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CHINA RAILSMEDIA CORPORATION LIMITED

中國鐵聯傳媒有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 745)

DISCLOSEABLE TRANSACTION AND PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

Placing Agent



Tanrich Securities Company Limited

ACQUISITION

On 26 July 2011 after trading hours, the Purchaser, a wholly owned subsidiary of the Company, entered into the Agreement with the Vendor pursuant to which the Purchaser has conditionally agreed to acquire from the Vendor 7% of the total issued share capital of the Target at a consideration of HK\$28.8 million, which is to be satisfied as to HK\$13 million in cash and the remaining HK\$15.8 million by the issue of the Promissory Note to the Vendor upon Completion.

Completion of the Acquisition is subject to fulfillment or waiver of certain conditions precedent as set out in the section headed “Conditions precedent” below.

As the applicable percentage ratio of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under rule 14.06 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

* For identification purposes only

PLACING AND SUBSCRIPTION

On 26 July 2011, Rich Place entered into (i) the Placing Agreement with the Placing Agent; and (ii) the Subscription Agreement with the Company. Pursuant to the Placing Agreement, the Placing Agent has agreed to place, on a best effort basis, to no less than six independent Placers for up to 310,000,000 existing Shares at a price of HK\$0.078 per Placing Share, for and on behalf of Rich Place. Pursuant to the Subscription Agreement, Rich Place has conditionally agreed to subscribe for such number of new Shares as is equal to the number of Placing Shares successfully placed by the Placing Agent at a price of HK\$0.078 per Subscription Share.

The Placing is unconditional, but the completion of Subscription is subject to (i) the completion of the Placing; and (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares and (iii) the Executive of SFC granting a waiver to Rich Place under Note 6 on dispensations from Rule 26 of the Takeovers Code as a result of the Placing and Subscription by Rich Place. If such conditions are not fulfilled, the Subscription will not proceed.

The maximum number of 310,000,000 Placing Shares represents approximately 19.95% of all the issued 1,553,830,000 Shares as at the date of this announcement and approximately 16.63% of all the issued Shares as enlarged by the Subscription. The net proceeds of the Subscription of approximately HK\$23.2 million (assuming the Placing Shares are fully placed and after all relevant expenses) will be used as to HK\$13 million for financing the Acquisition and the balance for repayment of debts and/or general working capital and/or investment opportunities should the same shall arise in the future.

ACQUISITION

The Agreement

Date: 26 July 2011

Parties:

1. Win Today Limited as vendor
2. Beast Media Limited as purchaser

To the best of the Directors' information and belief after making reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties. The principal activity of the Vendor is investment holdings.

Assets to be acquired

Under the Agreement, the Purchaser has conditionally agreed to acquire from the Vendor the Sale Shares, representing 7% of the total issued share capital of the Target.

Consideration

The consideration for the Acquisition is HK\$28.8 million, which is to be satisfied by the Purchaser in the following manner :

- (a) as to HK\$13 million in cash to be paid upon completion of the Acquisition; and
- (b) the remaining HK\$15.8 million to be satisfied by the issue of the Promissory Note by the Purchaser to the Vendor upon completion of the Acquisition.

The Promissory Note shall bear interest at the rate of 2% per annum and shall mature on the 2nd anniversary of the date of the Agreement. The principal sum together with interest accrued thereon shall be repaid in full on the maturity date. The Purchaser shall be entitled to make early repayment at any time without penalty.

The consideration for the Acquisition was arrived at based on normal commercial terms after arm's length negotiations between the Company and the Vendor. The Board has taken into account matters including the development potential of outdoor advertising in Hong Kong and the prospective growth of the Target's business.

Conditions precedent

The completion of the Agreement is subject to the following conditions precedent:

- (a) the Purchaser being reasonably satisfied with the results of the due diligence review of the assets, liabilities, operations and affairs of the Target;
- (b) all necessary consents and approvals required to be obtained on the part of the Vendor, and the Purchaser in respect of the Agreement and the transactions contemplated thereby having been obtained;
- (c) all necessary waiver, consent, approval, licence, authorisation, permission, order and exemption (if required) from the relevant governmental or regulatory authorities or other third parties which are necessary in connection with the Agreement and the transactions contemplated thereby;
- (d) the warranties by the Vendor set out in the Agreement remaining true and accurate in all respects.

If the above conditions are not satisfied (or as the case may be, waived by the Purchaser in respect of (a) and (d) only) on or before 5:00 p.m. on 31 August 2011, or such later date as the Vendor and the Purchaser may agree, the Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion of the Agreement will take place on the 3rd business day after all the conditions precedent of the Agreement have been fulfilled or waived.

