CLEAR MEDIA LIMITED

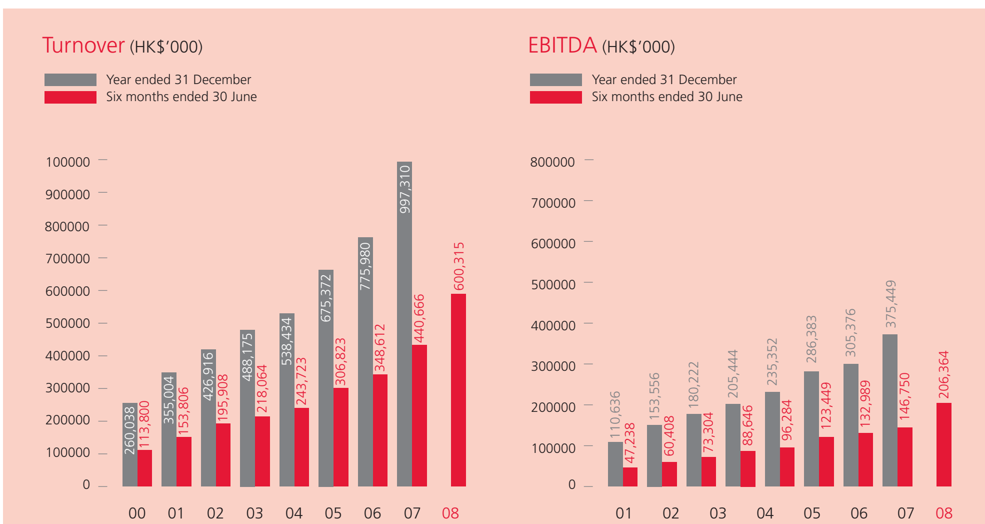
白馬戶外媒體有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 100)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2008

- **Group turnover increased by 36% to HK$600 million**
- **EBITDA increased by 41% to HK$206 million**
- **EBIT rose by 79% to HK$102 million**
- **Net profit grew by 55% to HK$68 million**
- **Earnings per share increased by 55% to HK13.03 cents**



* *For identification purpose only*

The Board of Directors (the "Board") of Clear Media Limited ("Clear Media" or the "Company") and its subsidiaries (Clear Media and its subsidiaries are hereafter collectively referred to as the "Group") are pleased to announce that the unaudited interim results of the Group for the six months ended 30 June 2008, together with the comparative figures for the corresponding period in the previous financial year, are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

		For the six months ended 30 June	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**600,315**	440,666
Cost of sales		**(365,123)**	(293,632)
Gross profit		**235,192**	147,034
Other income	*3*	**4,584**	6,466
Selling and distribution costs		**(59,152)**	(42,452)
Administrative expenses		**(72,199)**	(47,456)
Other expenses		**(1,654)**	(79)
Finance costs	*4*	**(11,867)**	(9,438)
PROFIT BEFORE TAX	*5*	**94,904**	54,075
Tax	*6*	**(18,993)**	(7,168)
PROFIT FOR THE PERIOD		**75,911**	46,907
ATTRIBUTABLE TO:			
Equity holders of the parent		**68,328**	44,071
Minority interests		**7,583**	2,836
		75,911	46,907
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	*7*	**HK13.03 cents**	HK8.42 cents
Diluted	*7*	**HK12.96 cents**	HK8.29 cents

CONDENSED CONSOLIDATED BALANCE SHEET
30 June 2008

	Notes	30 June 2008 (Unaudited) HK$'000	31 December 2007 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**160,109**	147,698
Concession rights	10	**1,568,631**	1,481,669
Long-term deposits	11	**130,895**	130,895
Total non-current assets		**1,859,635**	1,760,262
CURRENT ASSETS			
Trade receivables	12	**532,576**	416,001
Prepayments, deposits and other receivables	13	**213,993**	135,085
Due from a related party		**69,127**	52,901
Pledged deposits		**61,122**	90,265
Cash and cash equivalents		**171,223**	283,456
Total current assets		**1,048,041**	977,708
CURRENT LIABILITIES			
Other payables and accruals		**300,655**	291,479
Deferred income		**15,506**	10,432
Interest-bearing other borrowings	14	**75,461**	151,642
Tax payable		**24,260**	18,904
Total current liabilities		**415,882**	472,457
NET CURRENT ASSETS		**632,159**	505,251
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,491,794**	2,265,513
NON-CURRENT LIABILITIES			
Convertible bonds	15	**102,239**	99,512
Net deferred tax liabilities		**15,918**	13,634
Total non-current liabilities		**118,157**	113,146
Net assets		**2,373,637**	2,152,367
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	16	**52,437**	52,437
Equity component of convertible bonds		**3,105**	3,105
Reserves		**2,281,824**	2,065,385
		2,337,366	2,120,927
Minority interests		**36,271**	31,440
Total equity		**2,373,637**	2,152,367

