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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2009

RESULTS

The Board of Directors (the "Board") of China Outdoor Media Group Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2009 together with the comparative figures of 2008 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 30 June 2009

	Note	2009 HK$'000	2008 HK$'000 (Restated)
Continuing operations			
Turnover	*4*	**38,344**	5,694
Direct costs		**(20,998)**	(569)
Gross profit		**17,346**	5,125
Other income	*5*	**3,775**	719
Impairment of goodwill	*13*	**(22,923)**	–
Administrative and other operating expenses		**(32,447)**	(67,561)
Loss from operations		**(34,249)**	(61,717)
Finance costs	*6*	**(536)**	(1,318)
Loss before tax		**(34,785)**	(63,035)
Income tax expense	*7*	**(2,319)**	–
Loss for the year from continuing operations		**(37,104)**	(63,035)
Discontinued operation			
(Loss)/profit for the year from discontinued operation	*8*	**(12,852)**	7,939
Loss for the year	*9*	**(49,956)**	(55,096)
Attributable to:			
Equity holders of the Company		**(46,936)**	(55,096)
Minority interests		**(3,020)**	–
		(49,956)	(55,096)
Loss per share			
From continuing and discontinued operations			
– basic	*11(a)*	**HK (4.31) cents**	HK (7.66) cents
– diluted	*11*	**N/A**	N/A
From continuing operations			
– basic	*11(b)*	**HK (3.13) cents**	HK (8.76) cents
– diluted	*11*	**N/A**	N/A

CONSOLIDATED BALANCE SHEET
As at 30 June 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**1,556**	14,190
Investment property	*12*	**–**	73,345
Goodwill	*13*	**5,245**	22,923
		6,801	110,458
Current assets			
Properties held for sale		**–**	5,278
Trade and other receivables	*14*	**99,909**	27,914
Bank and cash balances		**4,547**	7,087
		104,456	40,279
Current liabilities			
Trade and other payables		**32,037**	41,926
Borrowings		**4,413**	1,523
Current tax liabilities		**2,273**	1,314
		38,723	44,763
Net current assets/(liabilities)		**65,733**	(4,484)
Total assets less current liabilities		**72,534**	105,974
Non-current liabilities			
Borrowings		**9,000**	–
Deferred tax liabilities		**–**	1,822
		9,000	1,822
NET ASSETS		**63,534**	104,152
Capital and reserves			
Share capital		**10,993**	10,493
Reserves		**55,560**	93,659
Equity attributable to equity holders of the Company		**66,553**	104,152
Minority interests		**(3,019)**	–
TOTAL EQUITY		**63,534**	104,152

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2009

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2008. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. SEGMENT INFORMATION

(a) Primary reporting format – business segments

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

The Group is organised into two main business segments: (i) property investment; and (ii) outdoor media advertising and media related services. There are no sales or other transactions among the business segments.

	Continuing operations	Discontinued operation	
	Outdoor media advertising and media related services *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Year ended 30 June 2009			
Revenue	**38,344**	**9,184**	**47,528**
Segment results	**4,252**	**4,865**	**9,117**
Unallocated corporate income			**3,935**
Unallocated corporate expenses			**(63,138)**
Finance costs			**(539)**
Loss before tax			**(50,625)**
Income tax credit			**669**
Loss for the year			**(49,956)**
At 30 June 2009			
Segment assets	**72,316**	**–**	**72,316**
Unallocated corporate assets			**38,941**
Total assets			**111,257**
Segment liabilities	**27,179**	**–**	**27,179**
Unallocated corporate liabilities			**20,544**
Total liabilities			**47,723**
Other segment information:			
Capital expenditure	**6,673**	**8,502**	**15,175**
Unallocated amounts			**45**
			15,220
Depreciation	**237**	**9**	**246**
Unallocated amounts			**153**
			399
Impairment of goodwill recognised in income statement	**22,923**	**–**	**22,923**
Bad debts written off	**5,125**	**–**	**5,125**

