

CLEAR MEDIA

白馬戶外媒體

共創品牌潮流

BRAND

REVOLUTION

Interim Report 2003
二零零三年中期報告

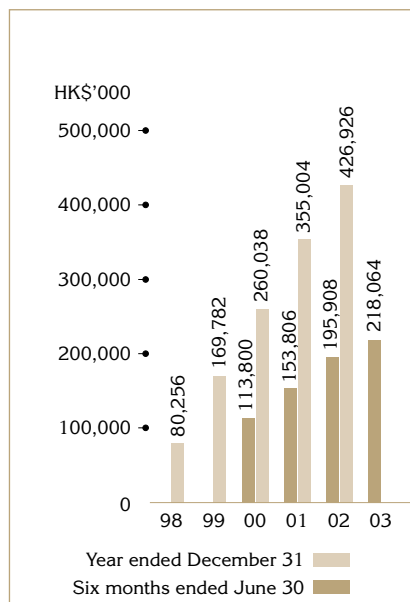
Contents 目錄

- 1 Financial Highlights
財務摘要
- 2 Management Discussion and Analysis
管理層討論及分析
- 7 Condensed Consolidated Income Statement
簡明綜合收入報表
- 8 Condensed Consolidated Balance Sheet
簡明綜合資產負債表
- 9 Condensed Consolidated Summary
Statement of Changes in Equity
簡明綜合概要權益變動表
- 10 Condensed Consolidated Cash Flow Statement
簡明綜合現金流量表
- 11 Notes to Condensed Consolidated Financial Statements
簡明綜合財務報表附註
- 18 Supplementary Information
補充資料
- 24 Factsheet at a Glance
資料概覽
- 25 Corporate Information
公司資料

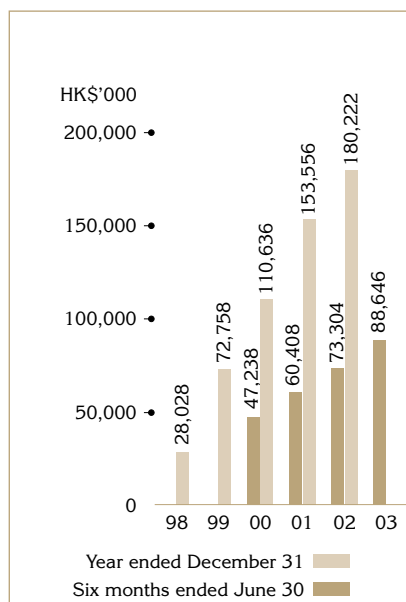
Financial Highlights

- Group turnover rose by 11% to HK\$218,064,000
- EBITDA increased by 21% to HK\$88,646,000
- EBIT increased by 21% to HK\$37,393,000
- Net profit increased by 1% to HK\$27,199,000
- Strong core bus shelter business growth with improved margins
- Strong Q3 order book on hand over the same period last year
- 90% of 03 full year order book target achieved
- Positive free cash flow of HK\$25,071,000

Turnover



EBITDA



Management Discussion and Analysis

Operations Review

Clear Media's goal is to become the best and most successful outdoor media advertising company in China. Our business strategies and developments in operations are designed to fulfill this goal. Our standardized bus shelter advertising network, spanning 30 key cities, has effectively helped advertisers reach China's most affluent consumers. The outbreak of SARS in the first half of this year created a challenging operating environment in China, but the key impact to the Group was primarily restricted to Beijing and some other smaller cities. In spite of these challenges, Clear Media has continually achieved consecutive growth in turnover, EBITDA, operating income, and net profit. We have shown consistent growth for five and a half consecutive years and our interim results reflect a solid business performance for the first half of 2003.

Solid Bus Shelter Advertising

Our world-class standardized bus shelter network is Clear Media's core business. During the last six months, it has generated HK\$209.9 million in turnover, reflecting a 12% increase over the same period last year.

With implementation of aggressive expansion strategies in the second half of last year, our comprehensive nationwide standardized network in 30 key cities represents a strong vehicle for advertisers to reach China's most affluent consumers. Clear Media continues to be the leader in key cities, with a 74% of market share in central Beijing, 98% share in Shanghai and 98% in Guangzhou.