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	Attributable to equity holders of the parent							
	Issued share capital *HK$'000*	**Share Premium account** *HK$'000*	**Equity component of convertible bonds** *HK$'000*	**Share option reserve** *HK$'000*	**Contributed surplus** *HK$'000*	**Exchange fluctuation reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*
At 1 January 2007	52,280	758,538	10,763	12,895	351,007	91,447	555,130	1,832,060
Exchange realignment	–	–	–	–	–	58,131	–	58,131
Total income and expense recognised directly in equity	–	–	–	–	–	58,131	–	58,131
Profit for the period	–	–	–	–	–	–	44,071	44,071
Total income and expense for the period	–	–	–	–	–	58,131	44,071	102,202
Issue of shares	157	8,515	–	(483)	–	–	–	8,189
Share issue expenses	–	(10)	–	–	–	–	–	(10)
At 30 June 2007 (unaudited)	52,437	767,043	10,763	12,412	351,007	149,578	599,201	1,942,441
Exchange realignment	–	–	–	–	–	84,631	–	84,631
Total income and expense recognised directly in equity	–	–	–	–	–	84,631	–	84,631
Profit for the period	–	–	–	–	–	–	97,513	97,513
Total income and expense for the period	–	–	–	–	–	84,631	97,513	182,144
Redemption of convertible bonds	–	–	(7,658)	–	–	–	–	(7,658)
Issue of shares	–	–	–	–	–	–	–	–
Share issue expenses	–	–	–	–	–	–	–	–
Equity-settled share option arrangements	–	–	–	4,000	–	–	–	4,000
At 31 December 2007	52,437	767,043	3,105	16,412	351,007	234,209	696,714	2,120,927
At 1 January 2008	52,437	767,043	3,105	16,412	351,007	234,209	696,714	2,120,927
Exchange realignment	–	–	–	–	–	144,111	–	144,111
Total income and expense recognised directly in equity	–	–	–	–	–	144,111	–	144,111
Profit for the period	–	–	–	–	–	–	68,328	68,328
Total income and expense for the period	–	–	–	–	–	144,111	68,328	212,439
Redemption of convertible bonds	–	–	–	–	–	–	–	–
Issue of shares	–	–	–	–	–	–	–	–
Share issue expenses	–	–	–	–	–	–	–	–
Equity-settled share option arrangements	–	–	–	4,000	–	–	–	4,000
At 30 June 2008 (unaudited)	52,437	767,043	3,105	20,412	351,007	378,320	765,042	2,337,366

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cash generated from operations	**45,888**	92,325
Interest paid	**(5,293)**	(354)
Income taxes paid	**(11,354)**	(8,494)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**29,241**	83,477
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(95,536)**	(188,378)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	**(45,857)**	57,518
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(112,152)**	(47,383)
Cash and cash equivalents at beginning of period	**283,456**	257,360
Effects of foreign exchange rate changes, net	**(81)**	(55)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**171,223**	209,922

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accounts.

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2007.

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2007, except for the adoption of the following amendments mandatory for annual periods beginning on or after 1 January 2008:

(a) HKFRS 8 Operating Segments

This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group.

(b) HKAS 23 (Revised) Borrowing Costs

The standard has been revised to require capitalisation of borrowing costs on qualifying assets and the Group has amended its accounting policy accordingly. In accordance with the transitional requirements of the standard this has been adopted as a prospective change. Therefore, borrowing costs have been capitalised on qualifying assets with a commencement date on or after 1 January 2008.

(c) HK(IFRIC)-Int 11 HKFRS 2 – Company and Treasury Share Transactions

This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments, to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed.

(d) HK(IFRIC)-Int 12 Service Concession Arrangements

This interpretation requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply the existing Hong Kong Financial Reporting Standards ("HKFRSs") to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services.

(e) HK(IFRIC)-Int 13 Customer Loyalty Programmes

This interpretation requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

(f) *HK(IFRIC)-Int 14 HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

This interpretation addresses how to assess the limit under HKAS 19 Employee Benefits, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

The adoption of these amendments did not affect the Group's results of operation or financial position.

2. Segment information

Outdoor media sales is the only major business segment of the Group, and comprises the display of advertisements on bus shelters, unipoles, advertising light boxes in airport, bus bodies and point-of-sale. Accordingly, no further business segment information is provided.

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

3. Revenue and other income

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Rental revenue from outdoor advertising spaces	**600,315**	440,666
Other income		
Interest income	**4,584**	6,466

4. Finance costs

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interests on bank loans and other borrowings wholly repayable within five years	**3,278**	308
Other finance costs:		
Provision for convertible bonds redemption interest and other finance costs	**8,589**	9,130
	11,867	9,438

5. Profit before tax

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

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of services provided	**114,025**	85,825
Operating lease rentals on bus shelters, unipoles, point-of-sale and bus body operations	**149,842**	121,752
Amortisation of concession rights and depreciation of point-of-sale	**101,256**	86,055
Cost of sales	**365,123**	293,632
Impairment of accounts receivable	**20,114**	5,786
Auditors' remuneration	**755**	639
Depreciation of owned assets, excluding point-of-sale	**2,921**	3,647
Gain on disposal of items of property, plant and equipment	**(35)**	(23)
Loss on disposal of concession rights	**1,689**	102
Operating lease rentals on buildings	**9,016**	7,136
Employee benefits expense (including directors' remuneration):		
Wages and salaries	**53,201**	39,155
Equity-settled share option expenses	**4,000**	–
Pension scheme contributions	**75**	70
	57,276	39,225
Interest income	**(4,584)**	(6,466)

6. Tax

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong profits tax	**–**	–
Current – PRC corporate income tax	**16,708**	5,413
Deferred tax	**2,285**	1,755
Total tax charge for the period	**18,993**	7,168

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the period.