	Continuing operations	Discontinued operation	
	Outdoor media advertising and media related services	Property investment	Total
	HK$'000	*HK$'000*	*HK$'000*
Year ended 30 June 2008			
Revenue	5,694	10,117	15,811
Segment results	5,120	6,344	11,464
Unallocated corporate income			8,213
Unallocated corporate expenses			(67,637)
Finance costs			(1,691)
Loss before tax			(49,651)
Income tax expense			(5,445)
Loss for the year			(55,096)
At 30 June 2008			
Segment assets	28,049	93,834	121,883
Unallocated corporate assets			28,854
Total assets			150,737
Segment liabilities	22	41,025	41,047
Unallocated corporate liabilities			5,538
Total liabilities			46,585
Other segment information:			
Capital expenditure	22,923	65,008	87,931
Unallocated amounts			512
			88,443
Depreciation	–	7	7
Unallocated amounts			174
			181

(b) Secondary reporting format – geographical segments

The Group's operations are located in Hong Kong and elsewhere in the People's Republic of China (the "PRC"). The property investment is located in the PRC and the provision of outdoor media advertising and media related services are carried out in both territories. The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods/services.

	Revenue		Total assets		Capital expenditure	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**512**	–	**43,183**	28,185	**1,456**	512
The PRC, other than Hong Kong	**47,016**	15,811	**68,074**	122,552	**13,764**	87,931
	47,528	15,811	**111,257**	150,737	**15,220**	88,443

4. TURNOVER

	2009	2008
	HK$'000	*HK$'000*
Sales of properties	**6,993**	5,582
Property rental income	**2,191**	4,535
Outdoor media advertising and media related service income	**38,344**	5,694
	47,528	15,811
Representing:		
Continuing operations	**38,344**	5,694
Discontinued operation *(note 8)*	**9,184**	10,117
	47,528	15,811

5. OTHER INCOME

	2009	2008
	HK$'000	*HK$'000*
Accruals written back	**951**	63
Bad debt recovered	**2,000**	–
Bank interest income	**19**	517
Forfeited rental payments	**–**	1,039
Gain on disposal of property, plant and equipment	**–**	54
Guaranteed income related to investment property	**2,271**	4,249
Other interest income	**439**	293
Referral income	**500**	–
Sundry income	**33**	1
	6,213	6,216
Representing:		
Continuing operations	**3,775**	719
Discontinued operation *(note 8)*	**2,438**	5,497
	6,213	6,216

6. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on other loans and advances	**520**	1,672
Interest and charges on bank loans and advances	**19**	19
	539	1,691
Representing:		
Continuing operations	**536**	1,318
Discontinued operation *(note 8)*	**3**	373
	539	1,691

7. INCOME TAX (CREDIT)/EXPENSE

	2009	2008
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	28
Underprovision in prior years	**–**	1,997
	–	2,025
Current tax – PRC enterprise income tax and land appreciation tax		
Provision for the year	**3,873**	1,598
Deferred tax	**(4,542)**	1,822
Income tax (credit)/expense	**(669)**	5,445
Representing:		
Continuing operations	**2,319**	–
Discontinued operation *(note 8)*	**(2,988)**	5,445
	(669)	5,445

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year. The amount provided for the year ended 30 June 2008 was calculated at 16.5% based on the assessable profit for that year.

PRC enterprise income tax is calculated at a statutory rate of 25% of the taxable income from operations of the Company's subsidiaries carried on in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC during the year.

PRC land appreciation tax is levied, in accordance with the land appreciation tax law of the PRC, on the properties held by the Group for sale in the PRC and is charged at progressive rates ranging from 30% to 60% on the appreciated amount.

8. DISCONTINUED OPERATION

Pursuant to an agreement dated 26 November 2008 entered into between Welchem Development Limited ("Welchem"), a subsidiary of the Company, and an independent third party, Welchem disposed of 100% interest in a wholly-owned subsidiary, First Union Limited ("First Union").

First Union held 100% interest in a sino-foreign equity joint venture, 北京光訊投資管理顧問有限公司 ("北京光訊"), established in the PRC. 北京光訊 was engaged in the property investment during the year. The disposal was completed on 3 April 2009 and the Group discontinued its property investment business.

