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JCDecaux Pearl & Dean
德高貝登

JCDecaux Pearl & Dean Ltd
(incorporated in Hong Kong with limited liability)

Financial adviser to the Offeror



MediaNation Inc.

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8160)

Financial adviser to the Company



JOINT ANNOUNCEMENT

**POSSIBLE MANDATORY CASH OFFER BY
CLSA LIMITED ON BEHALF OF JCDECAUX PEARL & DEAN LTD
TO ACQUIRE ALL THE ISSUED SHARES IN MEDIATION INC. OTHER THAN THOSE
ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR**

The Offeror entered into a conditional sale and purchase agreement on 23 March, 2005 to acquire from the Vendors a total of 1,436,856,166 Sale Shares, representing approximately 79.67 per cent. of the total existing issued share capital of the Company at an aggregate consideration of HK\$405,193,438.82, or HK\$0.282 per Sale Share.

Under Rule 26 of the Code, upon Completion, the Offeror will be obliged to make an unconditional general offer for all the issued Shares other than those already owned or agreed to be acquired by the Offeror or parties acting in concert with it at HK\$0.282 per Share.

Shareholders and potential investors of the Company should note that the Possible Offer is a possibility only. It will only be made if the Agreement becomes unconditional and the Offeror's acquisition of the Sale Shares is completed in accordance with the Agreement.

Rule 8.2 of the Code provides that an Offer Document should normally be posted to the Shareholders within 21 days of the date of this announcement. Pursuant to Note 2 to Rule 8.2 of the Code, the Executive's consent is required if the making of the Possible Offer is subject to prior fulfillment of certain conditions precedent and the conditions precedent cannot be fulfilled within the time period contemplated by Rule 8.2 of the Code. Application has been made by the Offeror for a waiver from strict compliance with Rule 8.2 of the Code to extend the time limit for the despatch of the Offer Document from within 21 days of the date of this announcement to within seven days from the date of fulfillment of the condition precedent of the Agreement.

If the Offeror receives valid acceptances of the Possible Offer for not less than 90% in value of the Offer Shares, the Offeror intends to exercise its rights under the provisions of the Companies Law (2004 Revision) of the Cayman Islands to acquire compulsorily any outstanding Shares and to apply for a withdrawal of listing of the Shares from the Stock Exchange. In such case, dealings in securities of the Company will be suspended from the closing of the Possible Offer up to the withdrawal of the listing of the Company's securities from the Stock Exchange pursuant to Rule 9.23 of the Listing Rules.

The Stock Exchange has stated that if, at the close of the Possible Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 3:43 p.m. on 17 March, 2005 pending release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 29 March, 2005.

INTRODUCTION

The Offeror entered into the Agreement on 23 March, 2005 to acquire from the Vendors a total of 1,436,856,166 Sale Shares, representing approximately 79.67 per cent. of the existing issued share capital of the Company at an aggregate consideration of HK\$405,193,438.82, or HK\$0.282 per Sale Share.

Completion will take place on the second business day (or such later date as the parties may agree) after the date on which the Agreement becomes unconditional. Under Rule 26 of the Code, once the Transaction is completed, the Offeror will be required to make an unconditional cash offer for all Shares not already beneficially owned or agreed to be acquired by the Offeror and parties acting in concert with it. The terms of the Possible Offer are set out under the section headed “Possible Mandatory Cash Offer” below.

THE AGREEMENT

Date:

23 March, 2005

Parties:

Vendors:

- (1) SMI Investors (PAPE II) Limited (note 1), a company incorporated in the British Virgin Islands with its registered office at Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands
- (2) Warburg Pincus Ventures, L.P. (note 2), a limited partnership existing under the laws of the State of Delaware in the United States of America with its registered office at 466 Lexington Avenue, New York, New York 10017, United States of America

Notes:

1. SMI Investors (PAPE II) Limited is held by a private equity fund.
2. Warburg Pincus Ventures, L.P. is a fund with Warburg Pincus & Co as the general partner.

Offeror:

JCDecaux Pearl & Dean Ltd, a company incorporated in Hong Kong with its registered office at 22/F Admiralty Centre, Tower 2, 18 Harcourt Road, Hong Kong. The Offeror is not a connected person of the Company within the meaning of the Listing Rules.

Sale Shares:

The Offeror will acquire from SMI Investors (PAPE II) Limited 718,428,083 Shares, representing approximately 39.84 per cent. of the existing issued share capital of the Company.

The Offeror will acquire from Warburg Pincus Ventures, L.P. 718,428,083 Shares, representing approximately 39.84 per cent. of the existing issued share capital of the Company.

