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CHINA OUTDOOR MEDIA GROUP LIMITED

中國戶外媒體集團有限公司

(Formerly known as eCyberChina Holdings Limited)

(前稱光訊控股集團有限公司)

(Incorporated in Hong Kong with limited liability)

(Stock Code: 254)

MAJOR TRANSACTION DISPOSAL OF SHARES IN FIRST UNION LIMITED AND RESUMPTION OF TRADING

MAJOR TRANSACTION

By an announcement dated 13th November, 2008, the Board announced that the Company was negotiating with a potential buyer relating to an intended disposal of property. This announcement is made because the negotiations have been materialized.

The Directors announce that, on 26th November, 2008, the Vendor, a wholly-owned subsidiary of the Company, has entered into the Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell the Sale Shares, being the entire issued share capital of First Union Limited, at a Consideration of HK\$35,000,000.00. The Agreement is subject to the fulfillment of the conditions precedent set out below in this announcement.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser and its respective ultimate beneficial owners are independent third parties not connected with the Company and its Connected Persons (as defined under the Listing Rules).

The Disposal is expected to record a loss of approximately HK\$14,400,000.00.

The Directors expect that approximately HK\$500,000.00 will be applied for payment of fees and expenses in connection with the Disposal. The remaining proceeds of the Disposal of approximately HK\$34,500,000.00 (subject to the deduction of tax to be determined by and payable to the Hong Kong Government) will be used for general working capital of the Company.

The Disposal constitutes a major transaction for the Company under the Listing Rules and is therefore subject to the approval of the Shareholders at the EGM and the reporting and announcement requirements under Chapter 14 of the Listing Rules. A circular containing, among others, further information of the Disposal, together with the notice of the EGM will be dispatched to the Shareholders as soon as practicable in accordance with the requirements under the Listing Rules.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 27th November, 2008 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 2nd December, 2008.

THE AGREEMENT

Date : 26th November, 2008

Parties

Vendor : Welchem Development Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company. Welchem Development Limited is principally engaged in investment holding.

Purchaser : Target Smart Limited, a company incorporated in the British Virgin Islands with limited liability, is principally engaged in investment holding.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser and its respective ultimate beneficial owners are independent third parties not connected with the Company and its Connected Persons (as defined under the Listing Rules). The Purchaser and its associates have no interest in the Shares of the Company.

The Company does not have any prior transactions with Target Smart Limited that requires aggregation under rule 14.22 of the Listing Rules.

Assets to be disposed

The Sale Shares which represent the entire issued share capital of First Union Limited will be sold to the Purchaser at a cash consideration of HK\$35,000,000.00. First Union Limited is an investment holding company and holds 100% equity interest of 北京光訊投資管理顧問有限公司 (Beijing eCyberChina Investment Management Consultancy Limited*) whose principal asset is the Property before Completion. Upon Completion, First Union Limited and 北京光訊投資管理顧問有限公司 (Beijing eCyberChina Investment Management Consultancy Limited*) will cease to be the subsidiaries of the Company.

* *for identification purpose only*

Consideration

The Consideration is HK\$35,000,000.00, which shall be payable by the Purchaser by cheque in favour of the Vendor or to the Vendor's direction in the following manner:–

- (a) a non-refundable Deposit in the amount of HK\$1,000,000.00 within 14 days from the date of signing of the Agreement;
- (b) a non-refundable amount of HK\$4,000,000.00 within 30 days from the date of the EGM and after the Purchaser being reasonably satisfied with the results of a legal and financial due diligence review to be conducted on First Union Limited and 北京光訊投資管理顧問有限公司 (Beijing eCyberChina Investment Management Consultancy Limited*); and
- (c) a non-refundable amount of HK\$30,000,000.00 being the balance of the Consideration within 12 months from the date of EGM.

The Consideration was agreed after arm's length negotiation between the Vendor and the Purchaser and on normal commercial terms and determined with reference to the value of the PRC property.

Conditions Precedent (the “Conditions Precedent”)

Completion shall be conditional on approval by the shareholders of the Company in an EGM in order to fulfill the requirements for major transaction set out in Rule 14.40 of the Listing Rules.

Completion shall also be conditional on the Purchaser being reasonably satisfied with the results of a legal and financial due diligence review to be conducted on First Union Limited and 北京光訊投資管理顧問有限公司 (Beijing eCyberChina Investment Management Consultancy Limited*).

