

Directors' and Chief Executive's Interests and Short Positions in Shares

At 20 July 2005, the interests and short positions of the directors, the chief executive or their associates in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions in ordinary shares of the Company as at 20 July 2005:

Name of director	Number of shares held, capacity and nature of interest				Percentage of the Company's issued share capital	
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust	Total	
Han Zi Jing	—	—	13,600,000	—	13,600,000	2.71%

Note: The 13,600,000 shares are held by Outdoor Media China, Inc. ("OMC"), a company incorporated in Western Samoa of Offshore Chambers.

As at 20 July 2005, Mr. Han Zi Jing held approximately 98% of the issued share capital of Golden Profits Consultants Limited, which is the beneficial holder of 100% of the shares in OMC. The effective interest of Mr. Han Zi Jing in OMC is therefore 98%.

Save as disclosed above, none of the directors and chief executive had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Directors' Rights to Acquire Shares

Apart from as disclosed under the headings "Directors' and Chief Executive's Interests and Short Positions in Shares" above and in the "Share Option Schemes" below, at no time during the interim period were rights to acquire benefits by means of the acquisition of shares in the Company granted to any director, or their respective spouse or minor children, or were any such rights exercised by them; nor was the Company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Share Option Schemes

The Company has in force a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the Group’s operations. Under the Scheme, the Directors may, at their discretion, invite any employees, Directors or consultants of any company in the Group to acquire options. The Scheme became effective on 28 November 2001 and, unless otherwise cancelled or amended, will remain in force for seven years from that date.

The maximum number of shares in respect of which options may be granted under the Scheme and under any other share option scheme of the Company pursuant to which options may from time to time be granted to Directors, consultants, and/or employees of any company in the Group, shall initially not exceed 10% of the relevant class of securities of the Company in issue excluding, for this purpose, shares issued on the exercise of options under the Scheme and any other share option scheme of the Company. Upon the grant of options for shares up to 10% of the relevant class of securities of the Company and subject to the approval of the shareholders of the Company in general meetings, the maximum number of shares to be issued under this scheme when aggregated with securities to be issued under any other share option scheme of the Group, may be increased by the Board of Directors provided that the number of shares to be issued upon the exercise of all outstanding options does not exceed 30% of the relevant class of securities in issue from time to time.

No option may be granted to any person such that the total number of shares issued and to be issued upon the exercise of options granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the issued share capital of the Company from time to time.

An option may be exercised in accordance with the terms of the Scheme at any time during the option period (and not more than seven years after the date of grant). The option period will be determined by the Board of Directors and communicated to each grantee. The Board of Directors may provide restrictions on the period during which the options may be exercised. There are no performance targets which must be achieved before any of the options can be exercised except for the share options granted on 28 May 2003 and 19 November 2003. For the share options granted on 28 May 2003 and 19 November 2003, the options will not become vested at the end of the third year after the grant date unless the Company has achieved an average annual earnings per share growth of 5% each year for the first three full financial years after the grant date. However, the Board of Directors retains discretion to accelerate the vesting of fixed term options in the event that certain performance targets are met.

The subscription price for the Company’s shares under the Scheme will be a price determined by the Board of Directors and notified to each grantee. The subscription price will be the highest of: (i) the nominal value of a share; (ii) the closing price of the shares as stated in the Stock Exchange’s daily quotation sheet on the date of grant, which must be a business day; and (iii) the average closing price of the shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant. An option shall be deemed to have been granted and accepted by an eligible

participant (as defined in the Scheme) and to have taken effect when the acceptance form as described in the Scheme is completed, signed and returned by the grantee with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant.

As at 30 June 2005, the number of shares issuable under share options granted under the Scheme was 24,016,000, which represented approximately 4.8% of the Company's shares in issue as at that date. The maximum number of shares issuable under share options may be granted to each eligible participant in the Scheme within any 12-month period up to the date of the latest grant, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

On 28 November 2001, the Company also adopted a pre-IPO share option scheme (the "Pre-IPO share option scheme") conditionally as described in the Company's prospectus dated 10 December 2001. The principal terms of the Pre-IPO share option scheme are substantially the same as the terms of the Scheme except that:

- (a) Employees, Directors and consultants of the Group who have contributed substantially to the growth of the Group and to the initial public offering or full-time employees and directors of the Group are eligible to participate in the Pre-IPO share option scheme;
- (b) The subscription price for the shares under the Pre-IPO share option scheme shall be equal to the offer price;
- (c) The Pre-IPO share option scheme will remain in force for a period commencing on the date on which the Pre-IPO share option scheme is conditionally adopted by the shareholders of the Company and ending on the day immediately prior to 19 December 2001, after which period no further options will be granted but in all other respects the provisions of the Pre-IPO share option scheme shall remain in full force and effect.

