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QIN JIA YUAN MEDIA SERVICES COMPANY LIMITED
勤+緣媒體服務有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2366)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 51% OF THE ISSUED SHARE CAPITAL OF AN INVESTMENT HOLDING COMPANY WITH INVESTMENT IN THE OUTDOOR MEDIA ADVERTISING BUSINESS IN THE PRC

On 16 April 2010, the Company, the Purchaser, a wholly-owned subsidiary of the Company, the Vendor and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser agreed to acquire 51% of the issued share capital of the Target Company at a consideration of HK$75,000,000 to be satisfied partly in cash and partly by the Company issuing the Consideration Shares.

The Company will seek a specific mandate from the Shareholders for the issue of the Consideration Shares.

The Target Company is a company incorporated in Hong Kong. Its major asset is a 45% equity interest in a wholly foreign owned enterprise established in the PRC and engaging in the outdoor media advertising business in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner is a third party independent of the Company or its connected persons.

As the applicable percentage ratios for the Acquisition under the Listing Rules is more than 5% and less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

A circular containing, among others, details of the Sale and Purchase Agreement and a notice of EGM will be dispatched to the Shareholders as soon as practicable.

THE SALE AND PURCHASE AGREEMENT DATED 16 APRIL 2010

Parties

(1)Vendor	:	Business Product Development Limited, an investment holding company incorporated in BVI with limited liability
(2) Guarantor	:	Mr. Zhang Zhenli, the Chairman of CBSO China
(3) Purchaser	:	QJY OOH Holding Company Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company
(4) Other	:	The Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor, its ultimate beneficial owner and the Guarantor is a third party independent of the Company or its connected persons.

Assets to be acquired

The Sale Shares, representing 51% of the issued share capital of the Target Company.

There is no restriction on the subsequent sale of the Sale Shares by the Purchaser under the Sale and Purchase Agreement.

Consideration and settlement

The Consideration of an aggregate of HK$75,000,000 (subject to downward adjustment by agreement that the Vendor and the Purchaser if the Consideration shall be satisfied by cash in full if any of the Share Issue Conditions is not satisfied by the Long Stop Date) will be payable by the Purchaser to the Vendor in the following manner:

(a) HK$1,000,000 in cash as deposit payment paid before the Sale and Purchase Agreement was entered into;

(b) HK$5,000,000 in cash as further deposit payment payable upon signing of the Sale and Purchase Agreement;

(c) HK$31,500,000 in cash upon Completion; and

(d) balance of the Consideration in the amount of HK$37,500,000 to be satisfied by the Company's issue and allotment of the Consideration Shares to the Vendor or its nominee upon Completion.

The Vendor and the Purchaser may agree to satisfy the balance of the Consideration of HK$37,500,000 in cash instead of the issue of the Consideration Shares at Completion on or before the Long Stop Date and in that case, the Share Issue Conditions will be waived by the Vendor and the Purchaser.

If any of the Share Issue Conditions is not satisfied by the Long Stop Date, the Purchaser may choose to satisfy the balance of the Consideration of HK$37,500,000 (or such lesser amount which may be agreed between the Vendor and the Purchaser) in cash at Completion by giving a written notice to the Vendor.

The Consideration was determined based on the earning multiples of about 16.4 times of the average annual audited profits after taxation of CBSO China for the three financial years ended 31 December 2009 after arm's length negotiation between the Vendor and the Purchaser.

Conditions

Completion of the Acquisition is conditional upon fulfilment of the following conditions:

(a) the Vendor and the Purchaser having agreed on the terms of a shareholders' agreement in respect of the Target Company to be entered into between the Vendor and the Purhcaser;

(b) the obtaining of a waiver from the shareholders of CBSO China waiving their pre-emptive rights and tag-along rights under its joint venture contract and its constitutional document;

(c) the Company having obtained the approval of the Shareholders of the issue and allotment of the Consideration Shares;

(d) the Listing Committee of the Stock Exchange having granted to the Company the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange; and

(e) the terms of a disclosure letter for qualifying the warranties given by the Vendor and the Guarantor under the Sale and Purchase Agreement having been agreed between the Vendor and the Purchaser, and the agreed form of disclosure letter having been delivered to the Purchaser by the Vendor and accepted by the Purchaser.

The parties to the Sale and Purchase Agreement shall use their respective best endeavours to procure that the conditions shall be fulfilled as soon as possible after the signing of the Sale and Purchase Agreement and in any event no later than the Long Stop Date for the conditions set out in paragraph (b), (c) or (d) above; and 7 May 2010 for the conditions set out in paragraph (a) or (e) above.

