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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: 00254)**

### **DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF INTEREST IN iKanTV LIMITED**

On 27 August 2009 after trading hours, the Vendor, a wholly owned subsidiary of the Company, entered into the Agreement with the Purchaser and CPEC to dispose 4% of the issued share capital of iKanTV.

The consideration for the Disposal is HK\$9.20 million and shall be satisfied by the Purchaser by procuring CPEC to pay by way of setting off the outstanding CPEC Loan to the extent of the consideration.

The Disposal constitutes a discloseable and connected transaction of the Company under Chapter 14 and 14A of the Listing Rules. Since the relevant percentage ratios calculated under the Listing Rules are less than 25% and the total consideration is less than HK\$10.00 million, the Disposal is subject to the reporting and announcement requirements under the Listing Rules and is exempted from the independent shareholders' approval requirements.

## **THE AGREEMENT**

**Date:** 27 August 2009

**Parties:**

1. China New Media Company Limited as the Vendor;
2. China Post E-Commerce Group Limited as the Purchaser; and
3. China Post E-Commerce (Holdings) Limited as CPEC;

**Asset to be disposed:**

4 shares in iKanTV, being 4% of the issued share capital of iKanTV.

**Consideration:**

HK\$9.20 million which shall be satisfied by the Purchaser by procuring CPEC to pay to the Vendor by way of setting off the outstanding CPEC Loan to the extent of the Consideration upon Completion.

As at the date of this announcement, the total outstanding amount of the CPEC Loan is approximately HK\$9.71 million.

The Consideration was arrived at after arms length negotiations between the parties and with reference to, among other things, iKanTV's business prospects and profitability potential and the outlook for growth of the advertising and media industry in the PRC.

## **Completion:**

Completion is conditional upon:

- (a) all necessary consents and approvals required to be obtained on the part of the Vendor, the Company, the Purchaser and CPEC in respect of this Agreement and the transactions contemplated thereby having been obtained;
- (b) (if required under the Listing Rules) the passing by the shareholders of the Company at a general meeting to be convened and held of an ordinary resolution to approve this Agreement and the transactions contemplated hereunder;
- (c) (if required under the GEM Listing Rules) the passing by the shareholders of CPEC at a general meeting to be convened and held of an ordinary resolution to approve this Agreement and the transactions contemplated hereunder;
- (d) the warranties set out in the Agreement remaining true and accurate in all respects;
- (e) simultaneous completion of the Win Today Sale; and
- (f) the Purchaser being reasonably satisfied with the results of the due diligence review of the assets, liabilities, operations and affairs of iKanTV Group as it may reasonably consider appropriate.

Completion shall take place on the date falling on the second business day after fulfilment of the above conditions. If the above conditions cannot be satisfied (or as the case may be, waived by the Purchaser provided that Clause 3.1 (a), (b) and (c) may not be waived) on or before 4:00 p.m. on 31 December 2009, or such later date as the Vendor and the Purchaser may agree, the Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other.

## **INFORMATION ON IKANTV**

iKanTV is a company incorporated in the British Virgin Islands with limited liability. iKanTV and its subsidiary are principally engaged in media advertising business and media development in Hong Kong and the PRC. As at the date of this announcement, the Vendor is the beneficial owner of 51% of the issued share capital of iKanTV which is accounted as a subsidiary of the Company.

According to the unaudited consolidated management accounts (prepared in accordance with Hong Kong Financial Reporting Standards) of iKanTV Group for the period from 23 November 2007 (the date of incorporation) to 30 June 2009, iKanTV Group recorded a net loss before and after tax of approximately HK\$4.26 million during the period. The unaudited net liability of iKanTV Group as at 30 June 2009 was approximately HK\$4.26 million.

The original capital injected by the Vendor for the Sale Shares was HK\$31.20.

## **INFORMATION ON THE PURCHASER**

The Purchaser is an investment holding company and is a wholly owned subsidiary of CPEC. CPEC is principally engaged in manufacturing and sale of ceramic blanks and ferrules and in E-commerce businesses.

Mr. Lau Chi Yuen, Joseph, executive director and substantial shareholder of the Company, is the controlling shareholder of CPEC. Therefore CPEC and the Purchaser are connected persons of the Company pursuant to the Listing Rules.

## **REASON FOR THE DISPOSAL**

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

Based on the amount of net liability of iKanTV Group as disclosed in its unaudited consolidated management accounts as at 30 June 2009, it is expected that a gain of approximately HK\$9.28 million will be attributable to the Company upon Completion of the Disposal. The Board considers that in view of the challenging worldwide economic outlook, the Disposal provides an opportunity to realize part of the investment in iKanTV with a considerable gain. The Disposal will strengthen the financial position of the Group by reducing its liabilities and finance costs. The Company will continue to look for other business opportunities in outdoor media advertising and media related services. Pursuant to the Agreement, the sale proceeds will be set off against the CPEC Loan. After Completion, iKanTV will cease to be a subsidiary of the Company.

The terms of the Agreement have been agreed after arm's length negotiations between the parties. The Directors, including the independent non-executive Directors, consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The Disposal constitutes a discloseable transaction under Chapter 14 of the Listing Rules. Mr. Lau Chi Yuen, Joseph, executive director and substantial shareholder of the Company, is the controlling shareholder of CPEC. Therefore CPEC and the Purchaser are connected persons of the Company under the Listing Rules. As a result, the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the relevant percentage ratios calculated under the Listing Rules are less than 25% and the total consideration is less than HK\$10.00 million, the Disposal is subject to the reporting and announcement requirements under the Listing Rules and is exempted from the independent shareholders' approval requirements.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Agreement”	the agreement dated 27 August 2009 made between the Vendor, the Purchaser and CPEC in relation to the sale and purchase of the Sale Shares
“Board”	the Board of directors of the Company
“Company”	China Outdoor Media Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	Completion of the Agreement
“Connected Persons”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the total consideration for the Disposal

“CPEC”	China Post E-Commerce (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM
“CPEC Loan”	the outstanding principal and interest due from the Vendor to CPEC under the loan agreement dated 16 February 2009 made between the Vendor and CPEC
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor pursuant to the Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“iKanTV”	iKanTV Limited, a company incorporated in the British Virgin Islands with limited liability
“iKanTV Group”	iKanTV and its subsidiary
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	China Post E-Commerce Group Limited, a company incorporated in Hong Kong and is a wholly owned subsidiary of CPEC

“Sale Shares”	4 shares of the issued share capital of iKanTV to be disposed of by the Vendor pursuant to the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	China New Media Company Limited, a company incorporated in Hong Kong and is a wholly owned subsidiary of the Company
“Win Today Sale”	the sale and purchase of 40% issued share capital in iKanTV pursuant to an agreement dated the same date as the Agreement and made between Win Today Limited, the Purchaser and CPEC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board  
**China Outdoor Media Group Limited**  
**Chan Sing Fai**  
*Executive Director*

Hong Kong, 27 August 2009

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