

INTERIM REPORT 2002

二零零二年中期報告

CLEAR MEDIA

白馬戶外媒體

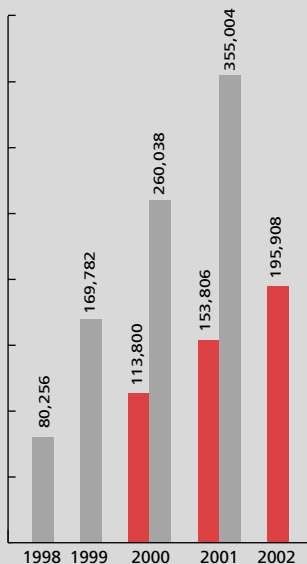
THE
FUTURE
IS
CLEAR

白馬未來 清晰可見

FINANCIAL HIGHLIGHTS

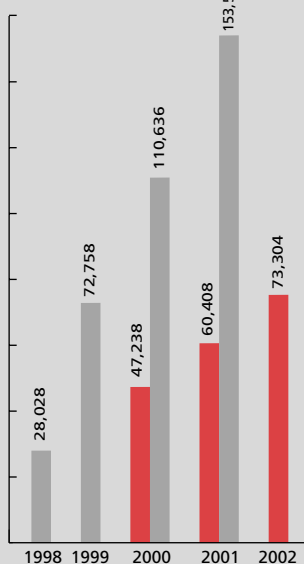
	HK\$'000	Period on Period Change
Turnover	195,908	+27%
EBITDA	73,304	+21%
Net profit	27,037	+32%
Proforma EPS (cents)	5.39	+32%

Turnover HK\$'000



Year ended December 31
 Six months ended 30 June

EBITDA HK\$'000



Year ended December 31
 Six months ended 30 June

MANAGEMENT DISCUSSION AND ANALYSIS

Operations Review

Clear Leadership in a Dynamic Industry

The Company's goal is to become the most successful outdoor media advertising company in China. Our leadership strategies and business operations are designed to meet this goal. Leveraging strengths of our proven business model, we anticipate sustainable growth from the continual expansion of our standardized bus shelter advertising media network across 30 key cities in China, reaching the most affluent consumers. We increased our Group's Turnover, EBITDA and Net Profit for four and a half consecutive years. Our interim results showed that we continue to deliver solid performance in a challenging macro environment.

With a focus on serving leading advertisers in China, we continue to grow the breadth and depth of our network coverage to synchronize with the distribution expansion of our advertisers. Over the last six-months, we accelerated our strategy of strong organic growth and progressive acquisitions. We increased the total number of 12-sheet equivalent advertising panels from 11,698 at the end of last year to 14,672 at the end of June 2002, with an aim to prepare for sales in the second half of the year that usually accounts for a major portion of whole year sales. As at end of June 2001, the number of 12-sheet equivalent panels was 9,042. As a clear leader in our sector, the Company will continue to mobilize our resources to bring sustainable value to all our stakeholders – advertisers, shareholders, employees, consumers and the communities that we serve.

Clear Focus on Our Core Business

Solid core bus shelter business

As a high-growth and high-return media company, our core business is our world-class standardized bus shelter network nationwide. During the last six months, our core business generated HK\$188 million of turnover, reflecting a 25% increase over the same period last year and maintained a sustainable EBITDA and net profit margin. As we benchmark the “panel density” of China versus other developed countries worldwide, we see tremendous growth potential for our core business. Our industry-leading market share provides a solid foundation for further expansion to synchronize with the strong WTO-related advertising economy of China.

In order to complement our established sales centers in Shanghai, Beijing and Guangzhou, we have launched new sales centers in Wuhan, Shenyang and Shenzhen to provide even better services to our national, regional and local advertisers. As part of these aggressive expansion strategies into second tier cities with high-growth potential, the percentage of our advertising panels located in the second tier cities has increased from 58% to 65%, with corresponding turnover increase from these

MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

second tier cities from 40% for the six months period ended 30 June 2001 to 46% for the same period this year.

New Formats

To complement our core bus shelter business, the Company continues to explore new product initiatives such as point-of-sale advertising. In terms of turnover generation, these new segments are still at a pilot testing stage and do not, as yet, make a significant contribution to the Group's turnover.