Information on the Target

The Target is a company incorporated in Hong Kong and is owned as to 51% by China New Media Company Limited (“CNM”), 30% by the Vendor and 19% by Superior Luck Investments Limited (“SLI”). CNM is a wholly owned subsidiary of China Outdoor Media Group Limited (Stock Code: 254) (“COMG”), a company listed on the main board of the Stock Exchange. Therefore the Target is a subsidiary of COMG. The Target is principally engaged in outdoor advertising in Hong Kong, specializing in advertising spaces in lifts and outer walls of buildings.

According to the audited accounts of the Target prepared under Hong Kong Financial Reporting Standards, the audited loss before and after taxation for the period from 19 June 2009 (date of incorporation) to 30 June 2010 were both approximately HK\$0.7 million. The audited net liabilities of the Target as at 30 June 2010 was approximately HK\$0.7 million.

Reasons for the Acquisition

The Group is principally engaged in a broad spectrum of construction works, including building construction, renovation and fitting out works for both public and private sectors in Hong Kong, and media sales and management services for the multi-media business in the PRC.

It is the Group’s strategy in recent years to continue to scale down the building construction and renovation business and to expand its advertising business. The Directors consider that the Acquisition represents an opportunity for the Group to tap into the outdoor advertising and display industry in Hong Kong.

The Directors are of the view that the Acquisition is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

After the completion of the Acquisition, the Company’s interest in the Target will be accounted for as an investment.

Listing Rules Implications

As the applicable percentage ratio of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under rule 14.06 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

PLACING AND SUBSCRIPTION

The Placing Agreement

- Date: 26 July 2011
- Seller: Rich Place Investment Limited which is wholly owned by RBTT Trust Corporation, acting in its capacity as the trustee of The Wing Hong Trust, a discretionary trust whose beneficiaries are the family members of Mr. Hui Kau Mo, executive Director. Rich Place and Wise Win Enterprises Limited, a wholly owned subsidiary of Rich Place, together are interested in 743,918,560 Shares, representing approximately 47.88% of the entire issued share capital of the Company as at the date of this announcement.
- Placing Agent: Tanrich Securities Company Limited. To the best of the Directors' knowledge, information and belief, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.
- Placees: The Placing Shares will be placed to not less than six Placees (who will be independent individual, corporate and/or institutional investors) and their ultimate beneficial owners will be Independent Third Parties and will be independent of and not acting in concert with Rich Place and its concert parties. It is expected that no Placee will become a substantial Shareholder (as such term is defined in the Listing Rules) immediately following completion of the Placing and the Subscription.
- Number of Placing Shares: Up to 310,000,000 existing Shares, to be placed by the Placing Agent on a best effort basis, on behalf of Rich Place. Assuming the Placing Shares are fully placed, the Placing Shares represents approximately 19.95% of all the issued 1,553,830,000 Shares as at the date of this announcement and approximately 16.63% of all the issued Shares as enlarged by the Subscription.
- Placing Price: HK\$0.078 per Placing Share. The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, the recent trading price of the Shares on the Stock Exchange. The Placing Price represents:
- (a) a discount of approximately 16.13% to the closing price of HK\$0.093 per Share as quoted on the Stock Exchange on 26 July 2011, being the last trading day of the Shares prior to the date of the Placing Agreement;

- (b) a discount of approximately 18.07% to the average closing price of approximately HK\$0.0952 per Share as quoted on the Stock Exchange for the last 5 full trading days of the Shares immediately before the date of the Placing Agreement.

Placing Commission: The Placing Agent will receive a placing commission of 2.5% on the gross proceeds of the Placing.

Completion of the Placing: The Placing is unconditional and completion of the Placing is expected to take place on or before 9 August 2011 (or such other time or date as Rich Place and the Placing Agent may agree in writing).

The Subscription Agreement

Date: 26 July 2011

Subscriber: Rich Place Investment Limited

Number of Subscription Shares: The Company will issue such number of new Shares to Rich Place as is equal to the number of Placing Shares successfully placed by the Placing Agent pursuant to the Placing. Assuming the Placing Shares are fully placed, the Company will issue 310,000,000 Subscription Shares to Rich Place, representing approximately 19.95% of all the issued 1,553,830,000 Shares as at the date of this announcement and approximately 16.63% of all the issued Shares as enlarged by the Subscription. The nominal value of the Subscription Shares is HK\$3,100,000.00.