The (loss)/profit for the year from the discontinued operation is analysed as follows:

	2009	2008
	HK$'000	*HK$'000*
(Loss)/profit of discontinued operation	**(10,872)**	7,939
Loss on disposal of discontinued operation *(note 16)*	**(1,980)**	–
	(12,852)	7,939

The results of the discontinued operation for the period from 1 July 2008 to 3 April 2009, which have been included in the consolidated income statement, are as follows:

		Period from 1 July 2008 to 3 April 2009	Year ended 30 June 2008
	Note	***HK$'000***	*HK$'000*
Turnover	*4*	**9,184**	10,117
Direct costs		**(5,612)**	(6,910)
Gross profit		**3,572**	3,207
Other income	*5*	**2,438**	5,497
Fair value (loss)/gain on investment property		**(18,169)**	7,289
Administrative and other operating expenses		**(1,698)**	(2,236)
(Loss)/profit from operations		**(13,857)**	13,757
Finance costs	*6*	**(3)**	(373)
(Loss)/profit before tax		**(13,860)**	13,384
Income tax credit/(expense)	*7*	**2,988**	(5,445)
(Loss)/profit for the period/year	*9*	**(10,872)**	7,939

During the year, the disposed subsidiaries paid approximately HK$2,694,000 (2008: HK$2,563,000) in respect of operating activities, paid approximately HK$899,000 (2008: HK$33,928,000) in respect of investing activities and received approximately HK$2,726,000 (2008: HK$Nil) in respect of financing activities.

No tax charge or credit arose on loss on disposal of the discontinued operation.

9. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	Continuing operations		Discontinued operation		Total	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation	**390**	174	**9**	7	**399**	181
Staff costs including directors' emoluments:						
Salaries, bonus and allowances	**7,372**	5,043	**351**	–	**7,723**	5,043
Equity-settled share-based payments	**–**	5,067	**–**	–	**–**	5,067
Retirement benefit scheme contributions	**217**	66	**–**	–	**217**	66
	7,589	10,176	**351**	–	**7,940**	10,176
Auditor's remuneration	**370**	310	**10**	20	**380**	330
Cost of properties sold	**–**	–	**5,278**	4,308	**5,278**	4,308
Fair value loss/(gain) on investment property	**–**	–	**18,169**	(7,289)	**18,169**	(7,289)
Operating lease charges in respect of land and buildings	**2,599**	1,154	**127**	151	**2,726**	1,305
Loss on disposal of property, plant and equipment	**1**	–	**–**	–	**1**	–
Bad debts written off	**5,125**	–	**–**	–	**5,125**	–

10. DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 30 June 2009 (2008: HK$Nil).

11. (LOSS)/EARNINGS PER SHARE

(a) From continuing and discontinued operations

Basic loss per share

The calculation of basic loss per share attributable to equity holders of the Company is based on the loss for the year attributable to equity holders of the Company of approximately HK$46,936,000 (2008: HK$55,096,000) and the weighted average number of ordinary shares of 1,087,504,000 (2008: 719,241,000) in issue during the year.

(b) From continuing operations

Basic loss per share

The calculation of basic loss per share from continuing operations attributable to equity holders of the Company is based on the loss for the year from continuing operations attributable to equity holders of the Company of approximately HK$34,084,000 (2008: HK$63,035,000) and the denominator used is the same as that detailed above for basic loss per share from continuing and discontinued operations.

(c) (Loss)/earnings per share from discontinued operation

Basic loss per share from the discontinued operation for the year ended 30 June 2009 is HK 1.18 cents (2008: earnings per share of HK 1.10 cents), based on the loss for the year from discontinued operation attributable to the equity holders of the Company of approximately HK$12,852,000 (2008: profit of HK$7,939,000) and the denominator used is the same as that detailed above for basic loss per share from continuing and discontinued operations.

There were no potential ordinary shares in issue during the years ended 30 June 2008 and 2009. No diluted (loss)/earnings per share were disclosed.

12. INVESTMENT PROPERTY

	2009	2008
	HK$'000	*HK$'000*
At beginning of year	**73,345**	–
Additions	**–**	64,621
Transfer from property, plant and equipment	**22,144**	–
Fair value (loss)/gain	**(18,169)**	7,289
Disposal of subsidiaries *(note 16)*	**(77,114)**	–
Exchange differences	**(206)**	1,435
At end of year	**–**	73,345

The Group's investment property comprised medium-term leasehold land and buildings in the PRC.

Investment property was revalued at 30 June 2008 and 3 April 2009 on the open market value basis by reference to market evidence of recent transactions for similar properties by RHL Appraisal Limited, an independent firm of chartered surveyors.