According to the Income Tax Law of the PRC on Enterprises with Foreign Investment and Foreign Enterprises, Hainan White Horse Advertising Media Investment Company Limited ("WHA Joint Venture"), an indirect majority-owned subsidiary of the Company established in Hainan Special Economic Zone of the PRC, was subject to a corporate income tax at a rate of 18% (six months ended 30 June 2007: 15%) on its assessable profits arising in the PRC for the current interim period.

7. Earnings per share

The calculation of basic earnings per share for the period is based on the profit attributable to equity holders of the Group of HK$68,328,000 (six months ended 30 June 2007: HK$44,071,000) and the weighted average number of 524,368,500 (six months ended 30 June 2007: 523,424,677) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the period is based on the profit attributable to equity holders of the Group of HK$68,328,000 (six months ended 30 June 2007: HK$44,071,000). The weighted average number of ordinary shares used in the calculation is the 524,368,500 (six months ended 30 June 2007: 523,424,677) ordinary shares in issue during the period, as used in the basic earnings per share calculation; and the weighted average of 2,924,233 (six months ended 30 June 2007: 8,000,291) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period. Since the diluted earnings per share amount increased when taking the convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic earnings per share for the period and are ignored in the calculation of diluted earnings per share.

8. Dividend

The Board of Directors resolved not to pay interim dividend to shareholders in respect of the six months ended 30 June 2008 (six months ended 30 June 2007: HK$Nil).

9. Property, plant and equipment

During the six months ended 30 June 2008, the Group acquired property, plant and equipment with a cost of HK$4,317,000 (six months ended 30 June 2007: HK$2,275,000), construction in progress with a cost of HK$34,459,000 (six months ended 30 June 2007: HK$10,207,000).

Property, plant and equipment with a net book value of HK$Nil were disposed of by the Group during the six months ended 30 June 2008 (six months ended 30 June 2007: HK$Nil), resulting in a net gain on disposal of HK$35,000 (six months ended 30 June 2007: HK$23,000).

10. Concession rights

During the six months ended 30 June 2008, the Group acquired concession rights with a cost of HK$92,317,000 (six months ended 30 June 2007: HK$117,483,000), including concession rights transferred from construction in progress of HK$31,180,000 (six months ended 30 June 2007: HK$67,027,000).

Concession rights with a net book value of HK$1,729,000 were disposed of by the Group during the six months ended 30 June 2008 (six months ended 30 June 2007: HK$102,000), resulting in a net loss on disposal of HK$1,689,000 (six months ended 30 June 2007: HK$102,000).

11. Long-term deposits

The balance for the period ended 30 June 2008 included a long-term deposit amounting to HK$30 million (31 December 2007: HK$30 million) placed with an independent third party in connection with the acquisition of the rights to place advertisements on certain outdoor advertising media. This long-term deposit carries interest at the interest rate of 7% per annum. The deposit is to be refunded to the Group on 29 June 2009. The carrying amount of the long-term deposit approximates to its fair value.

In addition, the balance for the period ended 30 June 2008 included a performance guarantee of RMB30 million (31 December 2007: RMB30 million) paid by the Group to Beijing Morgan Investment Company Limited ("BMIC") in 2007 for management of the advertising sales of outdoor giant LED screens in Beijing. The performance guarantee, together with accrued interest, shall be refundable after 5 years. In addition, an amount of RMB70million (31 December 2007: RMB70 million) had also been paid in 2007 as the prepayment of the shared profits, this amount will be offset against the amount of future profits accruing to BMIC from the sales of advertising time on the LED screens.

12. Trade receivables

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of 90 days extending up to 180 days for major customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2008 (Unaudited) ***HK$'000***	31 December 2007 (Audited) *HK$'000*
Current to 90 days	**255,664**	200,945
91 – 180 days	**123,294**	111,568
Over 180 days	**198,232**	131,935
	577,190	444,448
Less: Provision for impairment of trade receivables	**(44,614)**	(28,447)
Total trade receivables, net	**532,576**	416,001

13. Prepayments, deposits and other receivables

In March 2008, the Group entered into a share subscription agreement with Beijing Bashi Media Co., Ltd. ("Beijing Bashi") to invest between RMB250 million (approximately equivalent to HK$285 million) and RMB650 million (approximately HK$740 million) in exchange for a minority interest in Beijing Bashi (the "Share Subscription Agreement"). The balance of prepayments, deposits and other receivables as at 30 June 2008 included a deposit of RMB10 million (approximately equivalent to HK$11 million) paid by the WHA Joint Venture to Beijing Bashi in relation to the Share Subscription Agreement. Subject to the satisfaction of certain conditions precedent as stipulated in the shareholders circular dated 29 April 2008, the transaction contemplated under the Share Subscription Agreement shall be completed within 180 days from the date the transaction is approved by the China Securities Regulatory Commission of the PRC ("CSRC"). If the WHA Joint Venture fails to complete the transaction due to reasons attributable to it, the RMB10 million (approximately equivalent to HK$11 million) deposit paid by it will be forfeited, under which circumstances the Share Subscription Agreement shall be automatically terminated, and Beijing Bashi shall have no rights of specific performance against the WHA Joint Venture. If the WHA Joint Venture fails to complete the transaction due to reasons not attributable to it, the entire amount of the RMB10 million (approximately equivalent to HK$11 million) deposit shall be refunded to the WHA Joint Venture. In either circumstances and save as described above, each of the WHA Joint Venture and Beijing Bashi has agreed to waive any rights of claim in connection with losses arising from the breach or the termination of the Share Subscription Agreement by the other party.