Purchase Price and Payment Terms:

An aggregate consideration of HK\$405,193,438.82, or HK\$0.282 per Sale Share, will be paid to the Vendors on Completion.

Condition Precedent:

Completion of the sale and purchase of the Sale Shares is conditional on the satisfaction (or waiver by the Offeror in its absolute discretion) of the condition that the results of the Offeror's legal, business and financial due diligence review of the Group are, in the absolute discretion of the Offeror, satisfactory in all respects. Pursuant to the Agreement, the Offeror may conduct the due diligence on the Group for a period commencing from 29 March, 2005 up to and including 12 April, 2005 (or such later date as may be agreed between the parties but in any event such date shall not be extended beyond 15 April, 2005).

If the condition has not been fulfilled (or waived by the Offeror in its absolute discretion) on or before 15 April, 2005 (or such other date as the parties may agree), the Agreement shall terminate upon service of a notice by a party on the other parties and thereafter no party thereto shall have any claim against any other party or shall have any further obligations hereunder, except for any antecedent breach or accrued rights or remedies arising prior to such termination.

Exclusivity:

The Vendors have undertaken to the Offeror that during the period commencing from the date of the Agreement up to and including 15 April, 2005, they will not directly or indirectly enter into or be involved in any discussion or negotiation with, or disclose any information to, any person except the Offeror relating to a sale of any of the Sale Shares or any of the material assets or business of any member of the Group, or enter into any term sheet, memorandum, agreement or arrangement with any person except the Offeror relating to the sale of any of the Sale Shares or any of the material assets or business of any member of the Group.

COMPLETION

Completion of the Agreement will take place on the second business day (or such other date as the parties may agree) after the condition precedent referred to in the section headed “Condition Precedent” above is satisfied (or waived by the Offeror at its sole discretion). The Offeror shall not be obligated to complete the purchase of any of the Sale Shares unless the sale and purchase of all the Sale Shares are completed simultaneously. The Offeror shall also not be obligated to complete the purchase of any of the Sale Shares if the Vendors by notice inform the Offeror prior to Completion that the performance of the Vendors of their obligations under the Agreement will result in a breach or event of default under any contract, document or commitment to which any Group company is a party or that if any Group company gives any guarantee or indemnity to secure an obligation of any person other than a Group company or grants any loan or credit to any person other than a Group company exceeding HK\$5 million and the Offeror, in its absolute discretion, determines that such fact would be detrimental to the legal, business or financial interests of any Group company or to its strategy.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The effect of the Transaction upon the shareholding structure of the Company will be as follows:

Shareholder	Existing Shareholding	Upon Completion
SMI Investors (PAPE II) Limited	718,428,083 (39.84%)	Nil
Warburg Pincus Ventures, L.P.	718,428,083 (39.84%)	Nil
Offeror	Nil	1,436,856,166 (79.67%)
Public	366,632,819 (20.33%)	366,632,819 (20.33%)
Total	1,803,488,985 (100%)	1,803,488,985 (100%)

POSSIBLE MANDATORY CASH OFFER

If the Transaction is completed, the Offeror and parties acting in concert with it will be interested in 1,436,856,166 Shares, representing approximately 79.67 per cent. of the issued share capital of the Company. Under Rule 26 of the Code, the Offeror is required to make an unconditional general offer for all the then issued Shares not already beneficially owned or agreed to be acquired by the Offeror and parties acting in concert with it. If the Possible Offer is made, it will be on the terms set out below.

Upon Completion, CLSA Limited will, on behalf of the Offeror, make the Possible Offer on the following basis:

For each Offer Share HK\$0.282 in cash

According to the financial report of the Company for the quarter ended 30 September, 2004, the Company had 44,765,630 outstanding options granted under its pre-IPO share option plans

and 27,890,000 outstanding options granted under its share option scheme, exercisable at prices between HK\$0.115 and HK\$1.613 per option. Certain of the outstanding options are pending adjustments to be made in accordance with the terms of the relevant share option schemes as a result of the open offer stated in the Company's prospectus dated 10 July, 2003. In the event that the Possible Offer is made, an appropriate offer or proposal will be made, in accordance with the provisions of the Code, for the cancellation or exchange of any outstanding options.

The Offer Price represents:

- (a) a premium of approximately 38.9 per cent. to the closing price of the Shares on the Stock Exchange of HK\$0.203 per Share, being the last price traded immediately prior to the suspension in trading on 17 March, 2005;
- (b) a premium of approximately 91.2 per cent. to the average closing price of the Shares as quoted on the Stock Exchange of HK\$0.148 per Share for the 20 trading days immediately prior to and including the last trading day immediately prior to the suspension in trading on 17 March, 2005; and
- (c) a premium of approximately 15.6% to the net asset value per share of the Company as at 31 December, 2004.