13. GOODWILL

	HK$'000
Cost	
At 1 July 2007	–
Acquisition of a subsidiary	22,923
At 30 June 2008 and 1 July 2008	22,923
Acquisition of subsidiaries *(note 15)*	5,245
At 30 June 2009	28,168
Accumulated impairment loss	
Impairment loss recognised in the current year and balance at 30 June 2009	22,923
Carrying amount	
At 30 June 2009	5,245
At 30 June 2008	22,923

14. TRADE AND OTHER RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**8,037**	5,125
Prepayments, deposits and other receivables *(note (a) and (b))*	**91,872**	22,789
	99,909	27,914

The Group's trading terms with customers are mainly on credit. The credit terms generally are 30 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2009	2008
	HK$'000	*HK$'000*
Current to 30 days	**7,890**	5,125
31 – 60 days	**–**	–
61 – 90 days	**113**	–
Over 90 days	**34**	–
	8,037	5,125

As of 30 June 2009, trade receivables of approximately HK$147,000 (2008: HK$Nil) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2009	2008
	HK$'000	*HK$'000*
61 – 90 days	**113**	–
Over 90 days	**34**	–
	147	–

Notes:

(a) Included in other receivables, there was a referral income receivable from a related company of HK$500,000 (2008: HK$Nil) which is unsecured, interest-free and has no fixed terms of repayment.

(b) Included in other receivables there were loans to unrelated third parties of approximately HK$4,700,000 (2008: HK$5,397,000) which are unsecured, bear interest at the prevailing Hong Kong dollar prime rate plus 2% p.a. and are repayable within 12 months.

15. ACQUISITION OF SUBSIDIARIES

On 25 September 2008, the Group acquired the entire issued share capital of L&L Partners' Limited ("L&L Partners'"), a company incorporated in the British Virgin Islands, which holds the entire registered capital of Shanghai Win Advertising & Media Co. Ltd. ("Shanghai Win Media"), an enterprise established in the PRC. L&L Partners' and Shanghai Win Media are engaged in the provision of outdoor media advertising services.

The consideration for the acquisition of HK$240,000,000 was/will be satisfied by (i) the allotment and issuance of 250,000,000 new shares of the Company, credited as fully paid, in the sum of HK$200,000,000; and (ii) the issuance of convertible bonds, carrying no interest for a term of 5 years at a conversion price of HK$0.8 for each new share of the Company, in the principal amount of HK$40,000,000. Details of the acquisition are set out in a circular issued by the Company on 23 May 2008.

The first instalment of the consideration was satisfied by the Company through the allotment and issuance of 50,000,000 new shares of the Company at an issue price of HK$0.8 per share on 25 September 2008. HKFRS 3 requires that the cost of a business combination to be measured at the fair value of the equity instruments issued by the acquirer in exchange for control of the acquiree at the date of exchange. The published price of the Company's shares at the date of exchange is HK$0.232.

The balance of the consideration will be payable subject to certain conditions stipulated in the agreement. Since the adjustment to the cost of the business combination is contingent on future events where the directors are unable to determine whether it is probable and the adjustment cannot be reliably measured, the possible adjustment to the cost of business combination has not been provided for.

The fair value of the identifiable assets and liabilities of L&L Partners' acquired as at the date of acquisition, which has no significant difference from the carrying amount, is as follows:

	HK$'000
Property, plant and equipment	36
Trade and other receivables	33,390
Bank and cash balances	1,356
Trade and other payables	(26,827)
Borrowings	(1,600)
	6,355
Goodwill *(note 13)*	5,245
Satisfied by:	
Fair value of shares issued	11,600
Net cash inflow arising on acquisition:	
Cash and cash equivalents acquired	1,356

The goodwill arising on the acquisition of L&L Partners' is attributable to the anticipated profitability of the operations of L&L Partners' and the anticipated future operating synergies from the business combination.

L&L Partners' contributed turnover of approximately HK$37,681,000 and profit after tax of approximately HK$12,535,000 to the Group from the date of acquisition to the balance sheet date.

If the acquisition had been completed on 1 July 2008, the Group's turnover from continuing operations would have been approximately HK$42,970,000 and loss for the year from continuing operations would have been approximately HK$41,896,000.

16. DISPOSAL OF SUBSIDIARIES

As referred to in note 8 to the financial statements, on 3 April 2009 the Group disposed its entire equity interests in First Union.