In the last six months we have continued to drive increased market penetration through acquisitions and organic growth, despite the impact of SARS. The number of 12-sheet equivalent panels increased slightly to 17,488 at the end of June this year. (December end 2002: 17,210) Notably, we acquired 236 more bus shelters in central Beijing, fortifying our market standing and leadership in this important market. The four key PRC cities still account for the major part of our sales in the first half year, at 51% (2002: 54%). At the same time, however, our expansion in mid-tier cities is also starting to bear fruit for the Group's sales, accounting for 49% in the first six months (2002: 46%). Encouraging sales growth has been recorded in mid-tier cities such as Nanjing, Hanzhou, Xi'an, Chengdu and Shenyang. Such performance in our mid-tier stream has proven to be important for our sales growth, especially in the second quarter when some cities were affected by SARS. Our newly established sales centers in mid-tier cities have been highly effective in cultivating good client relationships.

The Group has also focused on providing advertisers with more creative formats. In the first half of the year, innovative scrolling panels were launched in Shanghai, while three-dimensional panels were launched in Guangzhou. Both formats are expected to enhance the yield, as well as the occupancy rate, of our advertising panels. The response from advertisers for these new products has been excellent and based on the success of our new creative product portfolio, the Group will continue to explore opportunities to enhance our network's overall effectiveness for advertisers.

At the beginning of the year, the Group launched a new flexible pricing system reflecting availability and demand with the objective of securing early order placement and thereby increasing visibility for our sales strategy. It has been well received by clients so far and at the end of August this year, Clear Media had already managed to book 90% of its 2003 sales target. This forward visibility has helped us ensure better yields on our assets.

Management Discussion and Analysis (cont'd)

New Advertising Formats

Revenue from unipole and Point-of-Sale (POS) advertising increased slightly by 3% from HK\$7.9 million to HK\$8.1 million during the period under review. The Group expects that revenue from new advertising formats to remain small in relation to our core business of bus shelter advertising in the near future.

Financial Review

Turnover

Despite the impact of SARS in the first half of the year, the Group's turnover increased by 11% from HK\$195.9 million to HK\$218.1 million. This was primarily due to the strong momentum of our core bus shelter advertising business in the first half of the year. All of the Group's turnover was derived in China.

EBITDA and Net Profit

Our earnings before interest, tax, depreciation and amortization (EBITDA) increased by a healthy 21% to HK\$88.6 million in 2003, from HK\$73.3 million in 2002. Clear Media's EBITDA margin improved from 37% to 41%. Our earnings before interest and tax (EBIT) also improved by 21% from HK\$31.0 million to HK\$37.4 million during the period under review.

Net profit increased by 1% to HK\$27.2 million for the six months ending 30 June 2003 compared to the corresponding period last year despite the Group's higher income tax and lower interest income. The income tax rate, on income generated in China, increased from 7.5% in 2002 to the rate of 15% in the first half of 2003, after the expiry of the Group's tax privilege program. The decrease in interest income following a cut in interest rates and level of deposits placed, has also contributed to the decrease in net profit. Net profit margin therefore dropped slightly from 14% last year to 13% in the first half of 2003.

Expenses

Direct operating costs, which includes electricity, rental and maintenance costs, remained at roughly 34% of sales for the period. Following our aggressive expansion in bus shelter operations in the second half of 2002, rental costs increased by 29% and electricity costs increased by 23%. Maintenance costs, however, decreased by 21% compared to same period last year as a result of the Group's effective cost control measures during the period.

The expansion of our bus shelter network in the second half of last year also resulted in a higher charge of the amortisation of concession rights which increased from HK\$39.9 million to HK\$47.5 million, representing an increase of 19%.

In view of the increased direct costs linked to our expansion last year, the Group has undergone a stringent cost control review with the objective of streamlining operations. As a result, selling, general and administrative costs incurred in the first half of the year represented 18% of sales compared to 22% of sales during the same period last year, a reduction of 4%.

Liquidity and Financial Resources

The Group financed its operations and investing activities with internally generated cash flow, balanced with proceeds from the Company's IPO and bank loans.

Management Discussion and Analysis (cont'd)

Cashflow

Net cash inflow generated from operations for the interim period reached HK\$45.5 million, as compared to HK\$11.8 million of the same period last year.

Cash from investing activities amounted to an outflow of approximately HK\$56.6 million in 2003 as the Group continued to expand its business. A total of HK\$53.8 million was spent on building and acquiring bus shelter displays.