14. Interest-bearing other borrowings

On 16 October 2007, the Company has entered into a short-term revolving credit facility agreement of up to HK$350 million with Clear Channel International B.V., an indirect majority-owned subsidiary of the Company's controlling shareholder, Clear Channel Communications, Inc. (the "Credit Facility"). The Credit Facility bears interest at 5.88% per annum and was used for the repayment of the Company's existing debts including the partial redemption of its HK$312,000,000 Zero Coupon Convertible Bonds due 2009, as well as for other general corporate purposes. The terms of the Credit Facility have been benchmarked against market terms and the loan is made on an unsecured basis.

As at 31 December 2007, the Company utilised HK$150 million of the Credit Facility.

On 14 April 2008, Clear Channel International B.V., agreed to extend part of the revolving loan drawn down amounting to HK$75 million to 13 October 2008. The loan now bears interest at 3.3% per annum.

On 25 April 2008, the Company repaid part of the revolving loan drawn down amounting to HK$75 million, together with an interest of HK$4,459,000, to Clear Channel International B.V.

15. Convertible bonds

On 25 October 2004, the Company issued HK$312,000,000 Zero Coupon Convertible Bonds due 2009 (the "Convertible Bonds"), which are listed on the Stock Exchange of Hong Kong Limited. Each bond will, at the option of the holder, be convertible on and after 26 November 2004 up to and including 28 September 2009 into fully paid ordinary shares with a par value of HK$0.10 each of the Company at an initial conversion price of HK$9.585 per share. Unless previously redeemed, converted or purchased and cancelled, the Convertible Bonds will be redeemed at 121.899% of their principal amount on 27 October 2009. The Convertible Bonds carry a right for the bondholders to redeem on 27 October 2007 at 112.616% of the principal amount. On 27 October 2007, certain bondholders exercised the rights to redeem at a principal amount of HK$222 million. The total redemption amount was HK$250,007,520 including the principal amount of HK$222 million and interest of HK$28,007,520. As at 30 June 2008, the outstanding principal amount of the Convertible Bonds was HK$90 million and none of the outstanding Convertible Bonds have been redeemed or converted into ordinary shares of the Company during the period.

16. Share Capital

	30 June 2008 (Unaudited) ***HK$'000***	31 December 2007 (Audited) *HK$'000*
Shares		
Authorised:		
1,000,000,000 ordinary shares of HK$0.10 each	**100,000**	100,000
Issued and fully paid:		
524,368,500 ordinary shares of HK$0.10 each (31 December 2007: 524,368,500)	**52,437**	52,437

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

The PRC's advertising industry consistently showed healthy growth in the first half of 2008 as China's high-speed economic growth continued. According to a global advertising market research conducted by iResearch Inc., the trend of higher advertising spend in the PRC will continue at double-digit rates in 2008 and beyond. In addition, China's advertising expenditure per capita remains low and is only a fraction of that in Japan or the United States.

According to the PRC State Administration for Industry and Commerce, television remains the dominant advertising medium in China, followed by print and outdoor. Nonetheless, there has been diversion of advertising expenditure from traditional to new media including the outdoor segment as advertisers are increasingly aware of its cost-effectiveness.

The strong economy and the Beijing Olympics continued to drive advertisers to increase investment in brand building and product launches in order to further expand in the PRC market.

Beginning in 2007, the Beijing government has launched various environmental initiatives aimed at tighter regulation of the advertising industry prior to the Olympics. As a result, a large portion of certain outdoor advertising formats displayed in public have been dismantled. We believe these policies would be beneficial to the overall outdoor advertising industry in the PRC, leading to further market consolidation and enabling the Group to strengthen its leading position.

Operation Review

Core Bus Shelter Advertising Business:

The Group's outdoor advertising network across 30 cities in the PRC continued to benefit from the opportunities afforded by the 2008 Beijing Olympics. Turnover of our core business increased by 33% to HK$539 million for the six months ended 30 June 2008 from HK$404 million for the same period last year. The strong growth was driven by a 22% increase in average sale price ("ASP"), a 7% increase in average inventory to 28,852 panels (1H2007: 26,908 panels) and an improvement in overall occupancy rate to 60% (1H2007: 59%).

By the end of July 2008, our order book on-hand has already reached 85% of our full year sales target. Beijing, in particular, has contributed to more than one-third of the total sales increment. At the end of last year, we adjusted the published rate cards in anticipation of the increasing demand from the Olympic sponsors. Higher advertising expenditure by our customers in the key cities and larger orders placed by them have contributed to the total sales increment.