Net assets at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	62
Investment property	77,114
Deferred tax assets	2,725
Trade and other receivables	4,775
Current tax assets	103
Bank and cash balances	2,373
Trade and other payables	(42,745)
Borrowings	(2,726)
Current tax liabilities	(2,089)
Net assets disposed of	39,592
Release of exchange reserve	(2,612)
Loss on disposal of subsidiaries *(note 8)*	(1,980)
Total consideration	35,000
Cash received at the balance sheet date	(5,000)
Consideration receivable at the balance sheet date*	30,000
Net cash inflow arising on disposal:	
Cash consideration received	5,000
Cash and cash equivalents disposed of	(2,373)
	2,627

* *The consideration receivable was outstanding and included in other receivables.*

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Transactions

Acquisition

On 25 September 2008, the Group acquired the entire issued share capital of L&L Partners' Limited ("L&L Partners'"), a company incorporated in the British Virgin Islands, which holds the entire registered capital of Shanghai Win Advertising & Media Co., Ltd. ("Shanghai Win Media"), an enterprise established in the People's Republic of China (the "PRC"). L&L Partners' and Shanghai Win Media are engaged in the provision of outdoor media advertising services. The consideration for the acquisition of HK$240.0 million was/will be satisfied by (i) the allotment and issuance of 250.0 million new shares of the Company, credited as fully paid, in the sum of HK$200.0 million; and (ii) the issuance of convertible bonds, carrying no interest for a term of 5 years at a conversion price of HK$0.8 for each new share of the Company, in the principal amount of HK$40 million. Details of the acquisition are set out in a circular issued by the Company on 23 May 2008.

The first instalment of the consideration was satisfied by the Company through the allotment and issuance of 50.0 million new shares of the Company on 25 September 2008. Details of the acquisition are set out in note 15 to the financial statements, a circular issued by the Company on 23 May 2008 and announcement dated 25 September 2008.

Disposal and discontinued operation

On 26 November 2008, the Group entered into an agreement with an independent third party for the disposal of the entire issued share capital of First Union Limited and 北京光訊管理顧問有限公司 (collectively "FUL Group"), wholly owned subsidiaries of the Company incorporated in Hong Kong and in the PRC respectively, at a consideration of HK$35.0 million. Thereafter, the Group would discontinue operation of property investment. The disposal was approved by the shareholders at an extraordinary general meeting held on 19 January 2009 and the transaction was completed on 3 April 2009. Details of the disposal are set out in announcements issued by the Company on 1 December 2008 and 3 April 2009.

Connected Transactions

The Group has entered into the following connected transactions during the year and up to the date of this announcement:

(a) Loan agreement

During the year, a wholly owned subsidiary of the Company, entered into a loan agreement with China Post E-Commerce (Holdings) Limited ("China Post E-Commerce") for a loan from China Post E-Commerce of HK$9.0 million. The loan is interest bearing at 15% per annum. As at 30 June 2009, the total outstanding amount owed to China Post E-Commerce was approximately of HK$9.5 million.

(b) Referral income

During the year, a wholly owned subsidiary of the Company has received a referral income of approximately HK$0.5 million from China Post E-Commerce.

(c) Sale and purchase agreement

On 27 August 2009, the Group entered into an agreement with a wholly owned subsidiary of China Post E-Commerce to dispose of 4% equity interests of iKanTV Limited ("iKanTV"), a 51% owned subsidiary of the Company, at a total consideration of HK$9.2 million, satisfied by setting off the outstanding loan due to China Post E-Commerce.

Mr. Lau Chi Yuen, Joseph is a connected person of the Company by virtue of his beneficial interest in China Post E-Commerce. Accordingly, the entering into the agreements and referral income received constituted connected transactions of the Company under the Listing Rules.

Except for the aforesaid, during the year and up to the date of this announcement, no other connected transactions were entered into between the Company or any of its subsidiaries and a connected person as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Business and Financial Review

The turnover generated from provision of outdoor media advertising and media related service were presented as continuing operations while the turnover generated from sales of properties and property rental income were presented as discontinued operation.

