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MEDIANATION
INC.

MediaNation Inc.
(the “Company”)

(Incorporated in the Cayman Islands with limited liability)

**CHANGE OF DIRECTORS AND
APPOINTMENT OF CHIEF EXECUTIVE OFFICER
CLOSURE OF THE COMPANY’S i-RESULT BUSINESS
USE OF PROCEEDS
RESUMPTION OF TRADING**

The Board has appointed Mr. Chu Chung Hong, Francis as the Company’s new Chief Executive Officer and new Executive Director recently. The Board believes that Mr. Chu brings to the Company proven professional experience in the advertising field, and that his successes in his previous positions make Mr. Chu an ideal choice as the Company’s new Chief Executive Officer. Mr. Kam has resigned as the Company’s Chief Executive Officer and Executive Director and will continue to serve the Company as the new non-executive Vice-Chairman of the Board, as a non-executive Director and as a consultant to the Company. Ms. Chan has resigned as the Company’s Executive Director and will continue to serve the Company as a non-executive Director and as a consultant to the Company. Mr. Chow has resigned as the Company’s Chief Operating Officer and Executive Director.

The Board, save for Mr. Kam and Ms. Chan, has approved certain payments to Mr. Kam and Ms. Chan, as full and final settlement for the Company releasing them from their previous positions within the Company. The Board is of the view that, for reasons set out below, such payments are not subject to shareholders’ approval under the GEM Listing Rules. However, the Stock Exchange is of the preliminary view that such payments constitute non-exempt connected transaction of the Company requiring independent shareholders’ approval. The Stock Exchange is looking into this matter and reserves its rights in this regard.

The Board has decided to close the Company's i-Result Business, as the i-Result Business has been continually loss making since its inception in 2001. The Company will take the required steps to close down the i-Result Business in accordance with the relevant laws in Hong Kong and the PRC.

The Company believes the closure of the i-Result Business will not have a material adverse impact on the financial strength of the Company, but instead is one of the necessary steps to improve the Company's near term financial performance.

As of 30 September 2002, the cash and cash equivalents held by the Group were approximately HK\$65.2 million and the losses incurred by the Group reached HK\$125.7 million. HK\$93.0 million out of the Proceeds was used to finance the Company's "working capital and operating losses". The use of such portion of the Proceeds for this purpose was first disclosed by the Company in its interim results announcement, and subsequently in the announcement dated 29 November 2002. The Board is of the view that, having taken into account the circumstances and the reasons set out below in this announcement, the Company has made disclosure relating to the change in use of Proceeds in a manner that complies with the requirements of the GEM Listing Rules. The Stock Exchange is looking into the timeliness and relevance of such disclosure in relation to performance and use of Proceeds since the listing of the Company, and particularly, whether the Company should have made announcement pursuant to Rule 17.10 of the Rules rather than relying on quarterly and results announcement. The Stock Exchange is looking into this matter, including but not limited to, the manner and timing of the disclosure, and reserves its right to take such follow-up action as may be appropriate.

Based on the unaudited management accounts of the Group, the unaudited cash and cash equivalents held by the Group as of 31 December 2002 were approximately HK\$31.9 million. Having regard to the present cash flow position of the Group as described herein, the Company expects that there will be liquidity concerns in the near future if the financial position of the Group does not improve in a short period of time. The Company has appointed Anglo Chinese Corporate Finance, Limited to analyse the financial position of the Company and place a value on the Company, and advise the Company on alternative strategies for raising capital. The Company will make appropriate disclosure in due course when specific funding arrangements have been identified.

At the request of the Company, the trading in the shares of the Company has been suspended from Tuesday, 3 December 2002, and is expected to resume on Tuesday, 11 February 2003.

Shareholders of the Company should exercise caution when dealing in the shares of the Company.

CHANGE OF DIRECTORS AND APPOINTMENT OF CHIEF EXECUTIVE OFFICER

The Company's Board of Directors (the "Board") has appointed Mr. Chu Chung Hong, Francis ("Mr. Chu"), as the Company's new Chief Executive Officer and new Executive Director recently. Mr. Chu has also been appointed as the authorized representative and the compliance officer of the Company. Mr. Chu joins the Company from advertising agency Lowe, where he was the managing director of its operations in the People's Republic of China (the "PRC"). Mr. Chu has 24 years of experience in the advertising industry, having held senior management positions with Ogilvy & Mather Taiwan, Euro RSCG and FCB Megacom. The Board believes that Mr. Chu brings to the Company proven professional experience in the advertising field, and that his successes in his previous positions make Mr. Chu an ideal choice as the Company's new Chief Executive Officer. In his two years of service with Lowe, Mr. Chu built their PRC division into a business with annual billings of US\$60 million and a staff of 125 people. In his capacity as the Company's new Chief Executive Officer, Mr. Chu will work closely with Mr. Kam Ling ("Mr. Kam") and Ms. Chan Sim Ngor, Summerine ("Ms. Chan").

