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

	2017 RMB'000	2016 RMB'000
At 1 January	**37,184**	26,322
Impairment losses recognised *(note 7)*	**30,716**	20,009
Amount written off as uncollectible	**(10,188)**	(9,147)
At 31 December	**57,712**	37,184

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.

18. TRADE RECEIVABLES (continued)

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

	2017 RMB'000	2016 RMB'000
Neither past due nor impaired	**645,043**	526,192
Less than 3 months past due	**71,131**	72,211
Over 3 months past due	**13,405**	13,861
	729,579	612,264

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.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The balance of prepayments, deposits and other receivables for the year ended 31 December 2017 included a receivable from Hainan White Horse Advertising Co., Ltd. ("Hainan White Horse"), the non-controlling shareholder of WHA Joint Venture, amounting to RMB123,267,000 (31 December 2016: RMB99,902,000), which is unsecured, interest-free and has no fixed terms of repayment.

20. DUE FROM RELATED PARTIES

	2017 RMB'000	2016 RMB'000
Hainan White Horse Media Advertising Company Limited ("WHM")	**44,429**	21,360
White Horse (Shanghai) Investment Company Limited ("WSI")	**40,915**	77,953
	85,344	99,313

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

20. DUE FROM RELATED PARTIES (continued)

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

	2017 RMB'000	2016 RMB'000
Current to 90 days	**57,738**	76,665
91 days to 180 days	**21,099**	20,228
181 days to 360 days	**6,507**	2,420
Over 360 days	**–**	–
	85,344	99,313

21. 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 RMB281,487,000 (2016: RMB362,236,000 (restated)) and RMB73,725,000 (2016: RMB80,589,000), 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.

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 2017, the Group had pledged deposits of RMB16,500,000 (2016: Nil) to banks as security for bills payable of RMB30,000,000 (2016: Nil) and a letter of guarantee of RMB15,000,000 (2016: Nil).

As at 31 December 2017, a bank balance of RMB1,289,000 (2016: RMB1,285,000) was frozen by one of the financial institutions which has commenced legal proceedings against the Company's subsidiary as disclosed in note 29 to the financial statements. 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.

22. DEFERRED TAX

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

Deferred tax liabilities

	2017		
	Depreciation and amortisation allowance in excess of related depreciation and amortisation and other temporary differences RMB'000	Withholding tax RMB'000	Total RMB'000
At 1 January	**68,054**	**7,991**	**76,045**
Deferred tax (credited)/charged to the statement of profit or loss during the year *(note 11)*	**(10,907)**	**8,262**	**(2,645)**
Reclassified to tax payable	**–**	**(10,700)**	**(10,700)**
At 31 December	**57,147**	**5,553**	**62,700**

	2016		
	Depreciation and amortisation allowance in excess of related depreciation and amortisation and other temporary differences RMB'000	Withholding tax RMB'000	Total RMB'000
At 1 January	70,547	17,346	87,893
Deferred tax (credited)/charged to the statement of profit or loss during the year *(note 11)*	(2,493)	4,231	1,738
Reclassified to tax payable	–	(13,586)	(13,586)
At 31 December	68,054	7,991	76,045

22. DEFERRED TAX (continued)

Deferred tax assets

	Deductible temporary differences 2017 RMB'000	Deductible temporary differences 2016 RMB'000
At 1 January		
Deferred tax credited to the statement of profit or loss during the year	**–**	–
At 31 December	**–**	–
Net deferred tax assets at 31 December	**–**	–

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.

23. SHARE CAPITAL

	2017 RMB'000	2016 RMB'000
Shares		
Issued and fully paid: 541,700,500 ordinary shares (2016: 541,700,500) of HK$0.1 each (2016: HK$0.1)	**56,945**	56,945

24. SHARE OPTION SCHEMES

Prior to 28 November 2008, the Company operated, among others, a share option scheme (the "Old Scheme") for the purpose of providing incentives and rewards to eligible participants who contributed to the Group's operations. The Old Scheme became effective on 28 November 2001 and expired on 28 November 2008, after then no further options had been granted under the Old Scheme. Options which were granted during the life of the Old Scheme shall continue to be exercisable in accordance with their terms of issue and the last remaining batch of these options expired on 29 June 2014. Accordingly, there are no outstanding options under the Old Scheme.

