

Letter from the Chairman

Dear Fellow Shareholders,

2002 marked our first year as a public company – and our fifth year as a high-growth, high-return media company in the world's largest consumer market.

As we accelerate the expansion of our world-class network and deliver consistently positive results to all constituents, we are witnessing an unprecedented transformation of a brand-new generation. This year's Annual Report aims to capture the spirit of this Brand Revolution and the integral part that we play in this dynamic process.

A new cultural revolution has just begun... the nation of China is looking forward and seeing what can be. People are getting out, getting together, having fun, enjoying life in the big city. This new generation of affluent consumers is ready, willing and able to embrace the phenomenal choice of branded products and services designed for this burgeoning middle class. And we are where the action is – outdoors! Our leading mass media network reaches these trend-setters... showcasing, shaping and celebrating the changing landscape of power brands in the Middle Kingdom.

Before television, radio, print media and the Internet, there was outdoor – and it's reinvented itself for the 21st century. The ongoing challenge for traditional media is to create content in order to sell advertising. For us, our content *is* advertising. We have only one reason for being – to bring brands to consumers, and consumers to brands.

Our core concept is as powerful as it is simple – a standardized network... covering 30 key cities... reaching the target consumers of international and local advertisers in a cost-effective way.

Everyone benefits from our approach. Consumers like it because our quality bus shelters protect them from the sun and rain... and give them the latest buzz in this Brand Revolution. Advertisers like it because of our professional partnership to their aggressive marketing campaigns. City mayors like it because our “free” street furniture provides an essential municipal service and helps modernize city life. And shareholders like it for the solid return on investment.

In this massive urbanization of China, street level is “see level”. And seeing is believing – both on the street and in the figures. In 2002, we achieved a 20% growth in revenue, 21% growth in net profit and 21% growth in pro forma EPS,

with a sustainable EBITDA margin of 42% and a net profit margin of 17%... five years in a row.

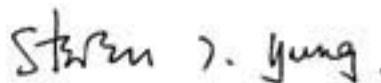
With China's entry into the WTO, the 2008 Beijing Olympics, and the 2010 Shanghai Expo, the pace of this revolution is set to explode. Our “Always On” Mass Media Network of Choice will be a key catalyst as the world's largest group of consumers decides on his or her brands for life. This consumer-oriented approach fits perfectly with our goal to be the best and most successful outdoor media company in China.

Our 2003 action plan calls for a laser-sharp focus on affluent consumers nationwide. Innovatively packaging our standardized display panels to match the rapidly expanding footprints of leading advertisers. Delivering business results by reaching and communicating with target audiences of progressive marketers.

Our leadership in all key cities offers significant growth potential in both breadth and depth. We will continue to profit from our core products, organically grow our network, increase the occupancy of our panels and improve the overall yield of our assets. And lead the much-needed consolidation of our industry by focusing on strategic and earning-accretive acquisitions in our space.

This is just the beginning of China's Brand Revolution. We're proud to be a front-and-center part of it... building loyalty to Brands... making a positive difference in people's lives... growing our leadership role in the industry.

Thanks for being part of this exciting journey where everyone wins – consumers, advertisers, employees, shareholders, and the communities that we serve. Together, we will make the most of this once-in-a-generation opportunity in China's history.



Steven Yung
Chairman

Clear Media Limited
Hong Kong, 26 February 2003

A portrait of Steven Yung, Chairman and Executive Director, in a dark suit and checkered tie. He is smiling slightly. The background is a dense, red-toned collage of various Chinese advertisements and media, including an Olympus camera ad, a woman's portrait, and various product shots.

Steven Yung
Chairman and Executive Director

OUR BUSINESS

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