Key Cities

During the period under review, total sales generated by the top three cities, Beijing, Shanghai and Guangzhou, increased by 42%, generally driven by higher ASP and occupancy rate. The operations in Beijing, Shanghai and Guangzhou contributed to 56% of the Group's bus shelters advertising sales in total, compared to 53% for the same period last year.

As we are counting down to the 2008 Olympics, Beijing attracted the world's attention and advertising spend continued to grow. The Group experienced a 67% growth in revenue from Beijing to HK$141 million in the first half of 2008 mainly due to a significant increase in ASP. However, during the period, we worked very closely with the Beijing authority in its preparation for the Olympics and we were constantly required to temporarily relocate or dismantle some of our bus shelters. As a result, there was 1% drop in average inventory available for sale and the occupancy rate decreased to 57% in this pre-Olympic period.

During the period, the Shanghai government has also taken steps to impose tighter control over the Shanghai outdoor media market. Some of the policies, include the temporary suspension of approval of new advertising posters, have caused a small impact on our performance but overall Shanghai still recorded a strong 36% growth in revenue to HK$76 million following a significant improvement in occupancy rate to 54% and a 2% increase in ASP. Average number of panels in Shanghai also increased by 4% during the current period.

The Group's operations in Guangzhou recorded growth of 18% in revenue to HK$89 million for the first half of the year. The increase was attributable to a 16% increase in ASP and a 10% higher average inventory. Occupancy rate in Guangzhou, on the other hand, dropped to 67% mainly due to the time required to integrate the new inventory added during the period.

Mid-Tier Cities

During the first six months in 2008, revenue from mid-tier cities rose by 24% to HK$233 million. The Group's strategy of setting up more district sales centres to better serve local customers continued to pay off, boosting sales in mid-tier cities, especially Hangzhou, Nanjing, Shenyang and Chengdu. ASP for all mid-tier cities increased by 12% while average occupancy rate improved to 60%. During the period, the Group took over the operation of around 1,100 bus shelters from a local competitor in Shenzhen, through a 5-year leasing arrangement. As a result, average inventory for all mid-tier cities increased by 10% compared to the same period last year.

Shenzhen Bus Body Advertising Business:

Since January 2007, we have operated, managed and leased advertising space in the form of over 3,100 buses covering 130 routes in Shenzhen, which accounts for nearly 70% of the market share in this category of advertising space in Shenzhen. This new business venture gained traction very quickly and generated HK$40 million of revenue in the first half of 2008, a 63% increase compared to HK$24 million for the same period in 2007. Due to the prolonged heavy rains in the second quarter of this year, the production process was disrupted and the operation generated a small loss of HK$0.5 million compared to a start-up loss of HK$6 million for the same period in 2007.

We believe that the Shenzhen bus body operation bodes well with our core bus shelter business and sets a solid foundation for the Group's future cooperation with Beijing Bashi.

Beijing Bashi:

In March 2008, the Group entered into a Share Subscription Agreement with Beijing Bashi to invest between RMB250 million (approximately HK$285 million) and RMB650 million (approximately HK$740 million) in exchange for a minority interest in Beijing Bashi. The Company views the transaction as an opportunity to further expand its bus body advertising operations by locking in the intention on the part of both Beijing Bashi and the Company to cooperate and set out grounds for further negotiations. However, the key terms of the transaction, including the definite total consideration to be paid, the actual terms of co-operation and how the Group will be compensated, are subject to further negotiation with the contemplation of the Share Subscription Agreement and are expected to be finalised in the second half of 2008.

The Group and Beijing Bashi have further entered into a business cooperation agreement whereby the Group will be entitled to participate in the operation and management of the bus body advertising business of Beijing Bashi. Beijing Bashi has also undertaken that, during the term of such business cooperation agreement, it will not commence any new cooperation on bus body advertisement with any other third parties whilst the Group has undertaken that, during the term of the business cooperation agreement, any bus body advertising which it may commence in future in the PRC will be carried out in the form of cooperation with Beijing Bashi.

If the Group fails to complete the transaction contemplated under the Share Subscription Agreement due to reasons attributable to it, the RMB10 million (approximately HK$11 million) deposit paid by it will be forfeited, under which circumstances the Share Subscription Agreement shall be automatically terminated, and that Beijing Bashi shall have no rights of specific performance against the Group. If the Group fails to complete the transaction contemplated under the Share Subscription Agreement due to reasons not attributable to it, the entire amount of the RMB10 million (approximately HK$11 million) deposit shall be refunded to the Group.

Other advertising formats:

Revenue from the Group's other advertising formats, including airport advertising, point-of-sale and unipoles, increased to HK$22 million for the current six months period from HK$12 million in the same period last year due mainly to the favorable Olympic effect on our airport advertising sales.

FINANCIAL REVIEW

Turnover

The Group's turnover increased by 36% to HK$600 million for the six months ended 30 June 2008 from HK$441 million in the same period last year. Our entire turnover was derived from mainland China and our core bus shelter advertising business continued to be the key growth driver. Total sales from bus shelter advertising increased by 33% to HK$539 million for the first half of 2008 (1H2007: HK$404 million).