Point-of-sale advertising is an effective and cost-efficient advertising medium throughout the world. In the last six months we have expanded our network by installing 400 advertising lightboxes in 200 Luen Hua Supermarkets which is the leading supermarket chain in Shanghai. In the month of July 2002, we have further added 175 advertising lightboxes in Jie Qiang Supermarkets, another Shanghai supermarket chain to expand our network. We now have a total advertising display area of over 4,000 square meters.

The Company has no immediate plans to expand its billboard network as government regulations regarding the billboard sector are still evolving. However, we believe the segment holds long-term potential and we will closely monitor opportunities in the market.

Outlook

We will continue to expand our bus shelter network business both organically and through acquisitions in the rapidly growing China advertising industry.

Looking ahead to the second half of the 2002 fiscal year, we strive to strengthen our positive momentum and to deliver a promising financial performance. The US and global economic slowdowns have and will continue to affect the advertising sector. However, it is believed that the China advertising economy will continue to outperform their regional and global peers. The Company has a proven business model, solid track records and well-defined growth strategies to navigate through the challenges ahead. The following initiatives are in place to leverage our industry leadership and position ourselves for further growth in the future:—

Enhance sales organization efficiency

To further align our sales organization with our leading advertisers to maximize efficiency, we have recently re-organized our sales force to prepare for further growth in the coming years. To strengthen our various "client-specific" customer services, key accounts team will be set up to specifically serve international 4A agencies in China to provide comprehensive sales and after-sales services.

MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

Set up new sales centers for deeper penetration

To penetrate deeper into our nationwide coverage and better serve our national, regional and local advertisers, we have already set up three new sales centers: Shenyang to cover the northeastern part of China; Wuhan to cover the Yangtze River area and Shenzhen to cover the Pearl River Delta area. These three new sales centers will complement our well-established strong sales hubs in Shanghai, Beijing and Guangzhou. Our top-notch sales professionals will focus in marketing our rapidly-expanding network to provide more products and services for our valued advertisers throughout China.

Offer flexible sales packages

Our new and improved sales force will further strengthen our leadership focus on serving the needs of various types of advertisers by offering more flexible and strategic as well as tactical packages at national, regional and municipal levels to bring out the all-important benefits of our “always on” media network of choice to a well-balanced and diversified list of top advertisers. We continue to focus on driving our package sales and are progressively upgrading from previous “30-panel package” to “50-panel package”. This core marketing strategy will benefit all our stakeholders. Our advertisers will achieve higher reach and frequency of their target consumers. Our sales professionals will aim for larger and more cost-efficient contracts. This strategy leverages our competitive edge of a standardized media network nationwide and contributes to our focus to increase occupancy rate, improve efficiency and overall yield of our business in the years ahead.

Strengthen sales and marketing team

We will accelerate our recruitment and training schemes to ensure the Company recruits and retains the best-in-class sales and marketing professionals to provide industry-leading services to our advertisers as we poised for further growth in the coming years.

Financial Review

Turnover

The Group's turnover increased 27.4% from HK\$153.8 million for the same period in 2001 to HK\$195.9 million for the six months ended 30 June 2002. We derived all of our turnover from China. The improvement in the Group's sales is due largely to the 25% (HK\$37.4 million) increase in our core bus shelter display panels operations and also from an additional HK\$4.7 million contribution from our billboards and point-of-sale operations.

MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

Profit

Our earnings before interest, tax, depreciation and amortization ("EBITDA") has increased by a healthy 21% from HK\$60.4 million in 2001 to HK\$73.3 million in 2002. However, our EBITDA margin has decreased from 39% to 37% for the six months ended 30 June 2002 as a result of the substantial increase in public company related expenses, up from HK\$2.7 million to HK\$8.2 million this year, as well as the start-up costs incurred in the development of our new advertising formats. It is noteworthy, however, that the EBITDA margin for the bus shelter business, the Group's primary focus, remains at approximately 44%.

Net profit increased by 32% for the six months ended 30 June 2002, compared to the corresponding period of last year, due to the substantial saving on interest expenses as we repaid the main portion of the bank loans at the beginning of the year. Our net profit margin improved from 13% to 14% in 2002.

Expenses

As a percentage of sales, direct operating cost remained relatively constant to last year and represented approximately 41% of turnover.

Amortization of concession rights increased by 44% to HK\$39.9 million for the six months ended 30 June 2002 due to our organic expansion and acquisition of bus shelters during the first half of the year in order to prepare for future growth.