During the first six months of 2002, the Group concentrated on aggressively expanding its market shares in key cities in China. As such, the Group experienced a negative free cash flow from operations of HK\$158.2 million, defined as EBITDA less capital expenditure, less income tax and net interest expense. For the same period in 2003, the Group concentrated on consolidating its market leadership position in China and strengthening cash management. The Group experienced positive free cash flow from its operations of HK\$25.1 million during the period under review. Clear Media considers free cash flow to be an important measure of a company's ability to provide value to shareholders. By presenting free cash flow, the Group intends to provide investors with a better understanding of the Group's ability to pay down debts, make acquisitions and invest in its businesses.

Accounts Receivable

The Group's accounts receivable balance due from third parties was HK\$161.3 million for the period under review. (2002: HK\$113.6 million).

Average accounts receivable outstanding days was 154 days, on a time-weighted basis, as at 30 June 2003, as compared to 193 days in 2002. Key measures continue to be taken to reduce the accounts receivable level including: the linking of sales staff commission to cash collection; the forming of a dedicated collection team and the formulation of stringent policy on sales to new clients. The 2003 figure was higher than the one at the end of 2002, due primarily to the impact of SARS when some major clients were forced to close down their operations for various time periods and the fact that collection during first half of the year is typically lower. However, the Group continued to tighten cash collection and has experienced an improvement in collection subsequent to the period end. The Group expects receivable to be at a comparable level by the year end.

As at 30 June, 2003, amounts due from Guangdong White Horse Advertising Company Limited were HK\$46.5 million (2002: HK\$49.8 million).

Accounts Payable

Total payables and accruals for the interim period 2003 were HK\$130 million as compared to HK\$132.3 million at 31 December 2002.

Management Discussion and Analysis (cont'd)

Borrowings and Gearing

As at 30 June 2003, the Group pledged time deposits of HK\$171.5 million to banks as security for outstanding secured short-term bank loans of HK\$163.0 million at rates ranging from 4.78% to 5.31%. Unsecured outstanding bank loans at 30 June 2003 were HK\$9.4 million which bore interest at 5.31%. All of the Group's bank borrowings were repayable within one year.

The debt to equity ratio of the Group, defined as a percentage of net interest bearing borrowings over shareholder's fund, was at 1% as at 30 June 2003 as compared to 1% in 2002. For the period under review, the Group was in a net cash position of HK\$235.9 million, and total cash and bank balances amounted to HK\$236.9 million.

Use of IPO Proceeds

After deducting related expenses, the proceeds from the IPO and Over-allotment were HK\$648 million and HK\$9 million respectively. For the six months ended 30 June 2003, approximately HK\$54 million was used to finance our bus shelter expansion. The remaining HK\$201 million is deposited in bank accounts with banks in Hong Kong.

Capital Expenditure

To strengthen the Group's leading position in the PRC's outdoor advertising industry, the Group actively acquired concession rights and built bus shelters to expand its network. For the six months ended 30 June 2003, HK\$36.6 million was spent on obtaining bus shelter concession rights, and HK\$2.1 million on fixed assets.

Material Acquisitions and Disposals

During the period under review, there were no material acquisitions or disposals of any subsidiary, associate or joint venture of the Group.

Charge on the Group Assets

There is no charge on the Group's assets during the period under review other than time deposit of HK\$171.5 million pledged to secure bank loans.

Exposure to Foreign Exchange Risk

Our only investment in China is the operating vehicle of the Group, the WHA joint venture, which only conducts business within China. Most of our turnover, capital investment and expenses are denominated in Renminbi, except for 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. To date, we have not experienced any difficulties in obtaining government approvals for foreign exchange purposes when the need arises. No financial instruments for hedging purposes were issued in the 6 months ended 30 June 2003.

Management Discussion and Analysis (cont'd)

Employment, Training and Development

As at 30 June 2003, the Group had a total of 299 employees, an increase of 71 over the same period in 2002. Total staff costs remained at approximately 9% of turnover for both periods. 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 a recognition of value creation. Share options are also granted to senior management in an effort to align individual interests with the Group's.

On 28 May 2003, share options granting a right to subscribe for a total of 12,000,000 shares in the Company were granted to the directors and senior management of the Company. The grant has a three year vesting period and a maturity date of 27 May 2010. Further details of the option scheme are contained in the interim report.

Capital commitments

As at the balance sheet date, the Group has capital commitments contracted but not provided for in relation to the construction of bus shelters amounted to HK\$28.9 million (31 December 2002: 10.5 million).

Contingent liabilities

As at the balance sheet date, the Group did not have any significant contingent liabilities (31 December 2002: HK\$7.1 million).