As at 30 June 2005, the number of shares issuable under share options granted under the Pre-IPO share option scheme was 18,034,000, which represented approximately 3.6% of the Company's shares in issue as at that date. The maximum number of shares issuable under share options to each eligible participant in the Pre-IPO share option scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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The share options granted under the Pre-IPO share option scheme and the Scheme at the beginning of the year and during the period for a consideration of HK\$1.00 per grant are set out below:

Number of share options											Price of the Company's shares***		
Name or category of participant	Type of share option scheme	At the beginning of the period	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	At the end of the period	Date of grant of share options*	Exercise period	Exercise price per share** HK\$	At grant date of options HK\$	At exercise date of option HK\$	
Director													
Steven Yung	Pre-IPO option scheme	2,500,000	—	—	—	—	2,500,000	28/11/2001	29/11/2004 to 28/11/2008	5.89	—	—	
	The Scheme	1,250,000	—	—	—	—	1,250,000	29/06/2002	30/6/2005 to 29/06/2009	5.51	5.3	—	
	The Scheme	1,400,000	—	—	—	—	1,400,000	28/05/2003	29/05/2006 to 27/05/2010	3.51	3.5	—	
		5,150,000	—	—	—	—	5,150,000						
Peter Cosgrove													
Peter Cosgrove	Pre-IPO option scheme	1,250,000	—	—	—	—	1,215,000	28/11/2001	29/11/2004 to 28/11/2008	5.89	—	—	
	The Scheme	625,000	—	—	—	—	625,000	29/06/2002	30/6/2005 to 29/06/2009	5.51	5.3	—	
	The Scheme	704,000	—	—	—	—	704,000	28/05/2003	29/05/2006 to 27/05/2010	3.51	3.5	—	
		2,579,000	—	—	—	—	2,579,000						
Han Zi Jing													
Han Zi Jing	Pre-IPO option scheme	3,334,000	—	—	—	—	3,334,000	28/11/2001	29/11/2004 to 28/11/2008	5.89	—	—	
	The Scheme	1,666,000	—	—	—	—	1,666,000	29/06/2002	30/06/2005 to 29/06/2009	5.51	5.3	—	
	The Scheme	1,900,000	—	—	—	—	1,900,000	28/05/2003	29/05/2006 to 27/05/2010	3.51	3.5	—	
	The Scheme	1,000,000	—	—	—	—	1,000,000	19/11/2003	20/11/2006 to 19/11/2010	5.35	5.35	—	
		7,900,000	—	—	—	—	7,900,000						
Teo Hong Kiong													
Teo Hong Kiong	Pre-IPO option scheme	1,200,000	—	—	—	—	1,200,000	28/11/2001	29/11/2004 to 28/11/2008	5.89	—	—	
	The Scheme	600,000	—	—	—	—	600,000	29/06/2002	30/6/2005 to 29/06/2009	5.51	5.3	—	
	The Scheme	670,000	—	—	—	—	670,000	28/05/2003	29/05/2006 to 27/05/2010	3.51	3.5	—	
		2,470,000	—	—	—	—	2,470,000						
Zou Nan Feng													
Zou Nan Feng	Pre-IPO option scheme	800,000	—	—	—	—	800,000	28/11/2001	29/11/2004 to 28/11/2008	5.89	—	—	
	The Scheme	400,000	—	—	—	—	400,000	29/06/2002	30/6/2005 to 29/06/2009	5.51	5.3	—	
	The Scheme	666,000	—	—	—	—	666,000	28/05/2003	29/05/2006 to 27/05/2010	3.51	3.5	—	
		1,866,000	—	—	—	—	1,866,000						
Zhang Hui Jun													
Zhang Hui Jun	Pre-IPO option scheme	350,000	—	—	—	—	350,000	28/11/2001	29/11/2004 to 28/11/2008	5.89	—	—	
	The Scheme	175,000	—	—	—	—	175,000	29/06/2002	30/6/2005 to 29/06/2009	5.51	5.3	—	
	The Scheme	666,000	—	—	—	—	666,000	28/05/2003	29/05/2006 to 27/05/2010	3.51	3.5	—	
		1,191,000	—	—	—	—	1,191,000						
Others													
Members of senior management and other employees of the Group	Pre-IPO option scheme	8,600,000	—	—	—	—	8,600,000	28/11/2001	29/11/2004 to 28/11/2008	5.89	—	—	
	The Scheme	4,300,000	—	—	—	—	4,300,000	29/06/2002	30/06/2005 to 29/06/2009	5.51	5.3	—	
	The Scheme	5,994,000	—	—	—	—	5,994,000	28/05/2003	29/05/2006 to 27/05/2010	3.51	3.5	—	
	The Scheme	2,000,000	—	—	—	—	2,000,000	19/11/2003	20/11/2006 to 19/11/2010	5.35	5.35	—	
		20,894,000	—	—	—	—	20,894,000						
In aggregate	Pre-IPO option scheme	18,034,000	—	—	—	—	18,034,000						
	The Scheme	9,016,000	—	—	—	—	9,016,000						
	The Scheme	12,000,000	—	—	—	—	12,000,000						
	The Scheme	3,000,000	—	—	—	—	3,000,000						
		42,050,000	—	—	—	—	42,050,000						