The conditions set out in paragraph (a) and (e) above may only be waived by agreement of the Vendor and the Purchaser. If the Vendor and the Purchaser shall have reached any agreement to satisfy the balance of the Consideration of HK$37,500,000 in cash instead of the issue of the Consideration Shares at Completion on or before the Long Stop Date, the conditions set out in paragraph (c) and (d) may be waived by agreement of the Vendor and the Purchaser. The condition set out in paragraph (b) above cannot be waived by any party to the Sale and Purchase Agreement.

If the conditions set out in paragraph (a) or (e) above shall not have been satisfied or waived by 7 May 2010; or the condition set out in paragraph (b) above shall not have been satisfied by the Long Stop Date, the Sale and Purchase Agreement shall lapse and the deposit payments made by the Purchaser shall be refunded to the Purchaser without interest forthwith, and thereupon the Sale and Purchase Agreement shall, subject to the liability of any party to the other parties in respect of any antecedent breach of the terms hereof, be null and void and of no further effect.

If the conditions set out in paragraph (c) or (d) above shall not have been satisfied or waived by the Long Stop Date and the Purchaser does not give a written notice to the Vendor informing the Vendor that it will satisfy the balance of the Consideration of HK$37,500,000 (or such lesser amount which may be agreed between the Vendor and the Purchaser) in cash at Completion, the Sale and Purchase Agreement shall lapse and the Vendor shall be entitled to retain and keep the deposit payments made by the Purchaser, and thereupon the Sale and Purchase Agreement shall be null and void and of no further effect.

Completion

Completion will take place on the second business day after satisfaction or waiver (as the case may be) of the conditions precedent (or such other date as the parties may agree).

Lock-up undertaking of the Vendor

Under the Sale and Purchase Agreement, the Vendor has undertaken to each of the Purchaser and the Company that, subject to Completion taking place and the issue of the Consideration Shares to it or its nominee(s) pursuant to the Sale and Purchase Agreement, it shall not, and shall procure that the holder(s) of the Consideration Shares shall not in the ten-month period commencing on the date of issue of the Consideration Shares sell, transfer or otherwise dispose of (including but not limited to the creation of any options over but save for pursuant to a pledge or charge as security for bona fide commercial loan) any of the Consideration Shares.

The above lock-up undertaking shall not prevent the Vendor or its nominee(s) from disposing or transferring of any Consideration Shares in the following circumstances:

(a) where such disposal is made in the acceptance of an offer made in accordance with the Hong Kong Code on Takeovers and Mergers by any third party; or

(b) where such disposal is made pursuant to an offer by the Company to purchase its own Shares which is made by the Company under the Hong Kong Code on Share Repurchases; or

(c) where the disposal or transfer is made to the Guarantor or a member of his family or to the trustees of any trust, the principal beneficiaries of which are primarily himself and/or members of his family subject to the transferee(s) executing an undertaking to the Company on the same terms as set out above for the remaining of the ten-month period and delivering such undertaking to the Company prior to executing such disposal or transfer.

Board representation of the Purchaser

Following the Completion, the Purchaser will be entitled to nominate two directors to the board of directors of the Target Company and to nominate one director to the board of directors of CBSO China.

Guarantee

The Guarantor has guaranteed the Vendor’s performance of its obligations under the Sale and Purchase Agreement.

CONSIDERATION SHARES

The Consideration Shares will be issued at the price of about HK$1.788 per Share, which was arrived at after arm's length negotiations between the Company, the Purchaser and the Vendor based on the recent market price per Share with a premium acceptable to the parties. It represents:

(a) a premium of approximately 19.2% above the closing price of HK$1.50 per Share as quoted on the Stock Exchange on 16 April 2010, being the last trading day prior to the publication of this announcement;

(b) a premium of approximately 17.6% above the average closing price of HK$1.52 per Share as quoted on the Stock Exchange in the 5 trading days up to and including 16 April 2010; and

(c) a premium of approximately 18.4% above the average closing price of HK$1.51 per Share as quoted on the Stock Exchange in the 10 trading days up to and including 16 April 2010.