If the Conditions Precedents have not been fulfilled by 31st January, 2009 (or such later date as the Vendor and the Purchaser may agree in writing), all rights and obligations of the Vendor and the Purchaser shall cease and determine, save and except for certain survival provisions in the Agreement which shall remain in full force and effect, neither the Vendor nor the Purchaser shall have any claim against the others save of claims (if any) in respect of the aforesaid survival provisions or any antecedent breach.

Completion

Subject to the Conditions Precedent as aforesaid, Completion shall take place on the Completion Date.

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INFORMATION ABOUT FIRST UNION LIMITED, 北京光訊投資管理顧問有限公司 (BEIJING ECYBERCHINA INVESTMENT MANAGEMENT CONSULTANCY LIMITED*) AND THE PROPERTY

First Union Limited is a wholly-owned subsidiary of the Vendor incorporated in Hong Kong with limited liability. The maximum number of shares authorized to be issued is 10,000 at a par value of HK\$1.00. The principal business activity of First Union Limited is the holding of 100% equity interest in 北京光訊投資管理顧問有限公司 (Beijing eCyberChina Investment Management Consultancy Limited*). The consolidated net asset value of First Union Limited is approximately HK\$50,526,000.00 as at 30th June, 2008.

北京光訊投資管理顧問有限公司 (Beijing eCyberChina Investment Management Consultancy Limited*) is a company incorporated in the PRC with limited liability. 北京光訊投資管理顧問有限公司 (Beijing eCyberChina Investment Management Consultancy Limited*) is an indirect wholly-owned subsidiary of the Company. The principal business of 北京光訊投資管理顧問有限公司 (Beijing eCyberChina Investment Management Consultancy Limited*) is the holding of the Property.

The Property is 內蒙古眾維家居裝飾建材商場 (Huhehaote Zhongwei Household Decoration and Construction Materials Shopping Centre*) located at 中國內蒙古自治區呼和浩特市新城區東庫西街139號 (No.139 Dongku West Street, Xincheng District, Hohhot City, Inner Mongolia, China*). The Property is for commercial use. The Property is a 4-storey building. The 4th floor of the Property is still under construction and the building ownership certificate for the 4th floor of the Property has not been granted by the relevant PRC authority. Therefore, no commercial value has been attributed to the 4th Floor of the Property which is included in the Disposal. As at 15th November, 2008, the Property had an appraised value, which valuation is conducted by an independent valuer, of RMB62,000,000.00 (approximately HK\$70,000,000.00). The Property comprises a gross construction area of approximately 19,831.54 square meters. The net profits (both before and after taxation and extraordinary items) attributable to the Property which are the subject of the transaction for the financial year immediately preceding the transaction are as follows:

	For the year ended 30th June, 2008 HK\$
Net profit before taxation and extraordinary items	11.97 million
Net profit after taxation and extraordinary items	8.98 million

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FINANCIAL INFORMATION OF FIRST UNION LIMITED AND 北京光訊投資管理顧問有限公司 (BEIJING ECYBERCHINA INVESTMENT MANAGEMENT CONSULTANCY LIMITED*)

The followings are financial information on FIRST UNION LIMITED AND 北京光訊投資管理顧問有限公司 (Beijing eCyberChina Investment Management Consultancy Limited*) for the three years ended 30th June, 2006, 2007 and 2008 which were prepared in accordance with the accounting policies of Hong Kong HKFRSs:

	For the year ended 30th June,		
	2006	2007	2008
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Combined net profit/(loss) before taxation and extraordinary items	(4.57) million	0.78 million	12.09 million
Combined net profit/(loss) after taxation and extraordinary items	(4.57) million	0.78 million	7.07 million

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The principal activities of the Company and its subsidiaries consist of media business and the holding of properties for investment and rental purposes.

The Board constantly reviews the Company's business strategy in maximizing the value of the Company and continues to explore attractive business opportunities. Given the media business has become the Company's major business, the Directors consider it is a good opportunity for the Company to realize the Property at a reasonable price which enables the Company to embark on its media business development which may have better returns.

The Board is of the view that the Disposal 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.

FINANCIAL EFFECTS OF THE DISPOSAL

The Property was acquired in 5th March, 2007 at a consideration of RMB58,000,000.00 and the remaining balance of the consideration in the amount of RMB18,590,000.00 shall be paid by the Purchaser pursuant to the Agreement. The total cost of disposing the Sale Shares amounted to approximately HK\$500,000.00. Taking into account the net proceeds from the Disposal of approximately HK\$34,500,000.00 and the valuation of approximately HK\$70,000,000.00 of the Property as at 15th November, 2008, it is estimated that upon completion, the Group will record a loss of approximately HK\$14,400,000.00.