During the six month period preceding the date of this announcement, the highest closing price of the Shares on the Stock Exchange was HK\$0.203 per Share on 17 March, 2005, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.100 per Share on 1 November, 2004.

Based on the total number of 1,803,488,985 Shares in issue upon Completion, the Possible Offer would value the Company at approximately HK\$508,583,893.77 (before taking into account the consideration to be paid in respect of the outstanding options). CLSA Limited is satisfied that sufficient financial resources are available to the Offeror to meet full acceptance of the Possible Offer.

The Offer Shares will be acquired free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including (without limitation) the right to receive dividends and distributions declared, made or paid, if any, on or after the date of this announcement.

Sellers' ad valorem stamp duty at the rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration arising in connection with acceptance of the Possible Offer will be payable by those shareholders of the Company who accept the Possible Offer and will be deducted from the consideration due to such person on acceptance of the Possible Offer.

As at the date of this announcement, neither the Offeror nor any parties acting in concert with it owned any Shares or any other securities, including equity related convertible securities, warrants, options or subscription rights in respect of any equity share capital of the Company. Neither the Offeror nor any parties acting in concert with it has dealt in any Shares or any other securities, including equity related convertible securities, warrants, options or subscription rights in respect of any equity share capital of the Company during the six months prior to this announcement.

INFORMATION ON THE GROUP

The Group operates an outdoor advertising business that offers advertisers access to one of the largest outdoor display advertising networks in the PRC. Advertising is carried on approximately 16,855 buses in 15 cities in the PRC, plus the entire underground metro system in Beijing city centre and two metro lines in Shanghai. The Company has also recently expanded into the street furniture advertising business.

The Group recorded turnover of HK\$439.6 million and net profit of HK\$2.5 million for the year ended 31 December, 2004. The Company is listed on the Growth Enterprise Market of the Stock Exchange. Turnover and net loss of the Group for the financial year ended 31 December, 2003 were approximately HK\$375.6 million and approximately HK\$143.8 million respectively.

INFORMATION ON THE OFFEROR

The Offeror is an indirect wholly owned subsidiary of JCDecaux SA, a company incorporated in France. JCDecaux SA is listed on Euronext Paris and is part of the Euronext 100 index.

In terms of turnover generated from the outdoor advertising market, JCDecaux SA is the number one outdoor advertising group in Europe and the number two outdoor advertising group globally. With approximately 6,900 employees, JCDecaux SA and its group companies operate in approximately 3,500 cities of more than 10,000 inhabitants in 45 countries worldwide. In 2004, JCDecaux SA generated consolidated revenues of approximately 1,631.4 million euros (6% of which was generated in Asia) and a net profit of 78.1 million euros.

The Offeror is one of the leading companies specialized in outdoor advertising in Hong Kong. It has been operating the Hong Kong MTR metro advertising concession for more than 20 years and operates the exclusive advertising concession at Hong Kong International Airport.

THE INTENTION OF THE OFFEROR

The Offeror anticipates high future growth in the outdoor advertising market in the PRC. Through the combined resources of the Offeror and the Group, it is the intention of the Offeror to grow its presence in the outdoor advertising market in the PRC.

MANAGEMENT

Pursuant to the terms of the Agreement, the Vendors shall procure that the existing directors of the Company (other than the three independent directors) will resign as directors of the Company with effect from the later of Completion or the earliest time permitted under the Code, and that such persons as may be nominated by the Offeror will be appointed as directors to the board of directors of the Company with effect from the same time.

COMPULSORY ACQUISITION AND SUSPENSION OF DEALINGS

If the Offeror receives valid acceptances of the Possible Offer for not less than 90% in value of the Offer Shares, the Offeror intends to exercise its rights under the provisions of the Companies Law (2004 Revision) of the Cayman Islands to acquire compulsorily any outstanding Shares and to apply for a withdrawal of listing of the Shares from the Stock Exchange. In such case, dealings in securities of the Company will be suspended from the closing of the Possible Offer up to the withdrawal of the listing of the Company's securities from the Stock Exchange pursuant to Rule 9.23 of the Listing Rules.

The Stock Exchange has stated that, if at the close of the Possible Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

GENERAL MATTERS RELATING TO THE POSSIBLE OFFER

Subject to Completion, CLSA Limited will, on behalf of the Offeror, make the Possible Offer under Rule 26 of the Code. If the Possible Offer is made, an independent board committee of the Company will be formed and an independent financial adviser will be appointed to consider the terms of the Possible Offer. Shareholders are advised to take no action as regards the Possible Offer until they have received the Offer Document which will contain, inter alia, advice of the independent board committee and the independent financial adviser.

