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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)

SUBSCRIPTION OF NON-LISTED WARRANTS

The Board is pleased to announce that the Company, on 6 May 2009 (after trading hours), entered into separate Warrant Subscription Agreements with the Subscribers in relation to the subscription of 210,000,000 Warrants at the Issue Price of HK\$0.0025 per Warrant, of which Get Profit will subscribe 150,000,000 Warrants and Target Smart will subscribe 60,000,000, which entitle the holders thereof to subscribe for up to 210,000,000 Shares at the Exercise Price of HK\$0.20 per Warrant Share for a period of two (2) years commencing from the date of issue of the Warrants. Each of the Warrants carries the right to subscribe for one Warrant Share.

As at the date of this announcement, the Company has a total of 1,099,285,000 Shares. Assuming allotment and issue of the Warrant Shares from the full exercise of the subscription rights attaching to the Warrants, the Warrant Shares represent approximately 19.10% of the existing issued share capital of the Company and approximately 16.04% of the issued share capital as enlarged by the issue of the Warrant Shares. The issue of the Warrant Shares will be made under the General Mandate. The Company will apply to the Listing Committee for the listing of, and permission to deal in the Warrant Shares. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

The net proceeds of Warrant Subscription of approximately HK\$450,000 will be applied as general working capital of the Group.

The net issue price per Warrant, after deduction of relevant expenses, is approximately HK\$0.0021.

THE WARRANT SUBSCRIPTION AGREEMENTS

Date

6 May 2009 (after trading hours)

Issuer: The Company

Subscribers: The Subscribers, both are Independent Third Party

Information on the Subscribers

Get Profit is a company incorporated in the British Virgin Islands and is principally engaged in investment holding and is wholly and beneficially owned by Mr. Kwok. Mr. Kwok, whom was introduced by one of the business partners of the Group, is an investor who has been investing in the securities market in Hong Kong for years.

Target Smart is a company incorporated in the British Virgin Islands and is principally engaged in investment holding and is wholly and beneficially owned by Mr. Huang. Mr. Huang, whom was introduced by one of the business partners in ordinary business occasions, is an investor who has been investing in the securities market in Hong Kong for years.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Subscribers, Mr. Kwok and Mr. Huang, are an Independent Third Party. As at the date of this announcement, each of the Subscribers, Mr. Kwok and Mr. Huang did not hold any Shares.

Number of Warrants

A total of 210,000,000 Warrants will be issued under the Warrant Subscription Agreements and a total of 210,000,000 Warrant Shares will be issued under the General Mandate.

Issue Price

HK\$0.0025 per Warrant.

The net issue price per Warrant, after deduction of relevant expenses, is approximately HK\$0.0021.

Exercise Price

HK\$0.20 per Warrant Share, subject to adjustments for, among other things, subdivision or consolidation or reclassification of Shares, issue of Shares by way of capitalization of profit or reserves, distribution in cash or specie to the Shareholders or grant to Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries, or offer to Shareholders new Shares for subscription by way of rights, or shall grant to Shareholders any options, warrants or other rights to subscribe for or purchase any Shares, or issue for cash any securities which are convertible into or exchangeable for or carry rights of subscription for new Shares, or issue for cash of any Shares or the repurchase of any Shares or securities convertible into Shares or any rights to acquire Shares by the Company.

Upon signing of the Warrant Subscription Agreements, the Subscribers have deposited a refundable deposit in the amount of HK\$525,000 to the Company. Such deposit, together with the interest accrued, will be refunded to the Subscribers in full in case the Warrant Subscription Agreements are terminated or lapsed.

The Exercise Price of HK\$0.20 represents:

- (i) a premium of approximately 9.89% over the closing price of HK\$0.1820 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 9.41% over the average of the closing prices of approximately HK\$0.1828 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 5.71% over the average of the closing prices of approximately HK\$0.1892 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 90.29% over the net asset value per Share of approximately HK\$0.1051 as at 31 December 2008 (based on the latest published unaudited net assets of the Group published on the Stock Exchange's website).

The aggregate of the Issue Price and the Exercise Price of HK\$0.2025 represents:

- (i) a premium of approximately 11.26% over the closing price of HK\$0.1820 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 10.78% over the average of the closing prices of approximately HK\$0.1828 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 7.03% over the average of the closing prices of approximately HK\$0.1892 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 92.67% over the net asset value per Share of approximately HK\$0.1051 as at 31 December 2008 (based on the latest published unaudited net assets of the Group published on the Stock Exchange's website).