Outlook

The amount of disposable income of China's vast population is increasing rapidly, and more brands are vying for market share and consumer loyalty. Post-WTO liberalization of the economy and the newly launched Closer Economic Partnership Arrangement (CEPA) with Hong Kong will further drive growth in sectors where advertisers are keen to build their brands. Clear Media will continue to leverage on its strong management, superior sales team and focused business vision in order to provide advertisers the ultimate means of tapping into China's immense population.

The operating environment in the third quarter has significantly improved as the impact of SARS has declined. The Group expects that adspend will continue to increase in the second half of the year. Judging from the orders on hand and indications from our customers, Clear Media is confident that double-digit growth in turnover can be achieved for the rest of year.

Our strong first half performance in Guangzhou reflects our post-consolidation leadership of the market. Further, the government's continuous policy to clean up illegal outdoor advertising panels has helped to regulate the outdoor sector. The Group expects that such policies will provide a healthy and regulated environment throughout the PRC that is favorable to the Group's future growth prospects.

Apart from consolidating our core bus shelter advertising, the Group continues to actively evaluate acquisition opportunities that can strengthen our leading position in the industry and accelerate our growth to enhance value and return to all of our stakeholders. We will also continue our stringent cost and cash control measures to further improve our operating efficiency.

Condensed Consolidated Income Statement

For the six months ended 30 June 2003

		For the six months ended 30 June	
		2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
	Note(s)		
TURNOVER		218,064	195,908
Cost of sales		(140,455)	(120,921)
Gross profit		77,609	74,987
Other revenue	3	2,540	5,635
Selling and distribution costs		(12,066)	(13,532)
Administrative expenses		(28,149)	(30,414)
PROFIT FROM OPERATING ACTIVITIES	4	39,934	36,676
Finance costs	5	(3,734)	(4,195)
PROFIT BEFORE TAX		36,200	32,481
Tax	6	(6,122)	(2,708)
PROFIT AFTER TAX		30,078	29,773
Minority interests		(2,879)	(2,736)
PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		27,199	27,037
EARNINGS PER SHARE			
Basic	7	HK5.42 cents	HK5.39 cents

Condensed Consolidated Balance Sheet

As at 30 June 2003

	Note(s)	30 June 2003 (Unaudited) HK\$'000	31 December 2002 (Audited) HK\$'000
NON-CURRENT ASSETS			
Fixed assets		46,014	69,430
Concession rights		836,800	846,068
Investment securities		2,237	—
		885,051	915,498
CURRENT ASSETS			
Accounts receivable	9	161,291	113,612
Notes receivable	10	8,481	—
Prepayments, deposits and other receivables		58,502	37,345
Due from related parties		48,087	51,417
Pledged time deposits		171,542	140,022
Cash and bank balances		236,852	267,158
		684,755	609,554
CURRENT LIABILITIES			
Tax payable		6,371	5,593
Other payables and accruals		130,014	132,269
Deferred income		9,788	9,207
Interest-bearing bank borrowings		172,446	152,201
		318,619	299,270
NET CURRENT ASSETS		366,136	310,284
TOTAL ASSETS LESS CURRENT LIABILITIES		1,251,187	1,225,782
NON-CURRENT LIABILITIES			
Deferred tax		4,098	2,936
MINORITY INTERESTS		10,206	13,096
		14,304	16,032
		1,236,883	1,209,750
CAPITAL AND RESERVES			
Issued capital	11	50,161	50,161
Reserves	12	1,186,722	1,159,589
		1,236,883	1,209,750

Condensed Consolidated Summary Statement of Changes in Equity

For the six months ended 30 June 2003

	30 June 2003 (Unaudited) HK\$'000	31 December 2002 (Audited) HK\$'000
Note		
TOTAL EQUITY		
Balance at beginning of period/year	1,209,750	1,129,798
Exchange differences on translation of the financial statements of a foreign entity and net gains and losses not recognised in the consolidated profit and loss account	12 (66)	(198)
Net profit from ordinary activities attributable to shareholders	27,199	71,106
Issue of shares, including share premium	—	9,471
Share issue expenses	—	(427)
Balance at end of period/year	1,236,883	1,209,750

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2003

	For the six months ended 30 June	
	2003 (Unaudited) HK\$'000	2002 (Unaudited) (Restated) HK\$'000
Cash generated from operations	45,475	11,839
Interest paid	(3,750)	(4,703)
Income tax paid	(4,182)	(4,445)
Net cash from operating activities	37,543	2,691
Net cash used in investing activities	(56,574)	(221,714)
Net cash used in financing activities	(11,275)	(265,897)
DECREASE IN CASH AND CASH EQUIVALENTS	(30,306)	(484,920)
Cash and cash equivalents at beginning of period	267,158	809,411
CASH AND CASH EQUIVALENTS AT END OF PERIOD	236,852	324,491

