

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

VOLUNTARY ANNOUNCEMENT MEMORANDUMS OF UNDERSTANDING RELATING TO PROPOSED ACQUISITIONS

The Board is pleased to announce that on 17 October 2011 (after trading hours), the Company through its wholly-owned subsidiary, the Purchaser, entered into MOUs with the Vendors, pursuant to which the Purchaser intended to acquire 44% of the issued share capital of the Target Company 1 and the entire issued share capital of the Target Company 2. The MOUs are non-legally binding save for certain provisions relating to due diligence, exclusivity, costs and expenses, confidentiality, governing law and jurisdiction and general provisions.

Shareholders and potential investors are reminded that discussions in respect of the Proposed Acquisitions are still ongoing and no formal agreement has been entered into or may ever be entered into. As such, there is no certainty that the Proposed Acquisitions may proceed. Care should be exercised when dealing in shares of the Company.

The Board is pleased to announce that on 17 October 2011 (after trading hours), the Company through its wholly-owned subsidiary, the Purchaser, entered into the MOUs with the Vendors in relation to Proposed Acquisition 1 and Proposed Acquisition 2.

Proposed Acquisition 1

On 17 October 2011, the Purchaser entered into MOU 1 with the Vendor 1, pursuant to which the Purchaser intended to acquire and the Vendor 1 intended to sell 44% of the issued share capital of the Target Company 1.

The Vendor 1 is a limited company incorporated in the Seychelles, currently holding 44% of the issued share capital of the Target Company 1.

To the best knowledge and belief of the Board and having made all reasonable enquiries, the Vendor 1, its ultimate beneficial owners and their respective associate are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The Target Company 1 is a company incorporated in Hong Kong with limited liability, currently engaging and operating the following businesses both in China and Hong Kong:– (1) “Tao” + “Taobao Tianxia” Magazine and its online shopping platform; (2) Iconhere interactive entertainment and information platform; (3) LED total solution and consultancy business; and (4) out-of-home media business, including large-scale outdoor LED screens and indoor LCD screens.

Proposed Acquisition 2

On 17 October 2011, the Purchaser entered into MOU 2 with the Vendors 2, pursuant to which the Purchaser intended to acquire and the Vendors 2 intended to sell the entire issued share capital of the Target Company 2.

Vendors 2 are Triscom Investments Limited and Wazup Sunshine Limited, currently holding 51% and 49% of the issued share capital of the Target Company 2 respectively. Triscom Investments Limited is a limited company incorporated in the Seychelles while Wazup Sunshine Limited is a limited company incorporated in the British Virgin Islands. To the best knowledge and belief of the Board and having made all reasonable enquiries, the Vendors 2, their ultimate beneficial owners and their respective associate are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The Target Company 2 is a company incorporated in Hong Kong with limited liability, owns a detection software system for mobile phone, namely i-Marker, and is operating its businesses, including online shopping business, on a global basis. i-Marker operates in iPhone 4 or Android mobile phone platform, which could detect Augmented Reality Code via any media including but not limited to traditional printed matters such as newspapers, magazines, publications, posters, billboards and backdrops. The detected and hidden multimedia information, such as texts, images, videos and animations, can then be displayed automatically in the screen of the mobile phone.

Considering the business operated by the Target Company 1 and the Target Company 2, the Board believes that the Proposed Acquisitions are in line with the business plan of the Company and should benefit the Company and the shareholders of the Company as a whole.

The MOUs will remain in effect for 3 months from the date of the MOUs. Both Vendor 1 and Vendors 2 have agreed that the Company shall have the right to extend the term of the MOUs for a further 3 months.

In addition, the Vendors have agreed not to enter into any discussion or negotiation with other third parties similar or in relating to the Proposed Acquisitions for a period of 3 months from the date of the MOUs. The Vendors further agreed that the Company shall have the right to extend the Exclusivity Period for a further 3 months.

Save and except the clauses regarding due diligence, exclusivity, costs and expenses, confidentially, governing law and jurisdiction and general provisions which are legally binding, all other provisions of the MOUs are non-legally binding.

Details of the Proposed Acquisitions are subject to further negotiation and may involve cash and/or Shares and/or securities convertible into Shares. No formal agreement has been entered into between the parties. The Proposed Acquisitions are still subject to further negotiation and may or may not proceed. Further announcement will be made if and when required.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	China Outdoor Media Group Limited
“Director(s)”	the director(s) of the Company
“Exclusivity Period”	the period during which the Vendors cannot enter into any discussion or negotiation with other third parties similar or in relation to the Proposed Acquisitions
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MOU 1”	a non-legally binding memorandum of understanding dated 17 October 2011 entered into between the Purchaser and the Vendor 1 in relation to the Proposed Acquisition 1
“MOU 2”	a non-legally binding memorandum of understanding dated 17 October 2011 entered into between the Purchaser and the Vendors 2 in relation to the Proposed Acquisition 2
“MOUs”	MOU 1 and MOU 2
“Proposed Acquisition 1”	the proposed acquisition of 44% of the issued share capital of the Target Company 1 by the Purchaser from the Vendor 1
“Proposed Acquisition 2”	the proposed acquisition of the entire issued share capital of the Target Company 2 by the Purchaser from the Vendors 2
“Proposed Acquisitions”	Proposed Acquisition 1 and Proposed Acquisition 2
“Purchaser”	GMG Media Group Limited

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Target Company 1”	Zhejiang Daily Join-Home Media Holding Group Limited, a company incorporated in Hong Kong with limited liability
“Target Company 2”	Dimension Digital Marketing Limited, a company incorporated in Hong Kong with limited liability
“Vendor 1”	Investors Best Holdings Limited
“Vendors 2”	Triscom Investments Limited and Wazup Sunshine Limited
“Vendors”	Vendor 1 and Vendors 2

Shareholders and potential investors are reminded that discussions in respect of the Proposed Acquisitions are still ongoing and no formal agreement has been entered into or may ever be entered into. As such, there is no certainty that the Proposed Acquisitions may proceed. Care should be exercised when dealing in shares of the Company.

By Order of the Board
China Outdoor Media Group Limited
Tsui Wing Cheong, Sammy
Director

Hong Kong, 18 October 2011

As at the date of this announcement, the Executive Directors of the Company are Mr. Wang Gang, Mr. Zhu Defu, Mr. Tsui Wing Cheong, Sammy, Ms. Hu Wei, Mr. Lau Chi Yuen, Joseph, Mr. Lu Liang, Mr. Tang Lap Chin, Richard and Mr. Ng Yan, the Non-executive Director of the Company is Dr. Gao Hong Xing, the Independent Non-executive Directors of the Company are Mr. Law Tai Yan, Mr. Cheng Sheung Hing and Mr. Cheng Kwong Choi, Alexander.