The Disposal will have positive effect on the Group as the proceeds will be used for general working capital of the Company.

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Upon completion of the Disposal, First Union Limited and 北京光訊投資管理顧問有限公司 (Beijing eCyberChina Investment Management Consultancy Limited*) will cease to be the subsidiaries of the Company.

USE OF PROCEEDS

The Directors expect that approximately HK\$500,000.00 will be applied for payment of fees and expenses in connection with the Disposal. The remaining proceeds of the Disposal of approximately HK\$34,500,000.00 (subject to the deduction of tax to be determined by and payable to the Hong Kong Government) will be used for general working capital of the Company.

GENERAL

Requirements of the Listing Rules

The Disposal constitutes a major transaction for the Company under the Listing Rules and is therefore subject to the approval of the Shareholders at the EGM and the reporting and announcement requirements under Chapter 14 of the Listing Rules.

A circular containing, among others, further information of the Disposal, together with the notice of the EGM will be dispatched to the Shareholders as soon as practicable in accordance with the requirements under the Listing Rules.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser and its respective ultimate beneficial owners are independent third parties not connected with the Company and its Connected Persons (as defined under the Listing Rules). On this basis, the Directors believe that no Shareholder has a material interest in the Disposal and hence, no Shareholder will be required to abstain from voting for the relevant resolution at the EGM to be held to approve the Disposal due to its interests in the Disposal.

The Board considers that the Agreement is entered into on normal commercial terms and the terms of the Agreement is fair and reasonable, and in the interests of the Group and the Shareholders as a whole. The Board considers that the transaction is fair and reasonable because the Board is of the opinion that the property market of mainland China may be further worsened in future due to the current worldwide financial turmoil and therefore it is more appropriate and less risky to sell the Property now in order to secure a higher price. It might be more difficult for the Company to find a suitable purchaser in future under the current worldwide financial turmoil.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 27th November, 2008 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 2nd December, 2008.

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DEFINITIONS

“Agreement”	means an agreement for sale and purchase of the Sale Shares dated 26th November, 2008 between the Vendor and the Purchaser in relation to the disposal of the Sale Shares;
“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;
“Completion”	means the completion of the Agreement which will take place on the Completion Date;
“Completion Date”	means the Business Day after the date of fulfilling the Conditions Precedent in Clause 4 of the Agreement or such other date as the Parties may agree in writing;
“Connected Persons”	has the same meaning as ascribed to it under the Listing Rules;
“Consideration”	means HK\$35,000,000.00, being the consideration for the Sale Shares;
“Director(s)”	means the directors of the Company for the time being;
“Disposal”	means the proposed disposal of the Sale Shares pursuant to the Agreement;
“EGM”	means the extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the terms of the Agreement and the transactions contemplated;
“First Union Limited”	means First Union Limited, a company incorporated in Hong Kong with limited liability;
“Group”	means the Company and its subsidiaries;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“HKFRS”	means Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;

“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange;
“PRC”	means the People’s Republic of China;
“Property”	means 內蒙古眾維家居裝飾建材商場 (Huhehaote Zhongwei Household Decoration and Construction Materials Shopping Centre*) which is located at 中國內蒙古自治區呼和浩特市新城區東庫西街139號 (No.139 Dongku West Street, Xincheng District, Hohhot City, Inner Mongolia, China*);
“Purchaser”	means Target Smart Limited, a limited liability company incorporated in the British Virgin Islands;
“RMB”	means Renminbi, the lawful currency in the PRC;
“Sale Shares”	means 2 shares of HK\$1 each, being the entire issued share capital of First Union Limited;
“Shareholder(s)”	means holder(s) of the shares of the Company;
“Shares”	means ordinary share(s) of a par value of HK\$0.01 each in the share capital of the Company;
“Stock Exchange”	means the Stock Exchange of Hong Kong Limited;
“Vendor”	means Welchem Development Limited, a company incorporated in Hong Kong with limited liability;
“北京光訊投資管理顧問有限公司”	means 北京光訊投資管理顧問有限公司 (Beijing eCyberChina Investment Management Consultancy Limited*), a company incorporated in the PRC with limited liability.

By order of the Board
China Outdoor Media Group Limited
(formerly known as eCyberChina Holdings Limited)
Lau Chi Yuen, Joseph
Director

Hong Kong, 1st December, 2008

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.

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