Dividends

The Board of Directors resolved not to pay interim dividend to shareholders in respect of the six months ended 30 June 2002 (six months ended 30 June 2001: Nil).

Liquidity and Financial Resources

Cashflow

The Group generated a net operating cash inflow of HK\$11.8 million during the six months ended 30 June 2002 compared to the same period of HK\$74.2 million in 2001. Our net cash inflow, together with the net proceeds of the Initial Public Offering and the International Placing ("IPO") and Over-allotment of HK\$657 million, have resulted in a net cash balance of HK\$324.5 million for the six months ended 30 June 2002. Our debt to equity ratio, expressed as a percentage of net interest bearing borrowings over the shareholders' fund of HK\$1,166 million, was 1.2%, compared to 44.6% for the same period in 2001.

MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

Use of IPO Proceeds

The proceeds from the IPO and Over-allotment after deducting related expenses paid were HK\$648 million and HK\$9 million, respectively. For the six months ended 30 June 2002, approximately HK\$236.6 million was used to repay certain short-term bank loans, HK\$113.4 million to finance our bus shelter expansion and HK\$6.9 million for the expansion of our point-of-sale advertising displays in supermarkets and shopping malls. The remainder of the proceeds is deposited in bank accounts with renowned banks in Hong Kong.

Accounts Receivable

The Group's accounts receivable was outstanding for an average of 193 days as of the six months ended 30 June 2002 compared to 154 days during the same period in the previous year. For the first half of 2002, amounts due from Guangdong White Horse Advertising Company Limited increased from 151 days in the same period in 2001 to 188 days in 2002.

Interest-Bearing Bank Borrowings

At 30 June 2002, the Group had pledged time deposits of HK\$45.2 million, US\$5.9 million (approximately HK\$46.4 million) and Rmb1.5 million (approximately HK\$1.4 million) to banks as security for outstanding secured short-term bank loans of Rmb93 million (approximately HK\$87.7 million) at rates ranging from 4.536% to 5.265%. Unsecured bank loan outstanding at 30 June 2002 was Rmb20 million (approximately HK\$18.9 million) which bore interest at 5.04%. All of the Group's bank borrowings were repayable within one year.

Exposure to Foreign Exchange Risk

Our only investment in China is the operating vehicle of the Group, the WHA Joint Venture, which conducts business only within China. Apart from interest payable, repayment of foreign currency loans obtained to finance our operating vehicle's operations and any potential future dividend to be declared by our operating vehicle to its shareholders, most of our turnover, capital investment and expenses are denominated in Renminbi. As of today, we have not experienced difficulties in obtaining government approvals to make foreign exchange purchases when the need arises. During the period under review, we have not issued any financial instruments for hedging purposes.

MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

Capital Expenditure

To strengthen the Group's leading position as an outdoor media company in China, the Group actively acquired concession rights and built bus shelters to expand its network. For the six months ended 30 June 2002, HK\$204.8 million (six months ended 30 June 2001: HK\$70.1 million) was spent on obtaining bus shelter concession rights, HK\$8.2 million (six months ended 30 June 2001: HK\$6.3 million) on the construction of point-of-sale display panels and HK\$2 million (six months ended 30 June 2001: HK\$2.4 million) on fixed assets.

Material Acquisitions and Disposals

During the period under review, there was no material acquisition or disposal of any subsidiary, associate or joint venture of the Group.

Employment, Training and Development

As at 30 June 2002, the Group has a total of 228 employees, an increase of 40 employees over the same period in 2001, and total staff costs amounted to 13.1% of total turnover, compared to 8.4% in 2001. Employees are remunerated based on their performance, experience and the prevailing industry practices, with compensation policies and packages being reviewed on a regular basis. Bonuses are linked to both the performance of the Group and to individual performance as recognition of value creation. Aligning individual interests with the Group, share options are granted to senior management.