Mr. Kam has resigned as the Company's Chief Executive Officer and Executive Director with immediate effect. Mr. Kam will continue to serve the Company as the new non-executive Vice-Chairman of the Board, as a non-executive Director and as a consultant to the Company, for which he will be paid HK\$100,000 per annum as a non-executive Director, and HK\$100,000 per annum as a consultant to the Company.

Ms. Chan has resigned as the Company's Executive Director with immediate effect. Ms. Chan will continue to serve the Company as a non-executive Director and as a consultant to the Company, for which she will be paid HK\$100,000 per annum as a non-executive Director, and HK\$100,000 per annum as a consultant to the Company.

Save for what is disclosed herein and what has been previously disclosed by the Company in various announcements and quarterly result announcements, the Board, Mr. Kam, Ms. Chan and Mr. Chow Savio Sing Nam ("Mr. Chow") are not aware of any other adverse changes to the Company subsequent to its listing and are not aware of any other matters which need to be brought to the attention of the Company's shareholders. The Board, Mr. Kam, Ms. Chan and Mr. Chow are of the view that, to the best of their knowledge, all the present directors of the Company have at all times observed their fiduciary duties owed to the Company and have not conducted any acts that are detrimental to the interests of the Company.

Mr. Kam, Ms. Chan and the Board have mutually agreed that Mr. Kam and Ms. Chan shall be paid to resign from their executive positions within the Company because Mr. Kam and Ms. Chan agree with the Board's view that the Company has reached a stage where it is in the best interest of the Company's shareholders to move to professional management under the leadership of a new management team and to separate the roles of the Company's management and its shareholders.

The Board, save for Mr. Kam and Ms. Chan, has approved payments of approximately HK\$2.77 million and HK\$2.41 million to Mr. Kam and Ms. Chan respectively, as full and final settlement for the Company releasing them from their previous positions within the Company. The payments were made in early December 2002. The Company also agreed to provide housing quarter involving an amount of approximately HK\$50,000 per month (i.e., an aggregate amount of approximately HK\$450,000) to Ms. Chan until August 2003, payable on a monthly basis. Under the original contracts of employment with Mr. Kam and Ms. Chan (the "Service Agreements") referred to on page V-11 of the Company's prospectus dated 14 January 2002 (the "Prospectus"), their employment may only be terminated by giving not less than 6-months' notice or payment of wages in lieu thereof, such notice to expire no earlier than 30 June 2004. Accordingly, in order for the Service Agreements to be terminated with immediate effect, it is necessary for the Company to make payments in lieu of notice to Mr. Kam and Ms. Chan for a period up to 30 June 2004. These payments are funded out of the working capital of the Group, the source of which could have arisen from cash inflow from the Group's normal business operations or from the Company's initial public offering proceeds (the "Proceeds"). Mr. Kam and Ms. Chan have confirmed that the above arrangements constitute the full and final settlement of all claims that they may have against the Company relating to their employment and the termination thereof. These payments (including payment in the form of provision of housing quarter) to Mr. Kam and Ms. Chan in the aggregate amount of approximately HK\$5.63 million comprise payments in lieu of notice in the aggregate amount of approximately HK\$4.63 million as described above, payments in lieu of accrued and untaken holiday and statutory long service pay in accordance with the Employment Ordinance in the aggregate amount of approximately HK\$550,000 and, in the case of Mr. Kam, ex gratia compensation in the amount of HK\$450,000. The Board is of the view that these payments are not subject to shareholders' approval under the GEM Listing Rules (the "Rules") for different reasons: (a) In respect of payments made in lieu of notice as described above, since the Service Agreements constitute exempt connected transactions of the Company under Rule 20.23(6)