The new Shenzhen bus body advertising business generated HK$40 million of revenue for the current six months period, an increase of 63% from HK$24 million for the same period last year. Contributions from other advertising formats including airport, point of sale and unipoles increased by 76% to HK$22 million (1H2007: HK$12 million).

Expenses

During the period under review, the Group's total direct operating costs, which included rental, electricity, maintenance, sales and cultural levies and production cost, increased by 27% to HK$264 million from HK$208 million for the same period last year as a result of increased sales activities.

Total direct operating costs represented 44% of total sales for the current six months period, a decrease from 48% for the same period last year. Rental expenses, as a percentage of sales, decreased to 25% from 28% for the same period last year. Electricity expenses represented 4% of sales for the current period as compared to 5% for the same period last year. Maintenance expenses and sales and cultural levies represented 7% and 8% of sales, respectively, which were fairly steady compared to the same period last year.

Amortisation charges incurred on the bus shelters and other advertising formats increased by 18% to HK$101 million (1H2007: HK$86million) following the further expansion of our bus shelter network. As a percentage of total sales however, amortisation expenses represented 17% of total sales as compared to 20% for the same period last year.

Total selling, general and administrative expenses excluding depreciation increased by 49% in the first half of 2008 to HK$128 million (1H2007: HK$86 million). This was mainly due to an increase in staff costs and higher provision for impairment of trade receivables as a result of certain accounts requiring legal action to collect. It is the Group's policy to provide prudently for any accounts where legal claims are required to secure payments. Selling, general and administrative expenses for the current period also included the amortisation of share options granted in the second half of 2007.

EBITDA

The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 41% to HK$206 million for the first half of the year from HK$147 million in the same period last year. EBITDA margin increased to 34% from 33%.

EBIT

Total earnings before interest and tax ("EBIT") increased by 79% from HK$57 million to HK$102 million for the current period under review.

Finance Costs

Finance costs amounted to HK$12 million during the period (1H2007: HK$9 million). The increase was mainly due to the interest expenses incurred on the short-term loan from Clear Channel International B.V. and other finance costs; partially offset by the lower interest incurred on the Convertible Bonds.

Taxation

During the period, taxes levied on the Group amounted to HK$19 million (1H2007: HK$7 million). According to the new PRC Enterprise Income Tax Law effective on 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 rate of 18% (1H2007: 15%) on its assessable profits arising in the PRC for the current period.

Net Profit

Net profit increased by 55% to HK$68 million for the six months ended 30 June 2008 compared to HK$44 million for the same period last year while net profit margin increased to 11% from 10%.

Cashflow

Net cash inflow from operating activities for the interim period decreased to HK$29 million from HK$83 million for the same period last year primarily due to fluctuations in working capital resulted from higher minimum guaranteed payments made during the period and deposits placed to secure future operating contracts.

Net cash outflow resulting from investing activities decreased from HK$188 million in the first six months of 2007 to HK$96 million in the current period due to a lower level of capital expenditure. In addition, the cash outflow for the same period last year included an approximately HK$30 million deposit placed by the Group to Beijing Morgan Investment Company Limited for the exclusive right to manage the advertising sales of outdoor giant LED screens in Beijing and a prepayment of approximately HK$71 million of forecast shared profits.

Net cash outflow to financing activities during the current period amounted to HK$46 million compared to a cash inflow of HK$58 million in the same period last year. The cash outflow in 2008 was mainly due to the Group's partial repayment of the short-term loan from Clear Channel International B.V. amounting to HK$75 million. In addition, in January 2007 the Group received a refund of deposit, together with interest, of HK$107 million from the Hong Kong High Court in respect of a legal action and there was no such refund in the current period.

Free cash flow, defined as EBITDA (before equity-settled share option expenses) less cash outflow on capital expenditure, less income tax and net interest expense, increased to HK$86 million for the current period compared to HK$45 million in the same period last year. The improvement in free cash flow was mainly a result of a higher EBITDA and lower capital expenditure in the current period.

Trade Receivables

The Group's accounts receivable balance due from third parties was HK$533 million as at 30 June 2008 compared to HK$416 million as at 31 December 2007. 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"). The higher sales generated during the first half of 2008 is the main factor in the increase in the absolute amount of accounts receivable. Average accounts receivable outstanding days, on a time-weighted basis, improved to 141 days compared to 142 days for the same period last year. As at 30 June 2008, the provision for impairment of accounts receivables increased by HK$16 million to HK$45 million to cover balances for which the Group has initiated legal proceedings. The Group provides prudently for balances where legal proceedings are required to aid recovery of outstanding balances.

As at 30 June 2008, amount due from Guangdong White Horse Advertising Company Limited ("GWH") increased to HK$69 million from HK$53 million as at 31 December 2007, mainly due to a higher level of sales to GWH during the period.

Prepayments, Deposits and Other Receivables

The Group's total prepayments, deposits and other receivables as at 30 June 2008 were HK$214 million compared to HK$135 million as at 31 December 2007. The increase was due mainly to the payment of a minimum guaranteed amount to a media owner in relation to the Shenzhen bus body advertising business; and a deposit amounting to RMB10 million (approximately equivalent to HK$11 million) paid by the WHA Joint Venture to Beijing Bashi in relation to the Share Subscription Agreement. See also Operation Review – Beijing Bashi above.