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 New Scheme was subsequently amended in the Annual General Meeting of the Company on 1 June 2012. 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.

24. SHARE OPTION SCHEMES (continued)

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 this 10% limit in accordance with the Listing Rules. Options lapsed in accordance with the terms of the New Scheme will not be counted for the purpose of calculating such 10% limit. The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company and/or any of its subsidiaries must not exceed 30% of the shares of the Company in issue from time to time, and no options may be granted under the New Scheme or any other share option schemes of the Company and/or any of its subsidiaries if that will result in such 30% limit being exceeded.

No option may be granted to any person such that the total number of shares issued and to be issued upon the exercise of options granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the issued share capital of the Company from time to time.

An option may be exercised in accordance with the respective terms of the New Scheme or Old Scheme at any time during the option period. The option period was determined by the board of directors and communicated to each grantee. The board of directors may impose 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 growth in earnings per share 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 Hong Kong Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; and (iii) the average of the closing prices of the shares as stated in the Hong Kong 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 2017, the aggregate number of shares issuable under share options granted under the New Scheme was 6,929,000, which represented approximately 1.28% 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 6,929,000 additional ordinary shares of HK$0.10 each in the Company and proceeds, before relevant share issue expenses, of approximately HK$65,041,710.

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.

24. SHARE OPTION SCHEMES (continued)

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

		Number of share options									Price of the Company's shares ***		
Name or category of participant	Type of share option scheme	At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options*	Exercise period	Exercise price per share ** HK$	At grant date of options HK$	Immediately before the exercise date HK$	At exercise date of options HK$
Director													
Han Zi Jing	The New Scheme	333,333	–	–	–	–	333,333	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	333,333	–	–	–	–	333,333	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	333,334	–	–	–	–	333,334	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	–	333,000	–	–	–	333,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	–	–
		1,000,000	333,000	–	–	–	1,333,000						
Teo Hong Kiong	The New Scheme	166,666	–	–	–	–	166,666	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	166,666	–	–	–	–	166,666	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	166,668	–	–	–	–	166,668	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	–	200,000	–	–	–	200,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	–	–
		500,000	200,000	–	–	–	700,000						
Zhang Huai Jun	The New Scheme	166,666	–	–	–	–	166,666	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	166,666	–	–	–	–	166,666	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	166,668	–	–	–	–	166,668	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	–	266,000	–	–	–	266,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	–	–
		500,000	266,000	–	–	–	766,000						

24. SHARE OPTION SCHEMES (continued)

		Number of share options									Price of the Company's shares ***		
Name or category of participant	Type of share option scheme	At the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	At the end of the year	Date of grant of share options*	Exercise period	Exercise price per share ** HK$	At grant date of options HK$	Immediately before the exercise date HK$	At exercise date of options HK$
Director (continued)													
Zou Nan Feng	The New Scheme	100,000	–	–	–	–	100,000	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	100,000	–	–	–	–	100,000	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	100,000	–	–	–	–	100,000	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52		
	The New Scheme	–	106,000	–	–	–	106,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	–	–
		300,000	106,000	–	–	–	406,000						
Others													
Members of senior management and other employees of the Group	The New Scheme	899,994	–	–	–	–	899,994	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	899,994	–	–	–	–	899,994	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	900,012	–	–	–	–	900,012	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	–	1,024,000	–	–	–	1,024,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	–	–
		2,700,000	1,024,000	–	–	–	3,724,000						
In aggregate	The New Scheme	1,666,659	–	–	–	–	1,666,659	10/06/2015	11/06/2018 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	1,666,659	–	–	–	–	1,666,659	10/06/2015	11/06/2019 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	1,666,682	–	–	–	–	1,666,682	10/06/2015	11/06/2020 to 10/06/2022	9.54	9.52	–	–
	The New Scheme	–	1,929,000	–	–	–	1,929,000	31/05/2017	01/02/2020 to 31/05/2024	8.99	8.99	–	–
		5,000,000	1,929,000	–	–	–	6,929,000						

24. SHARE OPTION SCHEMES (continued)

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

** 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 Hong Kong 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 Hong Kong Stock Exchange closing prices over all of the exercises of options within the disclosure line.

