



### Why is Clear Media the choice of advertisers?



**Standardization** – our advertising panels all of the same size, which means that advertisers can produce one size of posters to advertise across the network. **Coverage** – we're in the 30 key cities, so we can offer advertisers a mix-and-match approach for their messages. They can choose the cities they want and often the locations within each city. **Quality** – we professionally maintain our street furniture so that our advertising always looks its best. **Innovation** – we are always looking for new ways to get our advertising messages across. **Always-on** – advertisers know that their messages are visible 24/7/365.



### How do you measure the effectiveness of Clear Media's outdoor advertising network?



Our sales teams conduct after-sales studies for our customers. This tells us and our customers how effective their advertising and placement are, as well as giving us a competitive edge over media companies not offering this service. Continued support from a wide range of domestic and international brands have proved the effectiveness of our network and contributed to our strong business track record.



### What is your target occupancy rate and what are your strategies for boosting occupancy in the future?



Our target is an average occupancy rate of 60+%, where efficiency of operations will be demonstrated. Right now, our occupancy rates are satisfactory and given the strong industry outlook we are confident that we can achieve even higher occupancy rates in the future. There are three factors to achieving this goal:

- Better customer service based on understanding and anticipating the needs of advertisers and consumers;
- Effective creative products that help brands stand out in the market; and
- Flexible booking policies that allow advertisers to book for the entire year. This shows us trends in occupancy rates so that our sales people will know where they need to focus their attention.

All in all, our focus is to optimise the three key growth drivers — panels number, average selling price, and occupancy to maximise overall yield of our network of panels.



### What are your key competitive advantages?



We combine local knowledge of China and the global expertise of our largest shareholder – Clear Channel. Our management team and staff are all very experienced in the outdoor advertising industry. Our nationwide network spans the 30 key cities of China, offering the convenience of a one-stop shop. We have a “pioneer market player” advantage and enjoy a leading market share in the top ten cities. And the longer we maintain our leadership role in the outdoor advertising industry, the more we are trusted by advertisers and city governments.



### Why is Clear Media attractive to investors?



**Profitability** – The first thing they see is our proven track record of seven consecutive years of double-digit growth and continued profitability. **Transparency** – investors can see how we operate. **Independence** – all media companies in China, except the outdoor segment, are state-owned. **Responsibility** – we are committed to monitoring internal control and in 2004 we were named for

“Best Corporate Governance” in the Asia Media Category of a survey by the renowned *Institutional Investor* Research Group. Because we are a publicly traded company, investors know they can get answers to their questions before committing themselves.



### Had Clear Media's long-term goal changed?



Our goal today remains what the same as when we began our journey – To be the largest and most successful outdoor media company in China. We continue to make great strides in that direction.



### Why is Clear Media's focus on China?



Our focus is really on profit and growth potential rather than country. But because China is the country with the largest consumer population in the world, it makes good business sense to focus 100% of our attention on China. The pace of China's economic growth is outstripping all other nations and we believe this is just the beginning of a brand revolution that will have a long-term and lasting impact on the country's future and our own.



### Why did Clear Media choose outdoor advertising over other media?



First, outdoor advertising is the only media that allows direct foreign investment. Secondly, television, radio, and the print media face the demanding challenge and expense of creating content in order to carry their advertising. For us, content is advertising. Thirdly, all other media are very fragmented, making it difficult for advertisers to launch national campaigns. Also, although the advertising message may reach a large number of people, only a fraction of those people will actually be part of the target audience. Outdoor advertising on the other hand is designed to target specific audiences, thereby making it a more effective form of advertising.



### What is the impact of the potential acquisition of 20% shareholdings in the operating joint venture — Hainan White Horse Advertising Media Investment Company Limited, if allowed by related rules and regulations in China?



Under current arrangement, the joint venture partner provides subsidies to our maintenance costs incurred. If we exercise the option to acquire the 20% shareholdings in the joint venture in 2006, the abovementioned subsidies to us will be terminated. This may result in an increase in our maintenance costs which would in turn off-set any increase in dividend income from the joint venture that may result from our exercise of the option.



### How would the new accounting standards and the issue of zero coupon 5 years convertible bonds affect Clear Media's operation results?



- a) Clear Media will adopt the new guidelines in Hong Kong Financial Reporting Standards starting from 2005 and the said adoption will result in the recognition of share option expenses in the Profit and Loss Account.
- b) The redemption premium of the convertible bonds will be accrued on a straight-line basis from the date of issuance to the final date of redemption. However, if holders of the convertible bonds choose to convert their bonds on maturity, the provision made will be written back accordingly.

Both these items are however non-cash in nature.