of the Rules and the payments in lieu of notice represent payments made pursuant to the terms of the Service Agreements, such payments shall not be separately categorised as new connected transactions of the Company. (b) Since the payments in lieu of accrued and untaken holiday and statutory long service pay have been made in accordance with the Employment Ordinance, the payments are statutory requirements and should not be regarded as constituting “transactions” of the Company. (c) In respect of the ex gratia compensation to Mr. Kam in the amount of HK\$450,000, the Company notes that the amount was arrived at after arm’s length negotiations with Mr. Kam, after taking into account various factors. The Directors believe that the ex gratia payment was fair and reasonable in the circumstances. Since the value of this payment is less than HK\$1 million, the Board is of the view that the payment constitutes an exempt connected transaction under Rule 20.23(2) of the Rules. The independent non-executive directors of the Company are of the view that the payments to Mr. Kam and Ms. Chan are fair and reasonable and on normal commercial terms. However, the Stock Exchange is of the preliminary view that such payments constitute non-exempt connected transaction of the Company requiring independent shareholders’ approval. The Stock Exchange is looking into this matter and reserves its rights in this regard.

Mr. Kam’s and Ms. Chan’s previous duties and responsibilities will be assumed by Mr. Chu.

Mr. Chow has voluntarily resigned as the Company’s Chief Operating Officer and Executive Director with immediate effect. No payments were made by the Company to Mr. Chow for or in relation to his resignation. Mr. Chow has resigned for personal reasons. At present, Mr. Chow does not hold any office in the Group.

The Company believes that the resignations of Mr. Kam, Ms. Chan and Mr. Chow will not have any material adverse impact on the Company or its business. Mr. Kam and Ms. Chan, as non-executive Directors and as consultants to the Company, will continue to assist the Company in its business; in particular, they will both help to ensure a smooth transition of the Company’s management.

The Board thanks Mr. Kam, Ms. Chan and Mr. Chow for their contributions to the Company.

Set out below are the names of the current Directors of the Company and the respective positions held by them in the Company:

Sun Qiang, Chang, *Chairman and Non-Executive Director*

Chu Chung Hong, Francis, *Executive Director, Chief Executive Officer, Compliance Officer and Authorised Representative*

Cheung Leung Hong, Cliff, *Non-Executive Director*

Ho Ming Yee, *Non-Executive Director and member of Audit Committee*

Li Chun, Daniel, *Non-Executive Director*

Kam Ling, *Vice Chairman and Non-Executive Director*

Chan Sim Ngor, Summerine, *Non-Executive Director*

Schöter Johannes, *Independent Non-Executive Director and Chairman of Audit Committee*

Liu Hong Ru, *Independent Non-Executive Director and member of Audit Committee*

With the appointment of Mr. Chu as the Company's compliance officer and authorised representative, the Company now fulfills Rules 5.14 and 5.19 of the Rules.

CLOSURE OF THE COMPANY'S i-RESULT BUSINESS

Reference is made to the Company's announcement dated 26 November 2002 clarifying various local newspaper articles in relation to the Company's i-Result business (the "i-Result Business"), comprising i-Result Media Limited, i-Result (Beijing) Technology Development Company Limited and China Outdoor Data Centre Company Limited. As disclosed in that announcement, the Board had not yet reached any concrete decision with respect to the i-Result Business at that time. The Board has then resolved at its latest meeting held on 2 December 2002 to close the i-Result Business, as the i-Result Business has been continually loss making since its inception in 2001.

The i-Result Business provides outdoor media planning and buying services, outdoor media market information in the PRC, and third party outdoor media monitoring services. Upon the closure of the i-Result Business, the Company will no longer be pursuing one of its business objectives set out in its Prospectus of "providing integrated outdoor advertising services". The Company intends to continue pursuing its other business objectives set out in the Prospectus. The Company is focusing its efforts on its core outdoor media sales business in the PRC, in line with the business objectives stated in the Prospectus (other than that relating to the i-Result Business, as mentioned below).

To date, HK\$1.4 million from the Proceeds has been used for the expansion of the i-Result database, as disclosed in the Company's previous announcements. The Company stated in the Prospectus that it intended to spend HK\$5.0 million of the Proceeds on its i-Result Business. The unutilised balance of HK\$3.6 million will be channeled to general working capital and, if necessary, will be used to finance the losses incurred by the Company. No more Proceeds will be invested in the i-Result Business. The Company will take the required steps, including the liquidation of i-Result Media Limited, i-Result (Beijing) Technology Development Company Limited and China Outdoor Data Centre Company Limited, to close down the i-Result Business in accordance with the relevant laws in Hong Kong and the PRC.