On 31 May 2017, the Company granted an aggregate of 1,929,000 share options to certain eligible participants under the New Scheme. Among these 1,929,000 share options, 905,000 options were granted to three Executive Directors and an Alternate Director.

The fair value of the share options granted on 31 May 2017 was HK$5,281,000 (HK$2.74 each), of which the Group recognised a share option expense of HK$1,162,000 during the year ended 31 December 2017.

The fair value of equity-settled share options granted during the period was estimated as at the date of grant, using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield:	1.89%
Expected volatility:	34.95%
Risk-free interest rate:	1.51%
Expected life:	7 years
Exercise price per share:	HK$8.99
Share price at grant date:	HK$8.99

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Apart from the foregoing, at no time during the year ended 31 December 2017 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 AWARD SCHEME

On 31 May 2017, the Board of Directors adopted the share award scheme (the "Share Award Scheme"). Under the Share Award Scheme, the Board of Directors may select any employee of the Group (the "Selected Employee") and make an award of Shares and cash (if any) ("Award") to such Selected Employee and determine the reference awarded sum ("Reference Awarded Sum") for the purchase and/or allocation of awarded shares ("Awarded Shares"). The Company has appointed an independent trustee ("Trustee") for the administration of the Scheme.

On 31 May 2017, the Board of Directors resolved to grant three Awards comprising Reference Awarded Sums in aggregate of HK$9,600,000 for the purchase of Shares and an aggregate amount of HK$4,800,000 in cash to be awarded to three Selected Employees under the Share Award Scheme. Each Award comprises (i) a share award with a Reference Awarded Sum of HK$3,200,000 and (ii) a cash award of HK$1,600,000.

The Company paid the Trustee a sum of HK$9,600,000 ("Reference Amount") from the Company's resources and the Trustee had applied the Reference Amount to purchase the maximum number of board lots of Shares at the prevailing market price and will hold such Shares for the benefit of the relevant Selected Employees in accordance with the Scheme and the Trust Deed.

Vesting of the three Awards granted is subject to the fulfillment (or waiver) of vesting conditions (including the EBITDA performance of the Group for the years ended 31 December 2017, 2018 and 2019) specified in the Grant Letters. The actual number of Awarded Shares (and their Related Income) and the amount of cash award to be vested is subject to the performance of the Group prior to vesting and may be reduced accordingly.

Details of the Awarded Shares granted and unvested as at 31 December 2017 are set out below:

Date of Awarded Shares granted	Average fair value per share (HK$)	Number of Awarded Shares granted	Number of Awarded Shares vested	Number of Awarded Shares lapsed	Number of Awarded Shares unvested
31 May 2017	9.07	1,058,700	–	–	1,058,700

The Group has recognised a share award scheme expense of RMB1,791,000 under the Share Award Scheme in profit or loss (2016: Nil).

26. SHARES HELD UNDER THE SHARE AWARD SCHEME

Movements of shares held under the Share Award Scheme during the period are as follows:

	2017 RMB'000	2017 Number of shares	2016 RMB'000	2016 Number of shares
At 1 January	**–**	**–**	–	–
Purchased during the period	**8,165**	**1,058,700**	–	–
Vested and transferred out during the period	**–**	**–**	–	–
At 31 December	**8,165**	**1,058,700**	–	–

During the year ended 31 December 2017, the trustee acquired 1,058,700 ordinary shares of the Company for the Share Award Scheme through purchase in the open market at a total cost, including related transaction costs of approximately RMB8,165,000 (equivalent to HK$9,600,000).

27. RESERVES

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 77 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.