For the year ended 30 June 2009, loss attributed to equity holder of the Company was approximately HK$46.9 million (2008: HK$55.1 million). The improvement was mainly attributable to many factors. (1) During the year, provision of outdoor media advertising and media related service business remains the major source of our income. The outdoor media advertising and media related service business segment contributed a profit of approximately HK$4.3 million which represented a decrease of 15.7% comparing to the profit of approximately HK$5.1 million in last year. The decrease in business segment result is mainly due to an impairment loss of approximately HK$5.1 million was provided for the long outstanding trade receivables for the year. (2) Besides, the Group has suffered from loss from discontinued operation of approximately HK$12.9 million (2008: gain of approximately HK$7.9 million). (3) During the year, the goodwill allocated to acquisition of Fadara Limited has been reduced to its recoverable amount through recognition of a full impairment of approximately HK$22.9 million (2008: HK$Nil). (4) No share-based payment expense was recognised as no share option was granted during the year (2008: approximately HK$21.4 million). (5) No extraordinary expense was incurred for the year for the resumption of trading of the Company's shares on the Stock Exchange of Hong Kong (2008: approximately HK$20.4 million). (6) Other administrative and operating expenses were decreased by approximately HK$7.4 million, as compared with last year, to HK$15.5 million. The reduction of these expenses mainly contributed to the effective cost control by the management during the year.

For the year ended 30 June 2009, the Group's total turnover amount to HK$47.5 million, representing an increase of 200.6% compared with that of in 2008. The total revenue for the year was contributed from property investment and provision of outdoor media advertising and media related service. The performance of the property investment segment and provision of outdoor media advertising and media related services segment during the year is set out below:–

The total turnover of property investment segment amounted to approximately HK$9.2 million (2008: HK$10.1 million), representing a decrease of 8.9% compared with that of in 2008. It comprised sales of properties amounting to approximately HK$7.0 million (2008: HK$5.6 million) and rental income amounting to approximately HK$2.2 million (2008: HK$4.5 million). The increase in turnover in sales of properties by approximately 25.0% as compared with last year was mainly attributable to two properties were sold in the year whereas one property was sold in last year. Gross profit of the sales of properties for the year was approximately HK$1.4 million (2008: HK$1.0 million). The decrease in turnover in rental income by approximately 51.1% as compared with last year was mainly attributable to the renovation and reconstruction of a shopping arcade in Inner Mongolia (the "shopping arcade") to satisfy the requirements of a new tenant, 北京居然之家投資控股集團有限公司. The construction was completed on 1 January 2009. Besides, the shopping arcade was disposed of on 3 April 2009. Details of the disposal are set out in note 16 to the financial statements. Gross profit from leasing of properties for the year was approximately HK$2.2 million (2008: HK$2.2 million).

Turnover from the provision of outdoor media advertising and media related services for the year ended 30 June 2009 was approximately HK$38.3 million (2008: HK$5.7 million). Turnover during the year was mainly contributed by L&L Partners' and Shanghai Win Media, which the Group has acquired in September 2009. Gross profit from provision of outdoor media advertising and media related services for the year was approximately HK$17.3 million (2008: HK$5.1 million).

The board of directors does not recommend the payment of any dividend for the year ended 30 June 2009 (2008: HK$Nil).

Prospects

Upon completion of the disposal of FUL Group, the Group is no longer engage in the property investment business. The outdoor media advertising and media related business becomes the core business of the Group and the Group will focus its resources in this business segment. The Group will continue its focus and effort to expand the outdoor media advertising and media related business and continue to explore potential investment opportunities in Hong Kong and the PRC that can benefit the Group in the long term. The Group will also place emphasis on the improvement of operational efficiency and cost control in order to improve its financial performance and position.

Major Events Subsequent to the Year

a. On 27 August 2009, China New Media Company Limited ("CNML"), a wholly owned subsidiary of the Company, entered into an agreement with a wholly owned subsidiary of a related company, China Post E–Commerce, to dispose of 4% equity interests of iKanTV Limited, a subsidiary of CNML, at a total consideration of HK$9.2 million.

   The disposal was approved by the board of directors on 27 August 2009 and completed on 30 September 2009.

b. On 10 August 2009, 21 August 2009 and 14 September 2009, a total of 40.0 million warrants were exercised by the warrant holders for the issuance of 40.0 million ordinary shares of the Company at HK$0.2 per share. All the subscribed ordinary shares were issued and fully paid.

Liquidity, Financial Resources and Capital Structure

On 25 September 2008, the Company issued 50.0 million new shares of HK$0.01 each at a price of HK$0.232 per share as part of the consideration for the acquisition of the entire issued share capital of L&L Partners'.

