

CEO'S REPORT

Since our establishment as a Sino-foreign joint venture in 1998, we have capitalized on the unique talents of our two partners to achieve success in China's outdoor advertising industry. With the strong local knowledge and credibility of White Horse in the PRC and the global experience and expertise of Clear Channel Worldwide, we have become a leader in the PRC outdoor advertising industry.

This has been a very fruitful year for Clear Media. We have continued to strengthen our position as the leading bus shelter advertising company in the PRC by focusing on our network expansion and enhancing our profitability. In the year ended December 2001, we have achieved new highs in turnover and net profit – HK\$355 million and HK\$58.9 million, respectively.

Business Review

The cornerstone of Clear Media's success is our network resources. In order to provide our customers with more effective outdoor advertising channels, we have broadened the reach of our operations by extending our product lines. In 2001, we acquired additional bus shelter display panels in key cities including

Guangzhou, Chengdu, Nanning in Guangxi, and Pudong in Shanghai, and extended our geographic coverage from 28 to 29 cities. In addition to our bus shelter advertising, we have also expanded into our newly developed product line – point-of-sale advertising. In December 2001 and January 2002, we signed contracts with 17 large shopping malls in four major cities – Beijing, Shanghai, Guangzhou and Shenzhen. We also contracted with one of the largest supermarket chains in the PRC, Luenhua Supermarkets in Shanghai, to install advertising display panels in their supermarkets nationwide.

Strategies and Plans

Although the global economy is currently in a downturn, China's economic development has surpassed the rest of the world with an official forecast of 7% GDP growth in 2002. And with China's accession to the World Trade Organization and Beijing's hosting of the 2008 Olympics, new categories of advertisers, such as those from the entertainment, film, finance and automobile manufacturing sectors, will create new revenue streams for the PRC advertising industry.



CLEAR FOCUS

BUILDING ON FOUR
CONSECUTIVE YEARS
OF PROFITABLE
GROWTH

The growth potential of the PRC consumer market and our competitive advantages in the marketplace have reinforced our confidence in our development plans.

We currently have over 12,000 bus shelter display panels in our network and we hold over 50% market share in key cities in the PRC, based on the number of display panels. Building on this foundation, we plan to develop our business in mid-tier cities to broaden our client base.

Bus Shelters

We will continue to focus our resources and manpower on expanding our bus shelter advertising network in order to strengthen our leadership position in China's outdoor advertising market. We will be conducting in-depth research to stay in touch with changing

We will continue to grow through a process of organic growth and strategic acquisitions.

customer needs. In addition to identifying prime locations in major cities, we have already expanded our bus shelter advertising network to mid-tier cities and in certain key provincial cities. We plan to set up sales offices in mid-tier cities in order to further boost our sales and occupancy rates.

We plan to construct 2,000 bus shelter display panels in 2002, most of which should be completed in the first half of the year. We will gradually increase and strengthen our penetration rates in major cities. At the same time, we plan to acquire approximately 2,000 existing bus shelter display panels in 2002.

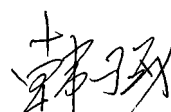
Point-of-Sale

Beyond bus shelter advertising, we are also developing point-of-sale advertising which we feel is a product line with immense potential. Point-of-sale (POS) advertising is primarily displayed at large chain stores and supermarkets – ideal locations for advertising and easy to develop into an effective network. POS allows us broaden our product portfolio, complementary to our existing products, which gives our customers flexibility.

However, with over 90% of our revenue derived from bus shelter advertising, this will remain as the dominant contributor to our profitability in the near future.

Strengthen our Sales Force

With the expansion of our business, we will be hiring and training new personnel to strengthen our sales force. In 2002, we will continue to strengthen the sales force by hiring more sales and marketing staff to meet the needs of the newly acquired bus shelters. Meanwhile, we will continue to implement effective cost-control measures to ensure a healthy operating margin and better returns to our shareholders.



Han Zi Jing

Chief Executive Officer and Executive Director
Clear Media Limited
Hong Kong, 1st March 2002