The i-Result Business's total assets were HK\$29.8 million as of 31 December 2001 and, based on the unaudited management accounts of the Group, were HK\$15.2 million as of 30 November 2002. However, the i-Result Business's net tangible assets as of 31 December 2001 were negative HK\$35.1 million (net tangible liabilities) and, based on the unaudited management accounts of the Group, were negative HK\$44.9 million (net tangible liabilities) as of 30 November 2002. Such net tangible liabilities were mainly attributable to the operating losses incurred during these years. As the i-Result Business entities are consolidating subsidiaries of the Company, the Company has been consolidating the losses of the i-Result Business and has been including its assets and liabilities in the consolidated financial statements of the Company. The Company has been financing the losses and the working capital of the i-Result Business, though the Company has not provided any guarantees to third parties in relation to the i-Result Business. Existing i-Result assets and staff, which the other group entities can employ, will be redeployed as far as practicable. Excess i-Result staff will be released in accordance with the requirements under the law. The rest of the i-Result assets will be realised or disposed of to pay its remaining liabilities to third parties, while honoring these existing liabilities should have no further adverse impact on the financial results of the Company since these liabilities have been included in the Company's consolidated financial statements for the year ended 31 December 2000 and thereafter. Assets that cannot be disposed of will be written off. Given that the net tangible asset value of the i-Result assets is negative, that the i-Result Business has been loss making since inception and that the consideration received by the Company for the disposal of the i-Result assets (which consist mainly of fixed assets, accounts receivable, prepayments, deposits and other receivables with an aggregate amount of approximately HK\$6.9 million) is expected to be insignificant compared to the total value of the net tangible assets of the Company, it is unlikely that the proposed disposal

of the i-Result assets will amount to a notifiable transaction under the Rules. However, in the event that these asset disposals by the Company amount to notifiable transactions under the Rules, the Company will comply in all respects with the relevant requirements under the Rules.

The Company has made a HK\$6.0 million provision for the impairment of the i-Result Business's intangible assets in its third quarter accounts. The Company will make provision in its fourth quarter accounts for incidental expenses relating to the closure of the i-Result Business and for writing down the remaining i-Result assets. Although such a provision (currently estimated at around HK\$10 million, which may be adjusted subject to changing circumstances) will have a material one-time impact on the Company's fourth quarter results, given that there will be a relatively small cash outlay (currently estimated at around HK\$4 million which may be adjusted subject to changing circumstances) for incidental expenses, the Company believes the closure of the i-Result Business will not have a material adverse impact on the financial strength of the Company, but instead is one of the necessary steps to improve the Company's near term financial performance.

USE OF PROCEEDS

As of 30 September 2002, the cash and cash equivalents held by the Group were approximately HK\$65.2 million and the losses incurred by the Group reached HK\$125.7 million. Such losses were made up of two major components, namely selling, general and administrative expenses of approximately HK\$117 million (comprising principally staff costs of approximately HK\$65.7 million (inclusive of directors' remuneration of approximately HK\$4.3 million), premises costs of approximately HK\$13.1 million, depreciation and amortisation expenses of approximately HK\$10.2 million, travelling expenses of approximately HK\$7.7 million, business entertainment expenses of approximately HK\$4.3 million, legal and professional fees of approximately HK\$3.0 million, advertising and promotion expenses of approximately HK\$2.6 million and telecommunication expenses of approximately HK\$2.4 million) and cost of revenue of approximately HK\$304 million (comprising principally concession fees of approximately HK\$157.1 million and production costs of approximately HK\$47.1 million). Of the HK\$47.1 million production costs, approximately HK\$6.2 million represents amount incurred under a connected transaction entered into between the Company and a partnership in which Mr. Hui Yick Hun, Patrick, an ex-director of the Company, has beneficial interest. The connected transaction involves the provision of production services (such as posting and deposting services) by the partnership to the Group in Hong Kong. The production costs

incurred were determined in accordance with an outsourcing agreement entered into between the Company and the partnership and a standard price list agreed between the parties, and was calculated by reference to the number of orders placed.