Notes to Condensed Consolidated Financial Statements

1. ACCOUNTING POLICIES

The condensed unaudited interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants (“HKSA”). The interim results are unaudited, but have been reviewed by the Company’s Audit Committee and by the auditors, Ernst & Young, in accordance with Statement of Auditing Standards 700 “Engagements to review interim financial reports”, issued by the HKSA.

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 2002, except as described below.

In the current period, the Company has adopted SSAP 12 (Revised) “Income Taxes”. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognized in respect to timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognized in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, with limited exceptions. This change in accounting policy has not had any material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

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	
	2003 (Unaudited) HK\$’000	2002 (Unaudited) HK\$’000
Interest income	2,540	5,634
Others	—	1
	2,540	5,635

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	
	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
Provision for doubtful debts	7,769	6,215
Auditors' remuneration	539	660
Depreciation of owned assets	3,760	2,400
Amortisation of concession rights and depreciation of point-of-sale	47,492	39,862
Operating lease rentals on buildings	4,318	3,225
Staff costs (directors' remuneration included)	19,245	25,645
Interest income	(2,540)	(5,634)

5. FINANCE COSTS

	For the six months ended 30 June	
	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
Interest on:		
Bank loans and other loans wholly repayable within five years	3,734	4,195
Interest capitalized	—	—
	3,734	4,195

Notes to Condensed Consolidated Financial Statements (cont'd)

6. TAX

	For the six months ended 30 June	
	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
PRC corporate income tax	4,960	2,356
Deferred tax charge for the period	1,162	352
Tax charge for the period	6,122	2,708

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 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"), a subsidiary of the Company established in Hainan Special Economic Zone of the PRC, was subject to a corporate income tax at a rate of 15%, and was exempted from PRC corporate income tax for the first profitable year of its operations, and thereafter, was eligible for 50% relief from PRC corporate income tax for the following two years. As the year of 2003 was the fourth statutory profitable year of WHA Joint Venture, corporation income tax for the year 2003 has been calculated at the rate of 15% on its assessable profits arising in the PRC.

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\$27,199,000 (six months ended 30 June 2002: HK\$27,037,000) and the weighted average of 501,608,500 shares (six months ended 30 June 2002: 501,519,160 shares in issue during the period).

There is no diluted earnings per share for the six months ended 30 June 2003 (six months ended 30 June 2002: Nil) as the share options had no dilutive effects throughout that period.

Notes to Condensed Consolidated Financial Statements (cont'd)

8. DIVIDENDS

The Board of Directors resolved not to pay interim dividend to shareholders in respect of the six months ended 30 June 2003 (six months ended 30 June 2002: Nil).

9. ACCOUNTS RECEIVABLE

	30 June 2003 (Unaudited) HK\$'000	31 December 2002 (Audited) HK\$'000
Current to 90 days	68,615	77,673
91 – 180 days	26,821	14,451
Over 180 days	65,855	21,488
Total	161,291	113,612

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

10. NOTES RECEIVABLE

The balance amounted to HK\$4,772,000 (31 December 2002: Nil) included in the notes receivable is a note receivable from a related company and guaranteed by an independent third party.

11. ISSUED CAPITAL

	30 June 2003 (Unaudited) HK\$'000	31 December 2002 (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 2002: 501,608,500) ordinary shares of HK\$0.10 each	50,161	50,161

Notes to Condensed Consolidated Financial Statements (cont'd)

12. RESERVES

	Share premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At beginning of period	644,427	351,007	585	163,570	1,159,589
Exchange realignments	—	—	(66)	—	(66)
Net profit for the period	—	—	—	27,199	27,199
	644,427	351,007	519	190,769	1,186,722

13. RELATED PARTY TRANSACTIONS

		For the six months ended 30 June	
	Note(s)	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
Agency commission paid to Guangdong White Horse Advertising Company Limited ("GWH"), a company in which a director of the Company has an ability to exercise direct or indirect influence over the management	(i)	3,027	9,835
Sales to GWH	(ii)	16,679	55,734
Bus shelter maintenance and display fees payable to companies which a director of the Company has an ability to exercise management influence	(iii)	10,718	9,826
Creative services fees payable to GWH	(iv)	—	1,886