28. COMMITMENTS

(a) Capital Commitments

	2017 RMB'000	2016 RMB'000
Contracted, but not provided for:		
Construction of shelters for which concession rights are held	**6,561**	123

(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 10 years, and those for concession rights are negotiated for terms ranging from 5 to 20 years.

At 31 December 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017 RMB'000	2016 RMB'000
Within one year	**460,243**	321,992
In the second to fifth years, inclusive	**1,529,828**	1,103,599
After five years	**700,827**	774,390
	2,690,898	2,199,981

29. 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. The first trial was held on 30 August 2017. 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 advice 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 litigations, 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 to 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.

30. 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	2017 RMB'000	2016 RMB'000
Sales to WHM and WSI	(i)	**278,411**	254,976
Agency commission payable to WHM and WSI, companies which have been associates of a director of the Company	(ii)	**21,818**	18,571
Bus shelter cleaning and maintenance fees payable to a company which has been an associate of a director of the Company	(iii)	**29,628**	31,021
Creative services fees payable to WHM and GWH	(iv)	**3,774**	2,830

Notes:

(i) On 22 December 2015, WHA Joint Venture entered into a three-year framework agreement with GWH, WHM and WSI for the years 2016, 2017 and 2018 on substantially the same terms as the framework agreements previously entered into between WHA Joint Venture and GWH on 11 March 2013 ("Framework Agreement"), save for the addition of WHM and WSI as signing parties to the Framework Agreement. The approved annual caps for the gross value of sales from GWH, WHM and WSI for the financial years ending on 31 December 2016, 2017 and 2018 were HK$414,000,000, HK$424,500,000 and HK$435,000,000, respectively. For the year ended 31 December 2017, the sales exclusive value added tax and net off agency commission from WHM and WSI was RMB278,411,000, the total gross value of sales from WHM and WSI was RMB316,934,000 (approximately HK$364,958,000). The sales to WHM and WSI were made according to published prices and conditions similar to those offered to other major customers and advertising agencies of the Group.

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.

Similar to GWH, WHM and WSI are also related parties 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 of each of WHM and WSI.

(ii) The agency commission paid to WHM and WSI 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. The approved annual caps for the advertising commission payable to GWH, WHM and WSI in aggregate for each of these financial years shall not exceed HK$33,000,000, HK$34,000,000 and HK$35,000,000, respectively. The total advertising commission payable to WHM and WSI for 2017 was RMB21,818,000 (approximately HK$25,124,000).

30. RELATED PARTY TRANSACTIONS (continued)

(a) *(continued)*

Notes: (continued)

(iii) On 24 October 2016, WHA Joint Venture entered into a framework maintenance services agreement (the "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 was entered into for a fixed term and will expire on 31 December 2019.

White Horse Holding is a related party of the Company because Mr. Han Zi Dian possessed more than 50% of the voting power of White Horse Holding following a capital injection into White Horse Holding and Mr. Han Zi Dian is the brother of Mr. Han Zi Jing, an executive director of the Company.

Under the Framework Maintenance Services Agreement, WHA Joint Venture would pay service fees to White Horse Holding for the services provided by its branches. The service fees comprised fixed cleaning and maintenance costs, variable subsidies and discretionary bonus. The same basis for calculating the payment of the service fee is applicable to all service providers of the Group including third party service providers.

Under the Framework Maintenance Services Agreement, the service fees payable by WHA Joint Venture to White Horse Holding for the financial years ended 31 December 2017 and ending 31 December 2018 and 2019 shall not exceed HK$52,000,000, HK$60,000,000 and HK$66,000,000, respectively. Service fees shall be settled by WHA Joint Venture on a monthly basis on or before the tenth day of every month. For the year ended 31 December 2017, the maintenance fees paid or payable by WHA Joint Venture for the services provided by White Horse Holding were approximately HK$34,114,000 (2016: HK$36,322,000).

(iv) On 24 October 2016, WHA Joint Venture entered into a creative services agreement with WHM effective from 1 January 2017 to 31 December 2019, whereby GWH agreed to provide creative design services for poster, sales and marketing materials and company profiles to the Group. In the opinion of the directors, these transactions were entered into on terms no less favourable than those available from independent third parties. The annual cap for the consideration for each of the financial year ended 31 December 2017 and ending 31 December 2018 and 2019 will be no more than RMB4,000,000.