As at 30 September 2002, the unaudited accounts receivables and accounts payables of the Group amount to approximately HK\$75.0 million and HK\$65.1 million, respectively. Based on the unaudited management accounts of the Group, the unaudited accounts receivables and accounts payables of the Group as at 30 November 2002 were approximately HK\$72.2 million and HK\$63.8 million, respectively. As at the date hereof, the Company has no outstanding bank loan. As at the date hereof, there are non-litigation normal debt collection activities initiated by the Group in the amount of approximately HK\$70 million (comprising principally advertising revenue) and against the Group in the amount of not exceeding approximately HK\$80 million (comprising principally concession fees in respect of its bus advertising and metro system advertising businesses) in the normal and ordinary course of the Group's business which is presently due and payable. The Group has been taking active actions to collect its accounts receivables, and has been negotiating with some of its creditors to extend the payment terms for its outstanding debts. In addition, save for normal debt collection litigation proceedings initiated by the Group in its ordinary course of business in the amount of not exceeding HK\$5 million and two labour disputes between the Group (as defendant) and two ex-employees (as claimants) being scheduled for third hearing at the Labour Tribunal in early April 2003 for disputed compensation payment in the amount of HK\$35,000 and HK\$358,000, respectively, as at the date hereof, the Group is not involved in any outstanding litigation with, nor counterclaims by, any other parties. In particular, no winding up has been filed, or so far as the Board is aware, threatened, against the Company or any other members of the Group. Save as disclosed herein, so far as the Board is aware, the Group is not subject to any material claims by any other parties. At the time of the issue of the Prospectus, the Board, having reasonably considered all factors then known to it, did not anticipate and could not, having made all due enquiry, have reasonably anticipated the extent of the losses incurred by the Group to date.

As disclosed in the Company's announcement dated 29 November 2002, HK\$93.0 million out of the Proceeds was used to finance "working capital and operating losses". Based on such losses of HK\$125.7 million as of 30 September 2002, it is estimated that the cash impact on the Group as may have been resulted therefrom would amount to approximately HK\$81.2 million and

the balance of HK\$11.8 million is estimated to be utilised for the purpose of financing the Group's general working capital requirements. As at 30 September 2002, the amount of outstanding unutilized Proceeds amounts to approximately HK\$65.2 million.

The use of such portion of the Proceeds to finance the Group's losses was first disclosed by the Company in its interim results announcement, and subsequently in the announcement dated 29 November 2002. The Board was aware of the use of the Proceeds for such purposes and had formally approved the same in its approval of the interim results announcement. The Board is of the view that, having taken into account the circumstances, the Company has made disclosure relating to the change in use of Proceeds in a manner that complies with the requirements of the Rules in that it believes that: (1) the financial position of the Group at all material times was, in a timely fashion so far as reasonably practicable and in accordance with all applicable requirements regarding disclosure of financial information under the Rules, reflected in all of the three quarterly results announcements published by the Company in 2002, and again, in the relevant interim and quarterly reports issued by the Company. Accordingly, the Board is of the view that the Company has disclosed sufficient information to enable investors to form a valid and justifiable opinion of the Group's financial condition at all material times; and (2) the Board could not have reasonably anticipated at the time when the first 2002 quarterly accounts were completed whether the losses incurred by the Group (which, at all times, has been operating a running business with day-to-day cashflow) would be persistent and prolonged. The Board also believes that the Company has sufficient internal control in place to monitor the Group's cash position, use of Proceeds and working capital. Once it became apparent to the Board at the time when the second 2002 quarterly accounts were completed in August 2002 that the losses had indeed built up to such an extent as to warrant disclosure of the information for the Company's shareholders and the general public, the Board proceeded to disclose the same in the Company's 2002 interim report with a view to complying with all applicable requirements under the Rules. Accordingly, the Board is of the view that the Company has at all times, in a manner as is reasonably practicable, kept its shareholders and the general public informed of all information relating to the Group which is necessary to enable them to appraise the position of the Group. The Stock Exchange is looking into the timeliness and relevance of such disclosure in relation to performance and use of Proceeds since the listing of the Company, and particularly, whether the Company should have made announcement pursuant to Rule 17.10 of the Rules

rather than relying on quarterly and results announcement. The Stock Exchange is looking into this matter, including but not limited to, the manner and timing of the disclosure, and reserves its right to take such follow-up action as may be appropriate.

Save for the closure of the i-Result Business as mentioned above, the Company (to the extent that its financial condition permits) intends to continue to adhere to and fulfill all of its business objectives as set out in the Prospectus using the remaining Proceeds. However, in view of the closure of the i-Result Business and the changes in the use of the Proceeds (particularly to finance the Group's operating losses, as mentioned in the Company's announcement dated 29 November 2002), the Company intends to continue to pursue the business objectives at a more cautious and conservative pace. As stated in the Company's announcement dated 29 November 2002, the time schedule for the Company to fulfill such business objectives will, due to insufficient funds, be delayed until such time when its financial condition rejuvenates under the leadership and professional management of the new management team, or when the Company secures financing from external sources.