Both the Issue Price and the aggregate of the Issue Price and the Exercise Price are determined after arm's length negotiations between the Company and the Subscribers with reference to the recent trading prices of the Shares. Given that the Exercise Price is at a premium of approximately 9.41% over the last five trading days up to and including the Last Trading Day and approximately 90.29% of the net asset value per Share as at 31 December 2008 (based on the latest published unaudited net assets of the Group published on the Stock Exchange's website), the Directors consider that the Exercise Price and the terms and conditions of the Warrant Subscription Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Transferability

Subject to all applicable laws and regulations, the Warrants may be transferable to any person (save as the connected person of the Company) in integral multiples of 1,000,000 Warrants (or if at the time of transfer, the outstanding number of Warrants are less than 1,000,000, the whole but not part of the outstanding Warrants). The Company and the Directors will notify the Stock Exchange for any dealings by the connected persons of the Company in the Warrants from time to time immediately upon the Company becoming aware of it.

Completion of the Warrant Subscription

Completion of the Warrants will take place on the third Business Day after the fulfillment of the conditions referred to in the section headed "Conditions of the Warrants" below.

Information of the Warrants

The Warrants will be issued to the Subscribers upon completion of the Warrants in registered form and constituted by a deed poll. The Warrants will rank *pari passu* in all respects among themselves. Each Warrant carries the right to subscribe for one Warrant Share at the Exercise Price and is issued at the Issue Price.

The subscription rights attaching to the Warrants may be exercised at any time during a period of two (2) years commencing from the date of issue of the Warrants. The Warrant Shares, when fully paid and allotted, will rank *pari passu* in all respects with the then existing issued Shares.

Upon full exercise of the subscription rights attaching to the Warrants, the Warrant Shares represents (i) approximately 19.10% of the existing issued share capital of the Company and (ii) approximately 16.04% of the issued share capital of the Company as enlarged by the allotment and issue of the Warrant Shares from the full exercise of the subscription rights attaching to the Warrants.

Conditions of the Warrant Subscription

Completion of the Warrant Subscription shall be subject to and conditional upon, among other things, the following:

- (i) (if required) the Listing Committee shall have approved the issue of the Warrants either unconditionally or subject to conditions to which neither the Company nor the Subscribers shall reasonably object and the satisfaction of such conditions; and
- (ii) the Listing Committee granting the listing of, and the permission to deal in, the Warrant Shares.

If the conditions of the Warrant Subscription are not fulfilled on or before 18 May 2009 (or such later date as may be agreed between the Company and the Subscribers), the Warrant Subscription Agreements will be terminated and ceased to have any effect and neither of the parties shall have any claim against the other, save for any antecedent breaches of the provisions thereof.

Voting rights for the holders of the Warrants

The holder of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being holders of the Warrants. The holder of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

Mandate to issue the Warrant Shares

The Warrant Shares will be allotted and issued under the General Mandate. The Warrant Shares to be allotted and issued upon full exercise of the subscription rights attached to the Warrants utilize approximately 95.52% of the General Mandate.

REASONS FOR WARRANT SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in provision of outdoor media advertising and media related services.

The Board has considered other alternative fund raising methods such as debt financing, rights issue or open offers but the Board believes that the Warrant Subscription is a more appropriate means of fund raising for the Company. The Warrant Subscription does not have any immediate dilution effect on the shareholding of the existing Shareholders. In addition to the net proceeds that will be raised upon completion of the Warrant Subscription, further share capital will be raised upon the exercise of the subscription rights attaching to the Warrants by the holders of the Warrants during the subscription period. The immediate fund of HK\$450,000 raised from the Warrant Subscription is not essential for the purpose of financing the operations of the Company, as the Company currently has sufficient working capital to carry on the principal business activities of the Group. However, the Group is principally engaged in provision of outdoor media advertising and media related services for which a solid financial position is no doubt advantageous for the maintenance and growth of its principal business. The Directors are of the view that the Warrant Subscription provides a good opportunity to strengthen the Company's financial position in the event the Subscribers fully exercises their subscription rights under the Warrant Subscription Agreements and to cater for future needs for its operation and development. In view of the above, the Directors consider that the Warrant Subscription is in the interests of the Company and the Shareholders as a whole.