Notes to Condensed Consolidated Financial Statements (cont'd)

13. RELATED PARTY TRANSACTIONS (cont'd)

- (i) The agency commission paid to GWH was based on the standard percentage of gross rental revenue for outdoor advertising space payable to other major 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) WHA Joint Venture entered into various agreements with the companies in which a director of the Company has an 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.
- (iv) WHA Joint Venture entered into a creative services agreement with GWH, whereby GWH agreed to provide certain creative design and production services to the Group on a non-exclusive basis. These transactions were entered into on terms similar to GWH's services provided to its other customers. The agreement was terminated on 31 December 2002.

14. COMMITMENTS

(i) Capital commitments

	30 June 2003 (Unaudited) HK\$'000	31 December 2002 (Audited) HK\$'000
Capital commitments:		
Contracted, but not provided for in relation to the construction of bus shelters	28,892	10,528
	28,892	10,528

Notes to Condensed Consolidated Financial Statements (cont'd)

14. COMMITMENTS (cont'd)

(ii) 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 a term of 1 year and concession rights are negotiated for terms ranging from 5 to 20 years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancelable operating leases falling due as follows:

	30 June 2003 (Unaudited) HK\$'000	31 December 2002 (Audited) HK\$'000
Within one year	107,147	108,140
In the second to fifth years, inclusive	427,379	424,221
After five years	297,844	321,090
	832,370	853,451

15. CONTINGENT LIABILITIES

	30 June 2003 (Unaudited) HK\$'000	31 December 2002 (Audited) HK\$'000
Bills discounted with recourse	—	7,068

Supplementary Information

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2003, 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 Securities and Futures Ordinance (the **Ordinance**)) as recorded in the register required to be kept under section 352 of the Ordinance were as follows:

Name	Number of issued ordinary shares of HK\$0.10 each held in the Company	Percentage of total issued share capital
Han Zi Jing (Note)	55,077,405	11%

Note: The 55,077,405 shares are held by Outdoor Media China, Inc. ("OMC"), a company incorporated in Western Samoa of Offshore Chambers. As at 30 June 2003, 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%.

In addition, certain directors personally hold options to subscribe for ordinary shares of the Company, as disclosed under the paragraph "Share Option Schemes" below. These share options were granted pursuant to the terms of the share options schemes adopted by the Company.

Other than as set out above, as at 30 June 2003, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Ordinance), as recorded in the register required to be kept under Section 352 of the Ordinance or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SUBSTANTIAL SHAREHOLDERS

The Company has been notified of the following interests in the Company's issued shares at 30 June 2003 amounting to 5 per cent. or more of the ordinary shares in issue:

Name of shareholder	Number of shares held	Percentage of the Company's share capital
Clear Channel Outdoor, Inc.	231,337,500	46.1%
The Capital Group Companies, Inc.	66,359,000	13.2%
Outdoor Media China, Inc.	55,077,405	11.0%

Supplementary Information (cont'd)

Apart from the foregoing, as at 30 June 2003, no person or corporation had any interest in the share capital of the Company as recorded in the registers required to be kept under section 336 of the Ordinance as having an interest in 5 per cent. or more of, or any short position, in the issued share capital of the Company.

SHARE OPTION SCHEMES

As at 30 June 2003, the directors and employees of the Company had the following personal interests in options to subscribe for shares of the Company:

Name of directors	Type of share option scheme	Options outstanding as at 1 January 2003	Options vested during the period	Options lapsed during the period	Options cancelled during the period	Options exercised during the period	Options out-standing as at 30 June 2003	Date of grant of share options	Exercise price per share (HK\$)	Vesting period	Exercise period
Steven YUNG	Pre-IPO share option scheme	2,500,000	–	–	–	–	2,500,000	28/11/2001	HK\$5.89	28/11/2001 to 28/11/2004	29/11/2004 to 28/11/2008
		1,250,000	–	–	–	–	1,250,000	29/06/2002	HK\$5.51	29/06/2002 to 29/06/2005	30/06/2005 to 29/06/2009
	–	–	–	–	–	1,400,000	28/05/2003	HK\$3.51	28/05/2003 to 28/05/2006	28/05/2006 to 27/05/2010	
	<u>3,750,000</u>	–	–	–	–	<u>5,150,000</u>					
Peter COSGROVE	Pre-IPO share option scheme	1,250,000	–	–	–	–	1,250,000	28/11/2001	HK\$5.89	28/11/2001 to 28/11/2004	29/11/2004 to 28/11/2008
		625,000	–	–	–	–	625,000	29/06/2002	HK\$5.51	29/06/2002 to 29/06/2005	30/06/2005 to 29/06/2009
	–	–	–	–	–	704,000	28/05/2003	HK\$3.51	28/05/2003 to 28/05/2006	28/05/2006 to 27/05/2010	
	<u>1,875,000</u>	–	–	–	–	<u>2,579,000</u>					