(b) Outstanding Balances with Related Parties

The Group had outstanding receivables from WHM and WSI of RMB44,429,000 (31 December 2016: RMB21,360,000) and RMB40,915,000 (31 December 2016: 77,953,000), respectively, as at the end of the reporting period. The balances are unsecured, interest-free and have no fixed terms of repayment (note 20).

(c) Compensation of key management personnel of the Group:

	2017 RMB'000	2016 RMB'000
Short-term employee benefits	**19,607**	18,464
Performance-related bonuses	**145**	3,034
Equity-settled share option expense	**2,062**	1,575
Share award scheme expense	**1,791**	–
Pension scheme contributions	**141**	136
Total compensation paid to key management personnel	**23,746**	23,209

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

The related party transactions in respect of items 30(a) and 30(b) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

31. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial Assets

	Loans and receivables	
	2017 RMB'000	2016 RMB'000 (Restated)
Other receivables	**130,522**	106,946
Trade receivables	**729,579**	612,264
Due from related parties	**85,344**	99,313
Pledged deposits and restricted cash	**17,789**	1,285
Cash and cash equivalents	**337,423**	441,540
	1,300,657	1,261,348

Financial Liabilities

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost		Total	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Other payables	**–**	–	**628,570**	549,575	**628,570**	549,575
	–	–	**628,570**	549,575	**628,570**	549,575

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair value	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Financial liabilities	**–**	–	**–**	–

Management has assessed that the fair values of cash and cash equivalents, pledged deposits and restricted cash, trade receivables, amounts due from related parties, financial assets included in prepayments, deposits and other receivables, and financial liabilities included in other payables 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 their fair value.

As at 31 December 2017, 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 (2016: 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)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise mainly cash and short-term deposits. The Group has various other financial assets and liabilities such as trade receivables and other payables, which arise directly from its operations.

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

Foreign Currency 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 revenue, capital investments and expenses are denominated in RMB. As at the date of approval of these financial statements, the Group has not experienced any difficulties in obtaining government approval for its necessary foreign-exchange purchases. During the year ended 31 December 2017, 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 RMB'000
2017		
If Hong Kong dollar weakens against RMB	**5%**	**1,926**
If Hong Kong dollar strengthens against RMB	**(5%)**	**(1,926)**
2016		
If Hong Kong dollar weakens against RMB	5%	1,441
If Hong Kong dollar strengthens against RMB	(5%)	(1,441)

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 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.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 18 to the financial statements.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity Risk

The Group continued to be in a strong financial position at the end of 2017, with cash and cash equivalents amounting to RMB337,423,000 as at 31 December 2017.

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:

	2017				
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 2 years RMB'000	Total RMB'000
Other payables	–	430,679	197,891	–	628,570
	–	430,679	197,891	–	628,570

	2016				
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 2 years RMB'000	Total RMB'000
Other payables	–	351,427	198,148	–	549,575
	–	351,427	198,148	–	549,575

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 2017 and 31 December 2016.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital Management *(continued)*

The Group's policy currently is to maintain a low 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:

	2017 RMB'000	2016 RMB'000 (Restated)
Interest-bearing bank and other borrowings	**–**	–
Other payables and accruals	**682,086**	599,827
Less:		
Pledged deposits and restricted cash	**(17,789)**	(1,285)
Cash and cash equivalents	**(337,423)**	(441,540)
Net debt	**326,874**	157,002
Equity attributable to owners of the parent	**2,208,920**	2,180,047
Total capital	**2,208,920**	2,180,047
Capital and net debt	**2,535,794**	2,337,049
Gearing ratio	**12.9%**	6.7%