Assuming the subscription rights attaching to the Warrants are fully exercised, a total of 210,000,000 Warrant Shares will be allotted issued and such number represents only approximately 16.04% of the aggregate number of the enlarged issued Shares. Accordingly, the Warrant Subscription provides an opportunity for the Group to raise funds without an immediate and significant dilution effect on the shareholding of the existing Shareholders.

The net proceeds from the Warrant Subscription will amount to approximately HK\$450,000. The Company intends to apply the aggregate net proceeds from the Warrant Subscription of approximately HK\$450,000, together with the proceeds from the issue of the Warrant Shares upon full exercise of the subscription rights attaching to the Warrants in the future, will be applied towards general working capital of the Group and as funds for future development of the Group when investment opportunities arise. As at the date of this announcement, the Company has not identified any specific investment plans.

FUND RAISING ACTIVITIES OF THE GROUP FOR THE PAST TWELVE MONTHS

The Group has no fund raising activities for the 12 months immediately preceding the date of this announcement.

CHANGE IN SHAREHOLDING STRUCTURE

Save for the employee's share options, the Directors have confirmed that there are no other outstanding options or convertible securities and the number of Warrants does not exceed 20% of the issued share capital of the Company as at the date of issue of the Warrants.

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) assuming all subscription rights attaching to the Warrants are exercised in full:

	As at the date of this announcement		Immediately after full exercise of the subscription rights attaching to the Warrants	
	<i>Share</i>	<i>(approximately)%</i>	<i>Share</i>	<i>(approximately)%</i>
Mr. Lau Chi Yuen, Joseph	273,581,900	24.89	273,581,900	20.90
Win Today Limited	100,000,000	9.10	100,000,000	7.64
Big Good Management Limited	88,800,000	8.08	88,800,000	6.78
The Subscribers:				
Get Profit (<i>Note 1</i>)	–	–	150,000,000	11.46
Target Smart (<i>Note 2</i>)	–	–	60,000,000	4.58
	–	–	210,000,000	16.04
Public Shareholders	636,903,100	57.93	636,903,100	48.64
	<u>1,099,285,000</u>	<u>100.00</u>	<u>1,309,285,000</u>	<u>100.00</u>

Notes:

1. Get Profit is wholly owned by Mr. Kwok, an Independent Third Party.
2. Target Smart is wholly owned by Mr. Huang, an Independent Third Party.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	China Outdoor Media Group Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company from time to time
“Exercise Price”	an initial exercise price of HK\$0.20 per Warrant Share (subject to adjustment) at which holder(s) of the Warrants may subscribe for the Warrant Shares
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“General Mandate”	the general mandate to authorise the Directors to allot and issue up to 210,000,000 Shares pursuant to the resolution held at the annual general meeting of the Company held on 8 December 2008
“Get Profit”	Get Profit Holdings Limited, being the subscriber of 150,000,000 Warrants and is wholly-owned by Mr. Kwok
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) which is/are third party(ies) independent of the Company and its connected person(s) as defined under the Listing Rules
“Issue Price”	HK\$0.0025 per Warrant to be issued pursuant to the Subscription Agreement
“Last Trading Day”	6 May 2009, being the last trading day of the Shares on which the Subscription Agreement was entered into
“Mr. Huang”	Mr. Huang Gui Dong, an Independent Third Party, being the sole shareholder of Target Smart

“Mr. Kwok”	Mr. Kwok Ming Fai, an Independent Third Party, being the sole shareholder of Get Profit
“PRC”	the People’s Republic of China
“Share(s)”	the ordinary shares with par value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Get Profit and Target Smart
“Subscription Price”	HK\$0.0025 per Subscription Share
“Target Smart”	Target Smart Limited, being the subscriber of 60,000,000 Warrants and is wholly-owned by Mr. Huang
“Warrant(s)”	the 210,000,000 non-listed warrant(s) to be issued by Company pursuant to the Warrant Subscription Agreements
“Warrant Share(s)”	the 210,000,000 new Shares to be issued by the Company upon full exercise of the Warrants pursuant to the Warrant Subscription Agreements
“Warrant Subscription”	the subscription of the Warrants by the Subscribers at the Issue Price
“Warrant Subscription Agreements”	the Warrant Subscription Agreements dated 6 May 2009 entered into between the Company and the Subscribers respectively in relation to the Warrant Subscription
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 6 May 2009

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