Issue of the Consideration Shares is subject to the approval of the Shareholders as the Company will seek a specific mandate from the Shareholders for the issue of the Consideration Shares.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consideration Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The respective shareholding structures of the Company as at the date of this announcement and immediately after issue of the Consideration Shares (assuming no other new Shares will be issued) are set out below for illustration:

	As at the date of this announcement		**Immediately after issue of the Consideration Shares**	
	Number of Shares	*Approx. %*	*Number of Shares*	*Approx. %*
The Dynamic Master Group				
Dynamic Master Development Limited (*Note 1*)	186,119,596	24.53	186,119,596	23.87
Goodhold Limited (*Note 1*)	1,891,697	0.25	1,891,697	0.24
Hunterland City Limited (*Note 1*)	1,111,963	0.15	1,111,963	0.14
Up & Rise Limited (*Note 1*)	9,865,465	1.30	9,865,465	1.27
Dr. LEUNG Anita Fung Yee Maria	285,494	0.04	285,494	0.04
Dr. WONG Yu Hong, Philip	287,064	0.04	287,064	0.04
Sub-total for the Dynamic Master Group	199,561,279	26.31	199,561,279	25.60
Directors				
Mr. LIU Yuk Chi, David	3,141,403	0.41	3,141,403	0.40
Mr. YIU Yan Chi, Bernard	550,000	0.07	550,000	0.07
Mr. PFITZNER Kym Richard	110,974	0.01	110,974	0.01
Mr. OWYANG Loong Shui, Ivan	110,000	0.01	110,000	0.01
Mr. HUI Koon Man, Michael	456,534	0.06	456,534	0.06
Other Substantial Shareholder				
Aegis Media Asia Pacific Pte. Ltd. (*Note 2*)	108,094,706	14.25	108,094,706	13.86
Public Shareholders				
The Vendor	—	—	20,973,154	2.69
Public shareholders other than the Vendor	446,704,611	58.88	446,704,611	57.30
Total	758,729,507	100.00	779,702,661	100.00

Notes:

1. Dynamic Master Development Limited ("**Dynamic Master**") is owned as to 58.37% by Goodhold Limited, as to 32.76% by Hunterland City Limited and as to 1.77% by Up & Rise Limited respectively. The remaining balance of the issued share capital is owned as to 3.55% by each of Madam Au Tak Yee and Y.Y. Yao & Co. Limited.

Dr. Leung Anita Fung Yee Maria, an executive Director and the Chief Executive Officer of the Company is interested in 99.99% in Hunterland City Limited, 50% of Goodhold Limited and 100% of Up & Rise Limited and therefore is deemed to be interested in the Shares held by Dynamic Master, Goodhold Limited, Hunterland City Limited and Up & Rise Limited under the SFO. Dr. Wong Yu Hong, Philip is interested in 50% of Goodhold Limited. Accordingly, he is deemed to be interested in the Shares held by Dynamic Master and Goodhold Limited under the SFO.

2. Aegis Media Asia Pacific Pte. Ltd. is the registered owner of the 108,094,706 Shares. It is a directly wholly owned subsidiary of Aegis International Ltd., a company incorporated in the United Kingdom. Aegis Media Asia Pacific Pte. Ltd. is also an indirectly wholly owned subsidiary of Aegis Group plc which is a company listed on the London Stock Exchange. Both Aegis International Ltd. and Aegis Group plc are deemed to be interested in the 108,094,706 Shares held by Aegis Media Asia Pacific Pte. Ltd. under the SFO.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong in 2005. It is an investment holding company with the only asset of a 45% equity interest in CBSO China, which the Target Company acquired in late 2009.

CBSO China is a wholly foreign owned enterprise established in the PRC in 2005 and is authorised to carry on the businesses of design, production, advertising agency, publication of advertisements and corporate image planning in the PRC. With the leadership of its management team and leverage on the experience and connection of the CBS Corporation, which invests in CBSO China through an affiliated company, CBSO China has been developing itself as a total outdoor media advertising solutions provider, with a primary focus on advertisements through transportation vehicles and LED screens, in the PRC. In 2009, it also achieved the accomplishment of being selected as one of the top 100 outdoor media suppliers in the 6th China Outdoor Advertising Conference.

No account of the Target Company has been prepared. CBSO China recorded audited net profits before and after tax of approximately RMB45,100,000 and approximately RMB31,900,000 respectively for the year ended 31 December 2008; and audited net profits before and after tax of approximately RMB5,700,000 and approximately RMB4,300,000 respectively for the year ended 31 December 2009. Its audited net asset value as at 31 December 2008 and 31 December 2009 is approximately RMB58,000,000 and approximately RMB61,700,000 respectively.

REASONS FOR THE ACQUISITION

The principal activities of the Group include provision of cross-media services including television program and production related services, marketing and promotion, cross-media (including outdoor media) advertising, art and performance, home TV shopping, etc, and related services in the PRC.