As to the use of remaining Proceeds, whilst the Company has no plans to use the Proceeds for other projects or purposes, it may be inevitable that the Company will allocate the remaining Proceeds to fund the working capital or to finance the future losses of the Company which may possibly continue in the near future. The Company is currently assessing its cash flow position and the extent and duration of losses, and the amount of remaining Proceeds to be allocated therefor. Based on the unaudited management accounts of the Group, the unaudited cash and cash equivalents held by the Group as of 31 December 2002 were approximately HK\$31.9 million. Having regard to the present cash flow position of the Group as described above, the Company expects that there will be liquidity concerns in the near future if the financial position of the Group does not improve in a short period of time. Given that the remaining Proceeds are insufficient to fulfill all the business objectives and business plans of the Company as stated in the Prospectus and the aforesaid financial position of the Group, the Board is considering other possible funding arrangements in the form of debt financing or equity financing for the Company so as to fulfill such business objectives and business plans and to sustain the Company's operations in future. The Company has appointed Anglo Chinese Corporate Finance, Limited ("Anglo Chinese") to analyse the financial position of the Company and place a value on the Company, and advise the Company on alternative strategies for raising capital (including the possibility of an open offer). The Company will make appropriate disclosure

in due course when specific funding arrangements have been identified. In the interest of keeping its shareholders and the public investors informed, the Company will also make disclosure by way of an announcement if it intends to change its plan as to how it will use the remaining Proceeds.

Save for what is disclosed in the Prospectus and in the Company's quarterly reports, so far as the Directors of the Company are aware, none of the substantial shareholder of the Company, Mr. Kam nor Ms. Chan has any interest in any business that competes with the business of the Company.

The Group operates bus advertising in the PRC and Hong Kong and metro system advertising in the PRC. As at the date hereof, the Company has entered into more than 50 concession contracts with bus operators in the PRC and Hong Kong through which the Group offers customers a variety of bus advertising products. These contracts have a term of 5 to 14 years, with years of expiry ranging from 2003 to 2013. The Group also operates metro advertising business in Beijing and Shanghai through its joint ventures, through which the Group offers customers with advertising spaces on light boxes, concourse posters, in-train displays and escalator crowns within the Beijing metro system and Line 2 and Line 3 of the Shanghai metro system. The Group's joint venture in Beijing is due for renewal in 2015, and the Group's joint venture in Shanghai is due for renewal in 2017. As at the date hereof, the Group expects that the total operating commitment of the Group payable pursuant to concession contracts for the years 2003 and 2004 will not exceed HK\$190 million and HK\$160 million, respectively. The Group has also recently expanded into street furniture advertising in the PRC. Currently, approximately 700 kiosks have been installed on the streets of Shanghai with over 280 of them installed with advertising lightboxes. The Group is not considering any other new business development at this stage. At present, the Group has more than 700 employees. Other than the closure of the i-Result Business, since the date of the Prospectus, substantially all the contracts referred to in the Prospectus have continued, and are expected to continue, in accordance with their terms and the Group expects that it will continue to operate its business pursuant to such contracts. On this basis, the Board is of the view that at present, the Company has a sufficient level of operations to warrant the continued listing of the shares of the Company on the Stock Exchange under Rule 17.26 of the Rules. The Group does however need further capital which it has asked Anglo Chinese to arrange and advise on the fund raising exercise. In view of the strong business network of the Company, and with the leadership of the new management and subject to new capital being received, the Board is confident that the financial position of the Company will gradually improve.

CLARIFICATION OF FUTURE MINIMUM CONCESSION FEE PAYMENTS

The Directors would like to clarify that the amount of future minimum concession fee payments payable by the Group under certain media rental contracts as disclosed in page 113 of the Prospectus and in page 25 of the Company's second 2002 quarterly accounts include minimum concession fee payments that are payable by the Group in accordance with the media rental contracts in respect of its bus advertising business in the PRC and Hong Kong and its metro system advertising business in Shanghai that is operated through its Shanghai joint venture.

RESUMPTION OF TRADING

At the request of the Company, the trading in the shares of the Company has been suspended from Tuesday, 3 December 2002, and is expected to resume on Tuesday, 11 February 2003.

Shareholders of the Company should exercise caution when dealing in the shares of the Company.

By Order of the Board
Sun Qiang, Chang
Chairman

Hong Kong
10 February 2003

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:-

- (1) the information contained in this announcement is accurate and complete in all material respects and not misleading;*
- (2) there are no other matters the omission of which would make any statement in this announcement misleading; and,*
- (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its posting.