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CHINA OUTDOOR MEDIA GROUP LIMITED **中國戶外媒體集團有限公司**

(Incorporated in Hong Kong with limited liability)

(Stock Code: 254)

DISCLOSABLE TRANSACTION

ACQUISITION OF EXCLUSIVE ADVERTISING AGENCY RIGHTS

DISCLOSABLE TRANSACTION

The Directors announce that, on 9 January 2009, Party A, a non-wholly owned subsidiary of the Company, has entered into the Agreement with Party B in relation to the Exclusive Advertising Agency Rights. The Exclusive Advertising Agency Rights is for a term of five years commencing from 9 January 2009, subject to the Right of Renewal for another term of five years. Upon expiration of the Term, Party A shall have the Right of Renewal for another term of five years on same terms if, during the Term, Party A achieved the targeted net profits under the Agreement.

Party A shall be responsible to invest HK\$7,000,000.00 for the upgrade and improvement of the current and future network and the update of the hardware and software of the LCD TVs in the retail outlets of 廣東省郵政. Party B is entitled to 50% of the total net profits of all commercial advertisements business of Party A which also includes the net profits of all advertisements of the new LCD network in Hong Kong and Macau of the Group.

Party A has also agreed that if the aggregate minimum levels of net profits of Year 1 and Year 2 of the Term have not been achieved, Party A shall give up all of its rights under the Agreement and Party B shall be entitled to unilaterally terminate the Agreement by one month notice to Party A without incurring any financial and legal liability.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Party B and its respective ultimate beneficial owners are Independent Third Parties not connected with the Company and its Connected Persons.

The Agreement contemplated therein constitutes a disclosable transaction under Rule 14.06(2) of the Listing Rules.

THE AGREEMENT

Date : 9 January 2009

Parties :

A : iKanTV Limited (愛看電視有限公司), a company incorporated in the British Virgin Islands with limited liability and a non-wholly owned subsidiary of the Company. iKanTV Limited is principally engaged in advertising and media business.

B : Info-Source Media Limited (信源傳媒有限公司), a company incorporated in Hong Kong with limited liability, is principally engaged in advertising and media business.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Party B and its respective ultimate beneficial owners are Independent Third Parties not connected with the Company and its Connected Persons. Party B and its associates have no interest in the Shares of the Company.

On 9 January 2009, Party A, a non-wholly owned subsidiary of the Company, entered into the Agreement with Party B pursuant to which Party B has agreed to grant and Party A has agreed to acquire the Exclusive Advertising Agency Rights (including but not limited to commercial advertisements) through the LCD TVs located in all retail outlets of 廣東省郵政. Under the Agreement, Party A will acquire the Exclusive Advertising Agency Rights to procure advertising clients to place advertisements through the LCD TVs located in all retail outlets of 廣東省郵政 and to broadcast all relevant information, and Party B is responsible for installing the LCD TVs and other broadcasting equipment in all retail outlets of 廣東省郵政.

TERM AND RIGHT OF RENEWAL

The Agreement is for a term of five years commencing from 9 January 2009, subject to the Right of Renewal for another term of five years on same terms if, during the Term, Party A achieved the targeted net profits under the Agreement. The Right of Renewal is exercisable at the discretion of Party A. An announcement will be made by the Company upon exercise of the Right of Renewal.

CONDITION PRECEDENT

The Agreement is subject to the approval of the Board of the Company.

CONSIDERATION

Party A shall be responsible to invest HK\$7,000,000.00 for the upgrade and improvement of the current and future network and the update of the hardware and software of the LCD TVs in the retail outlets of 廣東省郵政.

Apart from the investment of HK\$7,000,000.00 mentioned above, Party B is entitled to 50% of the total net profits of all commercial advertisements business of Party A which also includes the net profits of all advertisements of the new LCD network in Hong Kong and Macau of the Group.