In late 2009, the Group entered into an agreement with Beijing in Xin Hua Zhaoxun Culture and Media Co., Ltd. ("Xin Hua Zhaoxun") and acquired the exclusive advertising agency rights in respect of 6 outdoor news advertising LED screens located in major cities in the PRC which broadcast contents provided by Xin Hua News Agency. As a strategic investor, the Group also acquired an equity stake of approximately 8% in Xin Hua Zhaoxun. This is the Group's starting point of its plan to develop its outdoor advertising business. Having considered the performance of the Target Company in the past few years, the Directors believe that the Acquisition is a valuable opportunity for the Group to make strategic investment in line with its business plan to further expand its outdoor advertising business in the PRC on the one hand, and to bring investment return to the Group in the near future on the other hand. It is expected that the Group's cross-media advertising business and the Group's investment and operation in the outdoor advertising business will enjoy synergy and enable the Group to develop itself as a more comprehensive cross-media advertising service provider.

In view of the above, the Directors are of the view that the terms of the Sale and Purchase Agreement including the Consideration are fair and reasonable so far as the Shareholders are concerned and the Acquisition is in the interests of the Company and the Shareholders as a whole.

GENERAL

As the applicable percentage ratios for the Acquisition under the Listing Rules is more than 5% and less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

A circular containing, among others, details of the Sale and Purchase Agreement and a notice of EGM will be dispatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

"Acquisition"	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement;
"Board"	the board of Directors;
"BVI"	the British Virgin Islands;
"CBSO China"	科倫比亞戶外傳媒廣告(北京)有限公司, a wholly foreign owned enterprise established in Beijing, the PRC;
"Company"	Qin Jia Yan Media Services Company Limited, a company incorporated in Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange;
"Completion"	completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement;
"connected person"	has the meaning ascribed to it under the Listing Rules;
"Consideration"	the consideration of HK$75,000,000 for the Acquisition payable by the Purchaser under the Sale and Purchase Agreement;
"Consideration Shares"	20,973,154 new Shares to be issued to the Vendor upon Completion to satisfy the balance of the Consideration of HK$37,500,000 pursuant to the Sale and Purchase Agreement;
"Directors"	the directors of the Company;
"EGM"	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the issue and allotment of the Consideration Shares pursuant to the Sale and Purchase Agreement;
"Guarantor"	Mr. Zhang Zhenli;

"Group"	the Company and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Long Stop Date"	the day falling 60 days from the date of the Sale and Purchase Agreement or such later date as the parties to the Sale and Purchase Agreement may agree;
"Macau"	the Macau Special Administrative Region of the PRC;
"PRC"	The People's Republic of China, excluding Hong Kong, Macau and Taiwan for the purposes of this announcement;
"Purchaser"	QJY OOH Holding Company Limited, a company incorporated in BVI and a wholly owned subsidiary of the Company;
"Sale and Purchase Agreement"	the sale and purchase agreement entered into between the Vendor, the Guarantor, the Purchaser and the Company on 16 April 2010 in relation to the Acquisition;
"Sale Shares"	51 shares of HK$1.00 each of the Target Company;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Share Issue Conditions"	the conditions in relation to the Consideration Shares as set out in paragraphs (c) and (d) under the section headed "Conditions" of this announcement
"Shareholders"	the holders of the Shares;
"Shares"	the ordinary shares of US$0.01 each in the capital of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Target Company"	Rich State Media Enterprises Limited (裕溢傳媒企業有限公司);

“HK$”or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong; and
“Vendor”	Business Product Development Limited, a company incorporated in BVI which has agreed to sell the Sale Shares to the Purchaser pursuant to the Sale and Purchase Agreement.

By Order of the Board of
QIN JIA YUAN MEDIA SERVICES COMPANY LIMITED
LEUNG Anita Fung Yee Maria
Chief Executive Officer and Executive Director

Hong Kong, 16 April 2010

As at the date of this announcement, the Board consists of: three executive directors: Dr. LEUNG Anita Fung Yee Maria (Chief Executive Officer), Mr. YIU Yan Chi, Bernard and Mr. TSIANG Hoi Fong, nine non-executive directors: Dr. WONG Yu Hong, Philip, GBS (Chairman), Mr. PFITZNER Kym Richard, Mr. ZINGER Simon, Ms. LEE Kwei-Fen, Mr. LIU Yuk Chi, David, Dr. WONG Ying Ho, Kennedy, BBS, JP, Mr. FLYNN Douglas Ronald, Ms. HO Chiu King, Pansy Catilina and Mr. OWYANG Loong Shui, Ivan and three independent non-executive directors: Mr. LAU Hon Chuen, GBS, JP, Mr. LAM Haw Shun, Dennis, JP and Mr. HUI Koon Man, Michael, JP.