Rule 8.2 of the Code provides that an offer document should normally be posted to the Shareholders within 21 days of the date of this announcement. Pursuant to Note 2 to Rule 8.2 of the Code, the

Executive's consent is required if the making of the Possible Offer is subject to prior fulfillment of certain conditions precedent and the conditions precedent cannot be fulfilled within the time period contemplated by Rule 8.2 of the Code. Application has been made by the Offeror for a waiver from strict compliance with Rule 8.2 of the Code to extend the time limit for the despatch of the Offer Document from within 21 days of the date of this announcement to within seven days from the date of fulfillment of the condition precedent of the Agreement.

The availability of the Possible Offer to persons not resident in Hong Kong may be affected by the laws of their jurisdictions of residence. Persons who are not residents in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions.

Shareholders and potential investors of the Company should note that the Possible Offer is a possibility only. It will only be made if the Agreement becomes unconditional and the Offeror's acquisition of the Sale Shares is completed in accordance with the Agreement.

CLSA has been appointed as the financial adviser of the Offeror in respect of the Possible Offer.

Anglo Chinese has been appointed to advise the board of the Company in respect of the Possible Offer.

SUSPENSION AND RESUMPTION OF TRADING IN SHARES

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 3:43 p.m. on 17 March, 2005 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 29 March, 2005.

DEFINITIONS

“Anglo Chinese”	Anglo Chinese Corporate Finance Limited, the financial adviser to the Company, a deemed licensed corporation under the SFO permitted to engage in Type 1, 4, 6 and 9 regulated activities (as defined in the SFO)
“Agreement”	the sale and purchase agreement dated 23 March, 2005 entered into between the Vendors and the Offeror relating to the sale and purchase of the Sale Shares
“CLSA”	CLSA Equity Capital Markets Limited, a deemed licensed corporation under the SFO, licensed to conduct Type 4, 6 and 9 regulated activities, including acting as a securities adviser and corporate finance adviser, being the financial adviser to the Offeror in relation to the Transaction and the Possible Offer
“Code”	The Hong Kong Code on Takeovers and Mergers
“Company”	MediaNation Inc., a company incorporated in the Cayman Islands, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Completion”	completion of the Transaction
“connected person”	has the meaning ascribed to it by the Listing Rules
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Group”	the Company and its subsidiaries

“Listing Rules”	Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Offer Price”	HK\$0.282 per Share
“Offer Shares”	Shares not already owned or agreed to be acquired by the Offeror or parties acting in concert with it
“Offeror”	JCDecaux Pearl & Dean Ltd, a company incorporated in Hong Kong
“Offer Document”	the document to be issued by or on behalf of the Offeror to all Shareholders in accordance with the Code containing, inter alia, details of the Possible Offer, the acceptance and transfer form, and the terms and conditions of the Possible Offer or, where applicable, the composite document to be issued by or on behalf of the Offeror and the Company
“Possible Offer”	the possible unconditional cash offer by CLSA Limited on behalf of the Offeror to acquire all the Offer Shares
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Sale Shares”	718,428,083 Shares and 718,428,083 Shares beneficially owned by SMI Investors (PAPE II) Limited and Warburg Pincus Ventures, L.P. respectively
“Share(s)”	share(s) of HK\$0.10 each of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transaction”	the sale and purchase of the Sale Shares pursuant to the Agreement
“Vendors”	SMI Investors (PAPE II) Limited, a company incorporated in the British Virgin Islands, and Warburg Pincus Ventures, L.P., a limited partnership existing under the laws of the State of Delaware in the United States of America
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong

By Order of
the Board of Directors
JCDecaux Pearl & Dean Ltd
Jean-Michel Geffroy
Director

By Order of
the Board of Directors
MediaNation Inc.
Sun Qiang, Chang
Chairman

Hong Kong, 24 March, 2005

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of information (other than that relating to the Group) contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and that there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information relating to the Group contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the Board of the Company comprises:

Executive Director

Mr. Chu Chung Hong, Francis

Non-Executive Directors

Mr. Sun Qiang, Chang

Mr. Cheung Leung Hong, Cliff

Ms. Ho Ming Yee

Mr. Cheng Cheung Lun, Julian

Independent Non-Executive Directors

Mr. Schöter, Johannes

Mr. Barry John Buttifant

Mr. Duck Young Song

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