Supplementary Information (cont'd)

Name of directors	Type of share option scheme	Options outstanding as at 1 January 2003	Options vested during the period	Options lapsed during the period	Options cancelled during the period	Options exercised during the period	Options outstanding as at 30 June 2003	Date of grant of share options	Exercise price per share (HK\$)	Vesting period	Exercise period
HAN Zi Jing	Pre-IPO share option scheme	3,334,000	–	–	–	–	3,334,000	28/11/2001	HK\$5.89	28/11/2001 to 28/11/2004	29/11/2004 to 28/11/2008
	The Scheme	1,666,000	–	–	–	–	1,666,000	29/06/2002	HK\$5.51	29/06/2002 to 29/06/2005	30/06/2005 to 29/06/2009
		–	–	–	–	–	1,900,000	28/05/2003	HK\$3.51	28/05/2003 to 28/05/2006	28/05/2006 to 27/05/2010
		<u>5,000,000</u>	–	–	–	–	<u>6,900,000</u>				
TEO Hong Kiong	Pre-IPO share option scheme	1,200,000	–	–	–	–	1,200,000	28/11/2001	HK\$5.89	28/11/2001 to 28/11/2004	29/11/2004 to 28/11/2008
	The Scheme	600,000	–	–	–	–	600,000	29/06/2002	HK\$5.51	29/06/2002 to 29/06/2005	30/06/2005 to 29/06/2009
		–	–	–	–	–	670,000	28/05/2003	HK\$3.51	28/05/2003 to 28/05/2006	28/05/2006 to 27/05/2010
		<u>1,800,000</u>	–	–	–	–	<u>2,470,000</u>				

Supplementary Information (cont'd)

Name of directors	Type of share option scheme	Options outstanding as at 1 January 2003	Options vested during the period	Options lapsed during the period	Options cancelled during the period	Options exercised during the period	Options outstanding as at 30 June 2003	Date of grant of share options	Exercise price per share (HK\$)	Vesting period	Exercise period
ZOU Nan Feng	Pre-IPO share option scheme	800,000	–	–	–	–	800,000	28/11/2001	HK\$5.89	28/11/2001 to 28/11/2004	29/11/2004 to 28/11/2008
	The Scheme	400,000	–	–	–	–	400,000	29/06/2002	HK\$5.51	29/06/2002 to 29/06/2005	30/06/2005 to 29/06/2009
		–	–	–	–	–	666,000	28/05/2003	HK\$3.51	28/05/2003 to 28/05/2006	28/05/2006 to 27/05/2010
		<u>1,200,000</u>	–	–	–	–	<u>1,866,000</u>				
Members of senior management and other employees of the Group	Pre-IPO share option scheme	10,750,000	–	1,800,000	–	–	8,950,000	28/11/2001	HK\$5.89	28/11/2001 to 28/11/2004	29/11/2004 to 28/11/2008
	The Scheme	5,375,000	–	900,000	–	–	4,475,000	29/06/2002	HK\$5.51	29/06/2002 to 29/06/2005	30/06/2005 to 29/06/2009
		–	–	–	–	–	6,660,000	28/05/2003	HK\$3.51	28/05/2003 to 28/05/2006	28/05/2006 to 27/05/2010
		<u>16,125,000</u>	–	<u>2,700,000</u>	–	–	<u>20,085,000</u>				
In aggregate	Pre-IPO share option scheme	19,834,000	–	1,800,000	–	–	18,034,000	28/11/2001	HK\$5.89	28/11/2001 to 28/11/2004	29/11/2004 to 28/11/2008
	The Scheme	9,916,000	–	900,000	–	–	9,016,000	29/06/2002	HK\$5.51	29/06/2002 to 29/06/2005	30/06/2005 to 29/06/2009
		–	–	–	–	–	12,000,000	28/05/2003	HK\$3.51	28/05/2003 to 28/05/2006	28/05/2006 to 27/05/2010
		<u>29,750,000</u>	–	<u>2,700,000</u>	–	–	<u>39,050,000</u>				

Supplementary Information (cont'd)

The financial impact of the share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date are deleted from the register of outstanding options, and have no impact on the profit and loss account or balance sheet.