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENT

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2002

	Notes	For the six months ended 30 June	
		2002	2001
		(Unaudited) HK\$'000	(Audited) HK\$'000
Turnover		195,908	153,806
Cost of sales		(120,921)	(91,602)
Gross profit		74,987	62,204
Other revenue	3	5,635	4,517
Selling and distribution costs		(13,532)	(10,850)
Administrative expenses		(30,414)	(20,568)
PROFIT FROM OPERATING ACTIVITIES	4	36,676	35,303
Finance costs	5	(4,195)	(11,842)
PROFIT BEFORE TAX		32,481	23,461
Tax	6	(2,708)	(1,945)
PROFIT AFTER TAX		29,773	21,516
Minority interests		(2,736)	(1,058)
PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		27,037	20,458
EARNINGS PER SHARE			
Basic	7	HK5.39 Cents	HK5.46 cents
Proforma	7	HK5.39 Cents	HK4.08 cents

CONDENSED CONSOLIDATED STATEMENT OF RECOGNIZED GAINS AND LOSSES

For the six months ended 30 June 2002

	For the six months ended 30 June	
	2002 (Unaudited) HK\$'000	2001 (Audited) HK\$'000
Exchange differences on translation of the financial statements of a foreign entity	124	(184)
Net gains/(losses) not recognized in the profit and loss account	124	(184)
Net profit for the period	27,037	20,458
Total recognized gains and losses	27,161	20,274

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2002

	Notes	30 June 2002 (Unaudited) HK\$'000	31 December 2001 (Audited) HK\$'000
NON-CURRENT ASSETS			
Fixed assets		78,563	84,709
Concession rights		788,667	622,710
		867,230	707,419
CURRENT ASSETS			
Accounts receivable	8	102,236	85,493
Prepayments, deposits and other receivables		14,744	14,567
Due from related parties		100,533	54,194
Pledged time deposits		92,974	175,509
Cash and bank balances		324,491	809,411
		634,978	1,139,174
CURRENT LIABILITIES			
Tax payable		2,356	4,445
Other payables and accruals		201,933	256,912
Deferred income		7,580	3,924
Due to a shareholder		–	3,825
Interest-bearing bank borrowings	9	106,543	431,456
		318,412	700,562
NET CURRENT ASSETS		316,566	438,612
TOTAL ASSETS LESS CURRENT LIABILITIES		1,183,796	1,146,031
NON-CURRENT LIABILITIES			
Deferred tax		3,288	2,936
MINORITY INTERESTS		14,528	13,297
		17,816	16,233
		1,165,980	1,129,798
CAPITAL AND RESERVES			
Issued capital	10	50,161	50,000
Reserves	11	1,115,819	1,079,798
		1,165,980	1,129,798

CONDENSED CONSOLIDATED CASHFLOW STATEMENT

For the six months ended 30 June 2002

	For the six months ended 30 June	
	2002 (Unaudited) HK\$'000	2001 (Audited) HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	11,839	74,253
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	3,843	(29,837)
TAX PAID	(4,445)	–
INVESTING ACTIVITIES	(230,260)	(98,533)
NET CASH OUTFLOW BEFORE FINANCING ACTIVITIES	(219,023)	(54,117)
FINANCING ACTIVITIES	(265,897)	41,802
DECREASE IN CASH AND CASH EQUIVALENTS	(484,920)	(12,315)
Cash and cash equivalents at beginning of period	809,411	67,402
CASH AND CASH EQUIVALENTS AT END OF PERIOD	324,491	55,087
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	324,491	49,087
Time deposits with original maturity of less than three months when acquired	–	6,000
	324,491	55,087

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies

The condensed interim financial statements are prepared in accordance with the Hong Kong Statement of Standard Accounting Practice No. 25 “Interim Financial Reporting”. The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those set out in the annual financial statements for the year ended 31 December 2001.

2. Segment Information

The Group is principally engaged in media sales in the People’s Republic of China (the “PRC”).

3. Other Revenue

	For the six months ended 30 June	
	2002 (Unaudited) HK\$'000	2001 (Audited) HK\$'000
Interest income	5,634	4,500
Others	1	17
	5,635	4,517

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

4. Profit from Operating Activities

Profit from operating activities was determined after charging/(crediting) the following:

	For the six months ended 30 June	
	2002 (Unaudited) HK\$'000	2001 (Audited) HK\$'000
Provision for doubtful debts	6,215	4,110
Auditors' remuneration	660	250
Depreciation of owned assets	2,400	1,996
Operating lease rentals on buildings	3,225	2,479
Staff costs (directors' remuneration included)	25,645	12,986
Interest income	(5,634)	(4,500)

5. Finance Costs

	For the six months ended 30 June	
	2002 (Unaudited) HK\$'000	2001 (Audited) HK\$'000
Interest on:		
Bank loans and other loans wholly repayable within five years	4,195	11,928
Interest capitalized	–	(86)
	4,195	11,842

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

6. Tax

	For the six months ended 30 June	
	2002 (Unaudited) HK\$'000	2001 (Audited) HK\$'000
PRC corporate income tax	2,356	720
Deferred tax charge for the period	352	1,225
Tax charge for the period	2,708	1,945

The Group provides for tax on the basis of their income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes.