Long-term Deposits

The Group's long-term deposits are mainly comprised of a performance guarantee and a prepayment of forecast shared profits in relation to an agreement entered into by the Group and BMIC for the management of the advertising sales of outdoor LED screens in Beijing. The balance remained the same at HK$131 million as at 30 June 2008 compared to the balance as at 31 December 2007.

Other Payables and Accruals

The Group's total payables and accruals as at 30 June 2008 were HK$301 million compared to HK$291 million as at 31 December 2007. The increase was due mainly to an increase in bus shelter rental cost payables. It would be inappropriate to give the turnover days against sales figures as the payable is more closely related to capital expenditure incurred for the acquisition of bus shelter concession rights.

Assets and Liabilities

As at 30 June 2008, the Group's total assets amounted to HK$2,908 million, a 6% increase from HK$2,738 million as at 31 December 2007. The Group's total liabilities amounted to HK$534 million as at 30 June 2008, decreasing from HK$586 million as at 31 December 2007. Net assets at 30 June 2008 increased by 10% to HK$2,374 million (31 December 2007: HK$2,152 million). This was mainly a result of the retention of the profit earned in the six months ended 30 June 2008 amounting to HK$68 million and the gains resulting from the continued appreciation in RMB as reflected in the exchange fluctuation reserve account. Net current assets increased from HK$505 million as at 31 December 2007 to HK$632 million as at 30 June 2008.

As at 30 June 2008, the Group had pledged deposits of RMB3 million (approximately HK$3 million) to banks as security for bills payable of RMB6 million (approximately HK$7 million), and pledged deposits of RMB51 million (equivalent to approximately HK$58 million) for a performance guarantee issued by a bank amounting to RMB51 million (equivalent to approximately HK$58 million) for the Group's Shenzhen bus body advertising business. As at 30 June 2008, the Group's total cash and bank balances amounted to HK$171 million (31 December 2007: HK$283 million).

Share Capital and Shareholders' Equity

There was no change in share capital during the period. Total shareholders' equity for the Group as at 30 June 2008 rose by 10% to HK$2,374 million, as compared to HK$2,152 million as at 31 December 2007. The Group's reserves as at 30 June 2008 amounted to HK$2,282 million, a 10% increase over the corresponding balance of HK$2,065 million as at 31 December 2007. This was mainly a result of the retention of the profit earned in the six months ended 30 June 2008 amounting to HK$68 million and the gains resulting from the continued appreciation in RMB as reflected in the exchange fluctuation reserve account. The Group undertook no share repurchases during the period.

Exposure to Foreign Exchange Risk

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

The RMB has appreciated during the period. The Group's turnover and costs are largely denominated in RMB, which will largely offset each other. However, as the Group's net profit is reported in Hong Kong Dollars, there will be a translation gain as a result of the RMB appreciation. The majority of our operating assets is located in the PRC and is also denominated in RMB. The ongoing appreciation of the RMB has resulted in an increase in shareholders' equity of approximately HK$144 million during the period (1H 2007: HK$58 million).

Liquidity, Financial Resources, Borrowing and Gearing

The Group financed its operations and investment activities with internally generated cash flow, balanced with proceeds from the previous issue of the Convertible Bonds and short term borrowings.

As of 30 June 2008, the Group's total cash and cash equivalents amounted to HK$171 million (HK$283 million as at 31 December 2007). As at the same period end, the Group also had bills payable of HK$7 million (31 December 2007: HK$87 million) and Convertible Bonds of HK$102 million (31 December 2007: HK$100 million). The debt to equity ratio of the Group, defined as a percentage of net interest bearing borrowings over shareholders' funds, was 8% as at 30 June 2008 (31 December 2007: 12%).

The Group expects to finalise the transaction contemplated under the Share Subscription Agreement with Beijing Bashi and the final amount of consideration to be paid in the second half of 2008. Currently no financing plan has been locked in for the transaction. It is the Group's intention to finance the consideration by internal resources as well as long-term external financing. The Company will continue to explore the most optimal financing arrangement in relation to the transaction.

Capital Expenditure

To strengthen our leading position in China's outdoor media industry, the Group actively acquired concession rights and built bus shelters to expand its network of bus shelter advertising space during the period. For the six months ended 30 June 2008, HK$96 million was spent on obtaining bus shelter concession rights and HK$4 million on fixed assets, compared to HK$61 million, and HK$2 million respectively for the same period last year.

Material Acquisitions and Disposals

In March 2008, the Group entered into the Share Subscription Agreement with Beijing Bashi. The transaction contemplated under the Share Subscription Agreement constitutes a major transaction under Chapter 14 of the Listing Rules. See also Operation Review – Beijing Bashi above and the shareholders circular dated 29 April 2008.

Save as disclosed above, there were no other material acquisitions or disposals of any subsidiaries, associates or joint ventures of the Group during the period.

Employment, Training and Development

As at 30 June 2008, the Group had a total of 617 employees, an increase of 27% over the same period in 2007. The main contributor to this increase was the Group's sales and marketing division, which grew from 376 staff in 2007 to 501 staff during the period under review. This increase is consistent with the Group's stated objective of improving sales support of its expanding outdoor media network in China. Training courses and conferences aimed at improving team members' knowledge and skills were organized throughout the period.