The Directors do not consider it appropriate to disclose a theoretical value of the share options granted during the year to the directors, and members of senior management and other employees of the Group, because in the absence of a readily available market value of the share options on the ordinary shares of the Company, the Directors were unable to arrive at an accurate assessment of the value of these share options.

Save as disclosed herein, at no time during the six months ended 30 June 2003 was the Company, or any of its 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.

Corporate Governance

The Board is committed to the principles of corporate governance for a transparent, responsible and value-driven management that result in shareholder value enhancement. In order to reinforce independence, accountability and responsibility, the role of the Group's Chairman is separate from that of the Group's CEO. The Board has established the Audit Committee and Remuneration Committee with defined terms of reference. All committees are chaired by non-executive directors.

Corporate governance practices adopted by the Group during the six month period ended 30 June 2003 are in line with the those practices set out in the Group's 2002 Annual Report.

Audit Committee

The Audit Committee is comprised of a majority of independent non-executive directors with substantial financial expertise as well as relevant market experiences. The Committee has reviewed the audit findings, the accounting policies and practices adopted by the Group, and has also discussed auditing, internal controls, risk management and financial reporting matter, including the unaudited interim financial statements for the six month period ended 30 June 2003.

Supplementary Information (cont'd)

Compliance with the Listing Rules

None of the Directors are aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six month period ended 30 June 2003, in compliance with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Investor Relations and Communications

The Group has maintained proactive communications with institutional investors and analysts through regular meetings, investment conferences and electronic newsletters. The Group also maintains an investor relations website (www.clear-media.net) to disseminate information to investors and shareholders on a timely basis.

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

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

Publication of Detailed Results Announcement on the Stock Exchange's Website

The Company will submit to The Stock Exchange of Hong Kong ("HKEX") on or before 11 September 2003 a compact disc containing all the information required by paragraphs 46(1) to (6) (both paragraphs inclusive) of Appendix 16 to the Listing Rules for uploading onto HKEX's website (www.hkex.com.hk).

By Order of the Board

Steven Yung

Chairman

Clear Media Limited

28 August 2003

Factsheet at a Glance

Shareholder Information as at 30 June 2003

– Clear Channel Outdoor, Inc.	46.1%
– The Public	29.7%
– The Capital Group Companies, Inc.	13.2%
– Outdoor Media China, Inc.	11.0%

Nominal Value: HK\$0.1 per share

Listing: Main Board of
The Stock Exchange of Hong Kong Limited

Listing Date: 19 December 2001

Ordinary Shares:

– Shares outstanding as at 30 June 2003	501,608,500 shares
– Free float	148,834,595 shares

Market Capitalization:

– as at HK\$4.3 per share (based on closing price on 30 June 2003) HK\$2.16 billion

Stock Code:

– Hong Kong Stock Exchange	100
– Reuters	0100.HK
– Bloomberg	100 HK

Financial Year End: 31 December

Corporate Information

Business Area	:	Outdoor Media
Directors	:	Steven Yung Peter Cosgrove Han Zi Jing Teo Hong Kiong Zou Nan Feng Mark Mays Roger Parry Coline McConville Han Zi Dian Desmond Murray Wang Shou Zhi
Company Secretary	:	Gary Ng
Head Office	:	Room 3205 32/F Windsor House 311 Gloucester Road Causeway Bay Hong Kong
Registered Office	:	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Legal Advisors	:	<i>Hong Kong and United States Law</i> Freshfields Bruckhaus Deringer <i>PRC Law</i> King & Wood PRC Lawyers <i>Bermuda Law</i> Conyers Dill & Pearman

Corporate Information (cont'd)

Auditors	:	Ernst & Young
Principal Banker	:	HSBC, Shanghai Pudong Development Bank
Principal Share Registrar	:	Butterfield Corporate Services Limited 11 Rosebank Centre Bermudiana Road Hamilton Bermuda
Hong Kong Share Registrar	:	Tengis Limited G/F Bank of East Asia Harbour View Center 56 Gloucester Road Wanchai Hong Kong
Authorized Representatives	:	Steven Yung Gary Ng
Investor Relations Contact	:	Gary Ng
PR Consultant	:	iPR ASIA LTD
Corporate Website	:	www.clear-media.net