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**179**	229
Investments in subsidiaries	**851,865**	916,739
Total non-current assets	**852,044**	916,968
CURRENT ASSETS		
Other receivables	**1,110**	976
Cash and cash equivalents	**73,627**	80,479
Total current assets	**74,737**	81,455
CURRENT LIABILITIES		
Other payables	**4,351**	4,439
Total current liabilities	**4,351**	4,439
NET CURRENT ASSETS	**70,386**	77,016
TOTAL ASSETS LESS CURRENT LIABILITIES	**922,430**	993,984
Net assets	**922,430**	993,984
EQUITY		
Share capital	**56,945**	56,945
Other reserves	**865,485**	937,039
Total equity	**922,430**	993,984

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share option reserve RMB'000	Share premium account RMB'000	Contributed surplus RMB'000	Foreign currency translation reserve RMB'000	Share award reserve RMB'000	Shares held under the share award scheme RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2016	2,864	994,144	27,086	(182,127)	–	–	73,807	915,774
Profit for the year	–	–	–	–	–	–	234,541	234,541
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	–	–	–	29,889	–	–	–	29,889
Total comprehensive income for the year	–	–	–	29,889	–	–	234,541	264,430
Transfer to contributed surplus	–	(128,970)	128,970	–	–	–	–	–
Equity-settled share option arrangements	3,425	–	–	–	–	–	–	3,425
Final 2015 dividend paid	–	–	(27,086)	–	–	–	(47,175)	(74,261)
Special dividend paid	–	–	–	–	–	–	(172,329)	(172,329)
At 31 December 2016	6,289	865,174	128,970	(152,238)	–	–	88,844	937,039
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**170,324**	**170,324**
Other comprehensive loss for the year:								
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**(34,012)**	**–**	**–**	**–**	**(34,012)**
Total comprehensive loss for the year	**–**	**–**	**–**	**(34,012)**	**–**	**–**	**–**	**(34,012)**
Equity-settled share option arrangements	**4,460**	**–**	**–**	**–**	**–**	**–**	**–**	**4,460**
Recognition of share award scheme	**–**	**–**	**–**	**–**	**1,791**	**–**	**–**	**1,791**
Purchases of shares held under the share award scheme	**–**	**–**	**–**	**–**	**–**	**(8,165)**	**–**	**(8,165)**
Final 2016 dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**(79,979)**	**(79,979)**
Special dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**(125,973)**	**(125,973)**
At 31 December 2017	**10,749**	**865,174**	**128,970**	**(186,250)**	**1,791**	**(8,165)**	**53,216**	**865,485**

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.

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2018.

FINANCIAL SUMMARY

	2017	2016 (Restated)	2015 (Restated)	2014 (Restated)	2013 (Restated)
Results (RMB'000)					
Revenue	**1,706,306**	1,607,778	1,486,462	1,400,509	1,303,880
EBITDA	**739,283**	698,495	642,033	566,519	518,171
EBIT	**395,947**	373,676	352,676	297,977	268,780
Profit attributable to owners of the parent	**243,314**	240,727	226,764	192,943	154,154
Consolidated statement of financial position data (RMB'000)					
Current assets	**1,352,223**	1,313,466	1,293,551	1,441,460	1,265,229
Current liabilities	**760,827**	681,286	609,629	618,489	509,327
Equity attributable to owners of the parent	**2,208,920**	2,180,047	2,174,535	2,251,953	2,122,100
Cash flow data (RMB'000)					
Cash generated from operations	**709,661**	599,516	519,498	545,866	498,353
Financial ratios					
Current ratio (times)	**1.78**	1.93	2.12	2.33	2.48
EBITDA margin (%)	**43.3**	43.4	43.2	40.5	39.7
Net profit margin (%)	**14.3**	15.0	15.3	13.8	11.8

CORPORATE INFORMATION

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Executive Directors:
Joseph Tcheng
(Chairman)
Han Zi Jing
(Chief Executive Officer)
Zhang Huai Jun
(Chief Operating Officer)

Non-Executive Directors:
William Eccleshare
Peter Cosgrove
Zhu Jia
Cormac O'Shea

Independent Non-Executive Directors:
Leonie Ki Man Fung
Wang Shou Zhi
Thomas Manning
Robert Gazzi

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

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