As at 30 June 2009, the Group has net current assets of approximately HK$65.7 million (2008: net current liabilities HK$4.5 million) and equity attributable to equity holders of the Company of approximately HK$66.6 million (2008: HK$104.2 million). The decrease in equity attributable to equity holders of the Company as compared with last year was mainly attributable to funding of approximately HK$0.5 million generated from the issue of warrants in the year, applied to the net loss of HK$50.0 million incurred during the year. Bank and cash balances amounted to approximately HK$4.5 million as at 30 June 2009 (2008: HK$7.1 million).

As at 30 June 2009, the Group had short-term borrowings of approximately HK$4.4 million (2008: HK$1.5 million) and long term borrowings of approximately HK$9.0 million (2008: HK$Nil). The loans were subject to interests at prevailing commercial lending rate. The gearing ratio of the Group as at 30 June 2009, which was computed on the basis of the aggregate borrowings divided by the amount of total assets, was 12.1% (2008: 1.0%).

As the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi, the Group's exposure to exchange rate risk is limited. It is the Group's treasury policy to manage its foreign currency exposure only when its potential financial impact is material to the Group. The Group will continue to monitor its foreign exchange position and, if necessary, utilise hedging tools, if available, to manage its foreign currency exposure.

Charge on Assets

As at 30 June 2008 and 2009, there was no charge on the Group's assets.

Contingent Liabilities

As at 30 June 2009, the Group had contingent liabilities as follows:

(a) possible claims arising from guarantee related to a former related company of approximately HK$5.0 million (2008: HK$5.0 million); and

(b) possible claims arising from indemnity related to a former subsidiary of approximately HK$6.9 million which was equivalent to RMB6.1 million (2008: HK$7.0 million which was equivalent to RMB6.1 million).

Employee and Remuneration Policy

The Group has 46 employees (including Directors) as at 30 June 2009 (2008: 18). The Group recruits and promotes individuals based on their performance and development potential in the positions held. Remuneration package is determined with reference to an employee's performance and the prevailing salary scale in the market. In addition, the Group adopts a share option scheme for eligible employees (including Directors) to provide incentives to participants for their contributions and continuing efforts to promote the interests of the Group.

Compliance with the code on Corporate Governance Practices

The Company has always recognised the importance of the shareholders' transparency and accountability. It is the belief of the board that shareholders can maximise their benefits from good corporate governance.

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 30 June 2009, except for the deviation from provisions A.4.1 and A.2.1of the Code.

Pursuant to A.4.1 of the Code, independent non-executive directors should be appointed for a specific term, subject to re-election while all directors should be subject to retirement by rotation at least once every three years. Under the period of review, all independent non-executive directors of the Company were not appointed for a specific term but they are subject to retirement by rotation and re-election at annual general meetings of the Company in line with the Company's Articles of Association. As such, the Company considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the Code.

Pursuant to A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lau Chi Yuen, Joseph was appointed as the Chief Executive Officer on 27 November 2007. In view of the simple structure of the Company, all significant decision making is carried out by all executive directors of the Company under the leadership of the Chief Executive Officer. The board believes that the present arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives effectively and efficiently in response to the changing environment. The board also believes that the Company already has a strong corporate governance structure in place to ensure effective oversight of management. The board will continually review the effectiveness of the Group's corporate governance structure to assess whether any changes are necessary.

Mode Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by directors of the Company. All the directors of the board have confirmed, following specific enquiries made by the Company, that they have complied with the required standard as set out in the Model Code throughout the year ended 30 June 2009.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption by the Company or its subsidiaries, of the Company's listed securities during the year ended 30 June 2009.

REVIEW OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 30 June 2009 have been reviewed by the audit committee.

PUBLICATION ON ANNUAL RESULTS AND ANNUAL REPORT

This results announcement of the Group for the year ended 30 June 2009 is available for viewing on the website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.comg.com.hk. The annual report will be despatched to the shareholders of the Company and will also be available for viewing at the aforesaid websites in due course.

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

Hong Kong, 23 October 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, and the Independent Non-executive Directors of the Company are Mr. Cheng Kwong Choi, Alexander, Mr. Cheng Sheung Hing and Mr. Law Tai Yan.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.