Total staff costs were approximately 10% of turnover compared to 9% in the same period last year. As a matter of policy, employees are remunerated based on their performance, experience and the prevailing industry practices with compensation policies and packages reviewed on a regular basis. Bonuses are linked to both the performance of the Group and to individual performance as recognition of value creation. Share options are also granted to senior management in an effort to align individual interests with the Group's interests.

Charges of Group Assets

There was no outstanding charge on the Group's assets as of 30 June 2008 other than time deposits of RMB54 million (approximately HK$61 million) pledged as securities for bills payable of RMB6 million (approximately HK$7 million), and a performance guarantee issued by the bank of RMB51 million (approximately HK$58 million) for the Group's Shenzhen bus body advertising business.

Capital Commitments

As at 30 June 2008, the Group had capital commitments contracted but not provided for in relation to the construction of bus shelters amounting to HK$17 million (31 December 2007: HK$15 million).

Contingent Liabilities

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

OUTLOOK

Looking ahead, we believe the Group's business will continue to enjoy strong growth in the second half of 2008. Seeing the high sales level resulting from our early preparation for the 2008 Beijing Olympics, we have already identified the opportunities brought forth by the 2010 World Expo in Shanghai. In order to prepare for the upcoming increase in demand and solidify our leading position, we plan to widen our core bus shelter network through organic growth and acquisitions in the city. We will also continue to broaden our reach in mid-tier cities, where economies are growing rapidly, by establishing more district sales centres for better services and sales to local customers.

We are confident that the Group will be able to maintain its competitive advantages well after the Beijing Olympics due in part to the Beijing government's recent policies applied to the outdoor advertising sector. We believe the government's move to smarten the city by dismantling certain outdoor advertising formats regulates the outdoor advertising market in Beijing in a more orderly way; and in effect strengthens our leading market position in the capital city.

The Share Subscription Agreement and the business cooperation agreement that we have entered into with Beijing Bashi will serve as one of the key growth drivers for the Group in the long run. The transaction will potentially help the Company expand the reach of its bus body business from Shenzhen to Beijing. This is in line with the Group's strategy to reinforce its leading position and further expand its nationwide network; and will give us an opportunity to consolidate the outdoor advertising market in the PRC.

Our digital LED screens at the Beijing Morgan Centre, located next to the National Stadium (the "Bird's Nest"), have been completed and greeted with positive feedback from customers. Due to certain advertising control policies adopted by the Beijing government prior to the Olympics, the project has not been granted the operational display license. The Group will continue to liaise with Beijing Morgan Investment Company Limited and seek approval from the relevant authorities. Despite the unforeseen delay in the sales process, we believe the Morgan Centre LED project will serve as a platform allowing us to continue exploring the strategic application of digital technology.

In light of the China GDP growth of over 10% in the first half of 2008, the Group is cautiously optimistic about the economic outlook of the country. In addition, the fact that major international events, such as the 2010 World Expo in Shanghai, have chosen China as their host country will continue to fuel the growth of China's advertising market.

SUPPLEMENTARY INFORMATION

Corporate Governance

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

Corporate governance practices adopted by the Group during the six month period ended 30 June 2008 are in line with the code provisions set out in Code on Corporate Governance Practices, Appendix 14 of the Listing Rules.

None of the Directors are aware of any information that would reasonably indicate that Clear Media is not, or was not for any part of the six month period ended 30 June 2008, in compliance with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

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

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

Audit Committee

The Audit Committee is comprised of a majority of independent non-executive directors with substantial expertise in finance as well as relevant market experience. The Committee has reviewed the accounting policies and practices adopted by the Group as well as the unaudited interim financial statements for the six months period ended 30 June 2008. The Committee has also discussed with the external auditors their work in relation to the interim review. As part of discharging its responsibilities, the Committee has also met with the internal auditor and monitored his work on internal controls, risk management and financial reporting matters.

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

Clear Media has not redeemed any of its listed securities during this interim period. Neither Clear Media nor any of its subsidiaries has purchased or sold any of the listed securities during the said period.

Investor Relations and Communication

The Group has maintained communication with investors and analysts through regular meetings, investment conferences and electronic newsletters. The Group also maintains investor relations websites at www.clear-media.net and www.irasia.com/listco/hk/clearmedia to disseminate information to investors and shareholders on a timely basis.

Interim Report

The Group's 2008 interim report containing information required by Appendix 16 to the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
Clear Media Limited
Steven Yung
Chairman

Hong Kong, 30 July 2008

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

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

Non-executive Directors:
Mr. Steven Yung
Mr. Mark Mays
Mr. Paul Meyer
Mr. Peter Cosgrove
Mr. Mark Thewlis
Mr. Han Zi Dian

Independent Non-executive Directors:
Mr. Desmond Murray
Mr. Wang Shou Zhi
Ms. Leonie Ki Man Fung

Alternate Directors:
Mr. Jonathan Bevan (Alternate to Mr. Mark Mays, Mr. Paul Meyer and Mr. Mark Thewlis)
Mr. Zou Nan Feng (Alternate to Mr. Zhang Huai Jun and Mr. Han Zi Dian)