

# Corporate Governance

Clear Media is committed to corporate governance – the principles of transparent, responsible and value-driven management and control of a company. The Group believes that a voluntary commitment to corporate governance is an important measure for enhancing the confidence of current and future shareholders, investors, employees, business partners and the public in both national and international markets. The directors' overriding objective is to increase shareholder value within an appropriate framework which protects the rights and interests of shareholders and ensures that Clear Media is properly managed. Charged with leading the Group in a responsible and effective manner, each director has a duty to act in good faith in the best interests of Clear Media.

The directors are committed to the principles underpinning best practice in corporate governance. This is supported by a company-wide commitment to high standards of compliance and financial and ethical behavior.

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that applicable laws and regulations are complied with. These include obligations on directors relating to disclosure of interests in securities, disclosure of any conflict of interest in a transaction involving Clear Media, prohibitions on dealing in securities and restrictions on disclosure of price-sensitive information.

A description of the Group's main corporate governance practices is set out below.

## Board of Directors

The Constitution of the Group provides that there shall be not less than two directors and no maximum limit has been laid down.

The present Board of Directors consists of seven non-executive directors and four executive directors. Names, details and qualifications of directors appear in the latter part of this Report. Though the Chairman of the Board is an executive director, the pre-dominance of non-executive directors ensure the independence of the Board from management.

The Board met formally on eight occasions during the year. Meeting agendas are settled by the Chairman of the Board to ensure adequate coverage of financial, strategic and major risk areas throughout the year.

At every Annual General Meeting (AGM), one third of the directors (other than the Chairman and Chief Executive Officer), or the nearest number to one third, shall retire from Office and be eligible for re-election. A director appointed since the most recent AGM shall hold office only until the next following general meeting and shall then be eligible for re-election. The directors to retire each year shall be the directors longest in office since being elected or re-elected.

Directors are entitled to seek independent professional advice at the Group's expense in connection with their duties and responsibilities as directors, subject to the prior consent of the Chairman.

To assist in fulfilling its responsibilities and to allow detailed consideration of various issues, the Board has established a Remuneration Committee and an Audit Committee under the Code of Best Practice under the Listing Rules of The Hong Kong Stock Exchange. Each committee has its own charter setting out the authority delegated to it by the Board and the manner in which the committee is to operate.

## Audit Committee

The Audit Committee is comprised of not less than three non-executive directors appointed from amongst the directors, with a majority being independent, to preserve the integrity and objectivity of its work. Presently, it includes non-executive director Peter Cosgrove and two independent non-executive directors, Pedro Man (Chairman) and Wang Shou Zhi. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group and provide advice and recommendations to the Board. It meets to review the completeness, accuracy and fairness of the financial statements of the Group and to consider the nature and scope of internal and external audit reviews, as well as the effectiveness of the systems of internal control. The Audit Committee scrutinizes the nature and extent of any non-audit work undertaken by the Group's auditors. Internal control systems have been designed to allow the Board to monitor the Group's overall financial position and to protect its assets. The purpose is to assure against material financial misstatement or loss. The directors are responsible for these systems, and must ensure that appropriate authorities and guidelines are in place.



The main functions of the committee are:

- to consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- to review the half-year and annual financial statements before submission to the Board;
- to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management, where necessary);
- to review the external auditor's management letter and management's response;
- to review the company's statement on internal control systems;
- to consider the major findings of internal investigations and management's response.

## Remuneration Committee

The Remuneration Committee is comprised of not less than three members appointed from amongst the directors, a majority of whom are non-executive directors in order to ensure independence and objectivity. Presently, it includes Peter Cosgrove (Chairman), Roger Parry and Coline McConville as non-executive directors, and Wang Shou Zhi as an independent non-executive director. The Remuneration Committee is responsible for making recommendations to the Board on the Group's framework of executive remuneration and for determining on behalf of the Board specific remuneration packages and conditions of employment for specific directors. The Chief Executive Officer shall be invited to attend meetings to discuss the performance of executive directors and make proposals as necessary and will also report to the committee on significant group-wide changes in salary structure and conditions affecting other employees at senior executive level.



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The duties of the committee are:

- to make recommendations to the Board on the Group's framework of executive remuneration and its cost, and to determine on behalf of the Board specific remuneration packages and conditions of employment (including pension rights for executive directors);
- to determine the terms of any compensation package in the event of early termination of the contract of any executive directors;
- to make recommendations to the Board regarding the content of the Board's annual report to shareholders on directors' remuneration (including the Group's policy on executive directors' remuneration, details of individual remuneration and other terms and conditions).