- * The vesting period of the share options is from the date of the grant until the commencement of the exercise period except:
 - (i) For the share options granted under the Pre-IPO share option scheme, 33.3% of the options granted will vest at the end of the first full financial year (the “Period”) after the grant date if the Company achieves a compounded 20% growth in its earnings before interest, tax, depreciation, and amortisation (the “EBITDA”) during the Period. The remaining 66.7% of the options granted will vest at the end of the second full financial year after the grant date if the Company achieves a compounded annual growth rate of 20% in its EBITDA during the first two full financial years after the grant date.
 - (ii) For the share options granted on 28 May 2003 and 19 November 2003, the options will not become vested at the end of the third year after the grant date unless the Company has achieved an average annual earnings per share growth of 5% each year for the first three full financial years after the grant date.
- ** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company’s share capital.
- *** The price of the Company’s shares disclosed as at the date of the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options. The price of the Company’s shares disclosed as at the date of the exercise of the share options is the weighted average of the Stock Exchange closing prices over all of the exercises of options within the disclosure line.

The share option expenses recognised in the condensed consolidated income statement for employee services received during the period is HK\$3,233,000 (six months ended 30 June 2004: HK\$3,233,000 (restated))

During the interim period, no share options were granted by the Company.

Apart from the foregoing, at no time during the interim period ended 30 June 2005 was the Company, or any of its subsidiaries, a party to any arrangement to enable the directors or any of their respective spouse or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Substantial Shareholder

The Company was informed on 19 July 2005 by Clear Channel Communications, Inc (CCU) through its non-wholly owned subsidiary CCKNR, has increased its shareholdings in Clear Media through the purchase of shares in the market in April and July 2005. Subsequent to the share purchase, CCU’s stake in Clear Media increased from 48.1% to 50.02%.

Corporate Governance

The Board is committed to the principles of corporate governance for a transparent, responsible and value-driven management that is focused on enhancing shareholders’ value. In order to reinforce independence, accountability and responsibility, the role of the Clear

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Media's Chairman is separate from that of Clear Media's CEO. The Board has established an Audit Committee, a Remuneration Committee and a Nomination Committee with defined terms of reference.

Corporate governance practices adopted by the Group during the six month period ended 30 June 2005 are in line with the code provisions set out in Code on Corporate Governance Practices, Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

Audit Committee

The Audit Committee is comprised of a majority of independent non-executive directors with substantial expertise in finance as well as relevant market experience. The Committee has reviewed the audit findings, the accounting policies and practices adopted by the Group, and has also discussed and approved auditing, internal controls, risk management and financial reporting matters, including the unaudited interim financial statements for the six month period ended 30 June 2005.

Compliance with the Code of Corporate Governance Practices

None of the Directors are aware of any information that would reasonably indicate that Clear Media is not, or was not for any part of the six month period ended 30 June 2005, in compliance with the code provisions set out in the Code on Corporate Governance Practices, Appendix 14 to the Listing Rules.

Compliance with Model Code of Appendix 10 of the Listing Rules

The Directors confirm that the Model Code regarding directors' securities transactions has been adopted, and all Directors have confirmed their compliance during the six months period under review.

Purchase, Sales and Redemption of the Company's Listed Securities

Clear Media has not redeemed any of its listed securities during this interim period. Neither the Clear Media nor any of its subsidiaries has purchased or sold any of the listed securities during the said period.

Investor Relations and Communications

The Group has maintained communications with institutional investors and analysts through regular meetings, investment conferences and electronic newsletters. The Group also maintains an investor relations website (www.clear-media.net) to disseminate information to investors and shareholders on a timely basis.

Publication of Detailed Results Announcement on the Stock Exchange's Website

Clear Media will submit to The Stock Exchange of Hong Kong Limited ("HKEX") on or before 15 September 2005 a compact disc containing all the information required by paragraphs 46(1) to (9) (both paragraphs inclusive) of Appendix 16 to the Listing Rules for uploading onto HKEX's website (www.hkex.com.hk).

By Order of the Board
Clear Media Limited
Steven Yung
Chairman

1 September 2005