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

According to the Income Tax Law of the PRC on the Enterprises with Foreign Investment and Foreign Enterprises, Hainan White Horse Advertising Media Investment Company Limited ("WHA Joint Venture"), a subsidiary of the Company established in Hainan Special Economic Zone of the PRC, is subject to a corporate income tax rate of 15%, and is exempt from PRC corporate income tax for the first profitable year of its operations, and thereafter, is eligible for 50% relief from PRC corporate income tax for the following two years. As year 2001 was the second statutory profitable year of the WHA Joint Venture, corporate income tax for the year 2001 had been calculated at the rate of 7.5% on its assessable profits in the PRC. For the year 2002, the WHA Joint Venture was subject to a corporate income tax rate of 7.5%.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

7. Earnings Per Share

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the period of HK\$27,037,000 (six months ended 30 June 2001: HK\$20,458,000) and the weighted average of 501,519,160 shares (six months ended 30 June 2001: 375,000,000 shares in issue during the period).

Alternately, if we were to assume 501,608,500 shares were deemed to have been in issue and issuable during the period 2001 and 2002, the earnings per share would have been HK4.08 cents and HK5.39 cents respectively.

There is no diluted earnings per share for the six months ended 30 June 2002 (six months ended 30 June 2001: Nil) as the share options had no dilutive effects throughout that period.

8. Accounts Receivable

	30 June 2002 (Unaudited) HK\$'000	31 December 2001 (Audited) HK\$'000
Current to 90 days	38,762	50,310
91 – 180 days	17,796	15,081
Over 180 days	45,678	20,102
Total	102,236	85,493

The Group allows an average credit period of 90 days to its trade customers.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

9. Interest-bearing Bank Borrowings

	30 June 2002 (Unaudited) HK\$'000	31 December 2001 (Audited) HK\$'000
Bank loans:		
Secured	87,686	327,456
Unsecured	18,857	104,000
	106,543	431,456

The maturity of the above loans is as follows:

	30 June 2002 HK\$'000	31 December 2001 HK\$'000
Bank loans repayable:		
Within one year	106,453	431,456
Portion classified as current liabilities	106,453	431,456
Long-term portion	–	–

10. Issued Capital

	30 June 2002 (Unaudited) HK\$'000	31 December 2001 (Audited) HK\$'000
Authorised:		
700,000,000 ordinary shares of HK\$0.10 each	70,000	70,000
Issued and fully paid:		
501,608,500 (31 December 2001: 500,000,500) ordinary shares of HK\$0.10 each	50,161	50,000

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

10. Issued Capital (cont'd)

Movements during the period:

	Number of issued shares (Unaudited) '000	Amount (Unaudited) HK\$'000
Shares allotted and issued nil paid by the Company on 26 April 2001 and shares issued at consideration for the acquisition of the entire issued share capital of China Outdoor Media Investment Inc., a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company	375,000	37,500
New issue and placing of shares to the public	125,000	12,500
Share capital as at 31 December 2001 (Audited)	500,000	50,000
Issue of shares pursuant to the exercise of over-allotment of shares granted to Goldman Sachs (Asia) L.L.C., ING Barings, a division of ING Bank N.V., BOCI Asia Limited, and CLSA Limited (the "International Underwriters") (note 1)	1,608	161
As at 30 June 2002 (Unaudited)	501,608	50,161

Note:

- (1) On 11 January 2002, the Company's Over-allotment Option as described in the Company's prospectus dated 10 December 2001 was exercised by Goldman Sachs (Asia) L.L.C., an investment adviser registered under the Securities Ordinance on behalf of the International Underwriters in respect of 1,608,000 additional new shares which represented 1.09% of the Company's shares initially offered under global offering. The Over-allotment shares were issued and allotted by the Company at HK\$5.89 per share, being the offer price per share in connection with the initial public offering. The Over-allotment shares were issued and listed on The Stock Exchange of Hong Kong Limited on 16 January 2002.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