## Ethical Standards

All directors, executives and employees are expected to abide by laws and regulations, respect confidentiality and the proper handling of information and act with the highest standards of honesty, integrity, objectivity and ethics in all dealings with each other, Clear Media, competitors, customers and the community.



## Environment

The Board is aware of the responsibilities of Clear Media in relation to environmental concerns and the Group has added tremendous value to the quality of lifestyle in the communities that it serves. Clear Media's extensive bus shelter network offers protection from the wind, sun and rain, while also beautifying the environment. The Group also ensures that the health and safety of employees is protected. The Group, upon availability, donates around 10% of its advertising display panels to local municipal governments to help promote local community events.

## Open Communication

Clear Media has a policy of open communication and full disclosure. Financial results are announced as early as possible to keep shareholders informed of the performance and operations of the Group.

The Internet provides an ideal medium to make information on the Company available, in addition to the more traditional methods of financial reports and press releases. The Clear Media website, [www.clear-media.net](http://www.clear-media.net), includes an Investor Relations section which offers extensive company information to shareholders and other stakeholders. For those who do not have Internet access, hard copies of the website information are available upon request to the Company Secretary.

## Investor Relations

Clear Media has a wide base of investors and is committed to cultivating high standards of investor relations through regular and open communications.

As a result of our efforts in investor relations, Clear Media has become a widely covered stock, with key brokerage and investment houses regularly publishing research on the Group. The management is encouraged by the extent and depth of this coverage and is committed to fostering an even closer working relationship with the investment community in order to increase their understanding of the Group.

During 2002, the Group demonstrated this commitment by involving senior management in frequent meetings with research analysts and institutional investors. They also participated in a significant number of local, regional and global investor conferences as set out in Figure 1. In February 2002, the Group organized a highly successful investor trip to Shanghai for sell-side investors. Furthermore, in addition to analyst presentations for the announcement of our annual and interim results in March and August respectively, post-results roadshows were also conducted in Hong Kong, Singapore and Europe.

Consistent with our efforts to provide high quality and timely disclosure of the Group's operations and financial information, we continually upgrade the investor information section of our corporate website. This enables the investment community to access up-to-date information about the Group in a quick and user-friendly manner.



In 2002, the financial community continues to recognize our dedication to achieving good investor relations and our commitment to high standards of disclosure and transparency. Our 2001 Annual Report was honored with two awards by the International Annual Report Competition 2002, which was hosted by MerComm Inc., based in the US. We will continue to strive to provide all stakeholders with an accessible and understandable annual report that meets the highest requirements of corporate transparency.

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**Clear Media's Participation in Investor Relations Activities in 2002 (Figure 1)**

Month	Organizer	Conference	Location
January	Lehman Brothers	Investor Trip	Shanghai
	Merrill Lynch	Media Conference	Shanghai
	UBS Warburg	Greater China Conference 2002	Shanghai
	SocGen	Hidden Jewels of Asia Spring Conference 2002	Hong Kong
February	SocGen	Jewels of Asia TMT Conference	Hong Kong
	Clear Media	Sell Side Investor Trip	Shanghai
March	Deutsche Bank	China Consumer and Media Conference	Shanghai
	Goldman Sachs	Post Annual Results Roadshow	Hong Kong / Singapore
April	Salomon Smith Barney	Hong Kong / China Corporate Day	Hong Kong / Singapore
	Capital Group	Media Day	Hong Kong
	SocGen	US Roadshow	New York / Boston / Midwest / California
May	HSBC	China Strategic Forum 2002	Shanghai
	CLSA	China Forum	Beijing
June	Deutsche Bank	10th Annual Media Conference	New York
	Nomura	China Conference	Hangzhou
	Salomon Smith Barney	TMT Conference	Hong Kong
July	HSBC	Retail Tour	Guangzhou
August	Goldman Sachs	Post Interim Results Roadshow	Hong Kong
	Cazenove	Post Interim Results Roadshow	Singapore
September	SocGen	Hidden Jewels of Asia Autumn 2002 Conference	Hong Kong
	Deutsche Bank	Post Interim Results Roadshow	Europe
October	JP Morgan	7th Annual Asia Equity Conference	New York
	Deutsche Bank	Corporate Day	Singapore
	HSBC	Asset Management Offsite	Shanghai
November	UBS Warburg	Fund Managers Luncheon	Hong Kong
	JP Morgan	Greater China Equity Conference	Shanghai

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