The net profits for the first year shall be payable on the first month of the next year. The net profits for the second year shall be payable semi-annually. The net profits for the third year shall be payable quarterly and those for the fourth and the fifth years shall be payable monthly.

Party A has also agreed that if the aggregate minimum levels of net profits of Year 1 and Year 2 of the Term have not been achieved, Party A shall give up all of its rights under the Agreement and Party B shall be entitled to unilaterally terminate the Agreement by one month notice to Party A without incurring any financial and legal liability.

The Consideration was agreed after arm's length negotiation between Party A and Party B and on normal commercial terms.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Group is principally engaged in the provision of media services and media related business in Hong Kong and the PRC, comprising advertising business and media development in Hong Kong and the PRC.

It is believed that the acquisition of the Exclusive Advertising Agency Rights will further strengthen the advertising agency business of the Group. The acquisition of the Exclusive Advertising Agency Rights will also provide the advertising clients of the Group with more choices.

The strategic location of Guangdong may also attract more opportunities for the Group's advertising business.

As the Group is already engaged in the advertising and media business in Hong Kong and the PRC, the acquisition of the Exclusive Advertising Agency Rights will enable the Group to optimize the economic benefit without incurring additional cost.

The Board is of the view that the entering into the Agreement is in the interest of the Company and the terms of the Agreement are on normal commercial terms, which are fair and reasonable and in the interest of the Company and Shareholders as a whole.

GENERAL

Requirements of the Listing Rules

The Agreement contemplated therein constitutes a disclosable transaction under Rule 14.06(2) of the Listing Rules.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Party B and its respective ultimate beneficial owners are Independent Third Parties not connected with the Company and its Connected Persons.

DEFINITIONS

“Agreement”	means the Exclusive Advertising Agency Rights Agreement dated 9 January 2009 between Party A and Party B in relation to the acquisition of the Exclusive Advertising Agency Rights;
“Board”	means the board of Directors of the Company for the time being;
“Business Day”	means any day (excluding a Saturday) on which banks are generally open for business in Hong Kong;
“Company”	means the China Outdoor Media Group Limited, a company incorporated in Hong Kong with limited liability and whose Shares are listed and traded on the main board of the Stock Exchange;
“Connected Persons”	has the same meaning as ascribed to it under the Listing Rules;
“Director(s)”	means the directors of the Company for the time being;
“Exclusive Advertising Agency Rights”	means the exclusive rights acquired by Party A to procure advertising clients to place advertisements through the LCD TVs located in all retail outlets of 廣東省郵政 and the relevant broadcasting rights;
“Group”	means the Company and its subsidiaries;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party”	has the same meaning as ascribed to it under the Listing Rules;

“LCD TVs”	means LCD televisions;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange;
“Party A”	means iKanTV Limited (愛看電視有限公司), a limited liability company incorporated in the British Virgin Islands;
“Party B”	means Info-Source Media Limited (信源傳媒有限公司), a limited liability company incorporated in Hong Kong;
“PRC”	means the People’s Republic of China;
“Right of Renewal”	means a right of renewal for another term of five years on same terms if, during the Term, Party A achieved the targeted net profits under the Agreement;
“Shareholder(s)”	means holder(s) of the shares of the Company;
“Stock Exchange”	means the Stock Exchange of Hong Kong Limited;
“Term”	means the term of five years from 9 January 2009 to 8 January 2014;
“廣東省郵政”	means 廣東省郵政公司, an enterprise established under the laws of the PRC with ownership by the whole people.

By order of the Board
China Outdoor Media Group Limited
Lau Chi Yuen, Joseph
Director

Hong Kong, 12 January 2009

As at the date of this announcement, the Executive Directors of the Company are Mr. Lau Chi Yuen, Joseph, Mr. Lu Liang, Mr. Chan Sing Fai and Mr. Ng Yan, the Independent Non-executive Directors of the Company are Mr. Law Tai Yan, Mr. Cheng Sheung Hing and Mr. Cheng Kwong Choi, Alexander.