11. Reserves

	Share premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Revaluation reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At beginning of period	635,544	271,531	79,476	783	92,464	1,079,798
Issue of shares	8,883	-	-	-	-	8,883
Exchange realignments	-	-	-	101	-	101
Net profit for the period	-	-	-	-	27,037	27,037
	644,427	271,531	79,476	884	119,501	1,115,819

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

12. Related Party Transactions

		For the six months ended 30 June	
		2002	2001
		Amount	Amount
		(Unaudited)	(Audited)
Notes		HK\$'000	HK\$'000
	Agency commission paid to Guangdong White Horse Advertising Company Limited ("GWH"), a company in which one of the non-executive directors of the Company has the ability to exercise significant direct or indirect influence over the management	(i) 9,835	6,796
	Sales to GWH	(ii) 55,734	41,042
	Bus shelter maintenance and display fees payable to companies which one of the non-executive directors of the Company has the ability to exercise management influence	(iii) 9,826	9,359
	Creative services fees payable to GWH	(iv) 1,886	–

- (i) The agency commission paid to GWH was based on the standard percentage of gross rental revenue for outdoor advertising space payable to all other third party agencies used by the Group.
- (ii) The sales to GWH were made according to published prices and conditions similar to those offered to the major customers of the Group.
- (iii) The WHA Joint Venture entered into various agreements with companies in which one of the non-executive directors of the Company has the ability to exercise management influence for maintaining bus shelters and displaying posters in the PRC. The fees are proportional to the number of bus shelters in each of these cities and are subject to a minimum fixed amount.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

12. Related Party Transactions (cont'd)

- (iv) The WHA Joint Venture entered into a creative services agreement with GWH, whereby GWH agreed to provide certain design and production services to the Group on a non-exclusive basis.

13. Contingent Liabilities

As at the balance sheet date, the Group did not have any significant contingent liabilities (2001: Nil).

Supplementary Information

Disclosure of interests

Directors' interests in shares and rights to subscribe for shares of the Company and associated corporations:

As at 30 June 2002, the interests of the Directors in the shares and rights to subscribe for shares of the Company and its associated corporations (as defined under the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), respectively, as recorded in the register required to be kept by the Company pursuant to Section 29 of SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Interests in the shares of the Company

Name of Director	Type of Interest	Number of issued ordinary shares of HK\$0.1 each held in the Company	Percentage of total issued shares
Han Zi Jing	Corporate (Note)	74,872,830	14.9

Note: The 74,872,830 shares are held by Outdoor Media China, Inc. ("OMC"), a company incorporated in Western Samca of Offshore Chambers. As of 30 June 2002, Mr. Han Zi Jing holds approximately 71.72% of the issued share capital of Golden Profits Consultants Limited, which is the beneficial holder of 95.81% shares in OMC. The effective interest of Mr. Han in OMC is therefore 68.72%.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Supplementary Information (cont'd)

Apart from the foregoing, as at 30 June 2002, none of the Directors had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

Substantial Shareholders

As at 30 June 2002, the following interest of 10% or more in the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance.

Name	Number of shares held	Percentage of holding
Clear Channel Outdoor, Inc.	231,337,500	46.1%
HKSCC Nominees Limited	145,775,000	29.1%
Outdoor Media China, Inc.	74,872,830	14.9%

Apart from the foregoing, no person or corporation had any interest in the share capital of the Company as recorded in the register required to be kept under section 16(1) of the SDI Ordinance as having an interest in ten percent or more of the issued share capital of the Company.

Share Option Schemes

Pursuant to a share option scheme (the "Scheme") adopted by the Company on 28 November 2001, the Directors of the Company may, at their discretion, grant options to any full-time employees, including Executive Directors of the Company and its subsidiaries, to subscribe for shares of the Company. The share options below include pre-IPO and post-IPO share options.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Supplementary Information (cont'd)

Share Option Schemes (cont'd)

As at 30 June 2002, the interests of the Directors and the Chief Executive of the Company in the equity securities of the Company or any of its associated corporations as defined in the SDI Ordinance as recorded in the register to be kept under section 29 of the SDI Ordinance consist of share options granted pursuant to the pre-IPO Share Option Scheme and the Share Option Scheme to the Directors and Chief Executive to subscribe for shares of the Company. Further details of the above are set out as follows:

Name of Directors	Number of options	Date of Grant	Exercisable Period	Exercise Price per share (HK\$)
Steven Yung	2,500,000	28/11/2001	29/11/2004 to 28/11/2008	HK\$5.89
	1,250,000	29/06/2002	30/06/2005 to 29/06/2009	HK\$5.51
Peter Cosgrove	1,250,000	28/11/2001	29/11/2004 to 28/11/2008	HK\$5.89
	625,000	29/06/2002	30/06/2005 to 29/06/2009	HK\$5.51
Han Zi Jing	3,334,000	28/11/2001	29/11/2004 to 28/11/2008	HK\$5.89
	1,666,000	29/06/2002	30/06/2005 to 29/06/2009	HK\$5.51
Teo Hong Kiong	1,200,000	28/11/2001	29/11/2004 to 28/11/2008	HK\$5.89
	600,000	29/06/2002	30/06/2005 to 29/06/2009	HK\$5.51
Zou Nan Feng	800,000	28/11/2001	29/11/2004 to 28/11/2008	HK\$5.89
	400,000	29/06/2002	30/06/2005 to 29/06/2009	HK\$5.51

Apart from the foregoing, at no time during the six months ended 30 June 2002 was the Company or any of its holding companies or subsidiaries, a party to any arrangement to enable the Directors or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Group's listed shares in the first half of fiscal year 2002.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Audit Committee

The Group's interim report for the six months ended 30 June 2002 was reviewed by the Audit Committee ("Committee"). Regular meetings have been held by the Committee since its establishment and it shall meet at least two times each year.

Corporate Governance

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June 2002, in compliance with the Code of Best Practice contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Disclosure of Information on the Stock Exchange's Website

All information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) and the Company's website in due course.

Acknowledgement

I would like to take this opportunity to express my sincere appreciation of the support from our customers, suppliers and shareholders. I would also like to thank my fellow directors for their valuable contribution and the staff members of the Group for their commitment and dedicated services throughout the period.

By Order of the Board

Steven Yung

Chairman

Clear Media Limited

Hong Kong SAR
27 August 2002

CORPORATE INFORMATION

Business Area	:	Outdoor Advertising
Head Office	:	3205, 32nd Floor Windsor House 311 Gloucester Road Causeway Bay Hong Kong
Registered Office	:	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Principal Place of Business	:	4th Floor, Office Building GITIC Riverside Hotel 298 Yan Jiang Zhong Road PRC 510100
Website Address	:	www.clear-media.net
Bermuda Principal Share Registrar	:	Butterfield Corporate Services Limited Rosebank Centre 11 Bermudiana Road Pembroke Bermuda
Hong Kong Branch Share Registrar	:	Tengis Limited 4th Floor Hutchison House 10 Harcourt Road Central Hong Kong

CORPORATE INFORMATION (cont'd)

- Principal Banker** : Shenzhen Development Bank
9th Floor
Huagong Building
808 Dong Feng Road East
Guangzhou
- HSBC
Level 8, HSBC Main Building
1 Queen's Road Central
Hong Kong
- Legal Advisors** : *as to Hong Kong and*
United States Law
Freshfields Bruckhaus Deringer
- as to PRC Law*
Commerce & Finance Law
Offices
- as to Bermuda Law*
Conyers Dill & Pearman
- Auditors** : Ernst & Young
15th Floor
Hutchison House
10 Harcourt Road
Central
Hong Kong
- Authorized Representatives** : Steven Yung
Gary Ng

SHAREHOLDER INFORMATION

Listing	:	Main Board of The Stock Exchange of Hong Kong Limited
Listing Date	:	19 December 2001
Ordinary Shares	:	As at 30 June 2002 shares outstanding: 501,608,500 shares Free float: 195,398,170 shares
Nominal Value	:	HK\$1 per share
Stock Code:		
Hong Kong		
Stock Exchange	:	100
Reuters	:	100.HK
Bloomberg	:	100 HK
Investors Relations	:	Gary Ng
Contact		
PR Consultant	:	iPR ASIA LTD
Financial Year End	:	31 December

Clear Media Limited

Room 3205, 32/F

Windsor House

311 Gloucester Road

Causeway Bay, Hong Kong

Tel: (852) 2960 1229

Fax: (852) 2960 0229

白馬戶外媒體有限公司

香港銅鑼灣

告士打道311號

皇室大廈32樓3205室

電話 : (852) 2960 1229

傳真 : (852) 2960 0229