Subscription Price: HK\$0.078 per Subscription Share. Subject to the Subscription being completed, the Company will bear the costs and expenses in connection with the Placing and the net proceeds from the Subscription is estimated to be approximately HK\$23.2 million (assuming the Placing Shares are fully placed). As a result, the net price per Subscription Share will be approximately HK\$0.0748.

General Mandate: The Subscription Shares will be issued pursuant to the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the Company's annual general meeting held on 28 August 2010 up to 310,766,000 Shares. As at the date of this Announcement, no Shares have been issued pursuant to the general mandate.

Ranking of Subscription Shares: The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the date of the Subscription Agreement.

Conditions to the Subscription: The Subscription is conditional upon the following conditions:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in all the Subscription Shares;
- (b) completion of the Placing having occurred pursuant to the terms of the Placing Agreement; and
- (c) the Executive of SFC granting a waiver to Rich Place under Note 6 on dispensations from Rule 26 of the Takeovers Code as a result of the Placing and Subscription by Rich Place.

Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares. The issue of the Subscription Shares are not subject to Shareholders' approval.

An application will be made by Rich Place to the SFC for the grant of a waiver to Rich Place under Note 6 on dispensations from Rule 26 of the Takeovers Code as a result of the Placing and Subscription by Rich Place.

The condition precedent relating to the granting of a waiver by the Executive under Note 6 on dispensations from Rule 26 of the Takeovers Code cannot be waived by Rich Place. If the conditions are not fulfilled on or before 9 August 2011 (or such later date as the parties may mutually agree, subject to compliance of all the relevant requirements of the Listing Rules) the Subscription Agreement will lapse.

Completion of the Subscription: Subject to the satisfaction of all the conditions set out above, the Subscription is expected to be completed within 14 days from the date of the Subscription Agreement, i.e. 9 August 2011 or such later time and/or such other date as Rich Place and the Company may agree in writing. If the Subscription is to be completed after 9 August 2011, it will constitute a connected transaction under the Listing Rules and require compliance with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate announcement and approval of the independent Shareholders.

Effect of the Placing and the Subscription on Shareholding

The holdings of Shares immediately before the completion of the Placing, immediately after completion of the Placing but before completion of the Subscription, and immediately after completion of both Placing and the Subscription are and will be as follows:

Shareholders	As at the date hereof		Immediately after Placing but before Subscription		Immediately after Placing and Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Rich Place Investment Limited (note 1)	743,918,560	47.88	433,918,560	27.93	743,918,560	39.91
United Century Limited (note 2)	121,978,000	7.85	121,978,000	7.85	121,978,000	6.55
Other Shareholders	687,933,440	44.27	687,933,440	44.27	687,933,440	36.91
Placees	0	0.00	310,000,000	19.95	310,000,000	16.63
Total	<u>1,553,830,000</u>	<u>100.00</u>	<u>1,553,830,000</u>	<u>100.00</u>	<u>1,863,830,000</u>	<u>100.00</u>

Note :

1. These Shares are held as to 618,918,560 Shares by Rich Place Investment Limited and 125,000,000 Shares by Wise Win Enterprises Limited, which is a wholly owned subsidiary of Rich Place. The entire issued share capital of Rich Place is held by RBTT Trust Corporation, acting in its capacity as the trustee of The Wing Hong Trust, a discretionary trust whose beneficiaries are the family members of Mr. Hui Kau Mo, executive Director.
2. United Century Limited is wholly owned by Mr. Hui Chi Yang, the son of Mr. Hui Kau Mo, Executive Director and brother of Mr. Hui Chi Yung, Executive Director.

REASONS FOR AND BENEFITS OF THE PLACING AND SUBSCRIPTION AND USE OF THE PROCEEDS

The Group is principally engaged in a broad spectrum of construction works, including building construction, renovation and fitting out works for both public and private sectors in Hong Kong, and media sales and management services for the multi-media business in the PRC.

In view of the Acquisition and the current market conditions, the Directors consider that the Placing and the Subscription represent a good opportunity to broaden the shareholders base and capital base of the Company and to raise capital to finance the Acquisition and for the Group's operation and future business developments.

The Directors consider the terms of the Placing Agreement and the Subscription Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will bear all costs and expenses of up to a maximum of approximately HK\$1 million in connection with the Placing and the Subscription. The net proceeds of up to a maximum of approximately HK\$23.2 million from the Subscription will be used as to HK\$13 million for financing the Acquisition and the balance for repayment of debts and/or general working capital and/or investment opportunities should the same shall arise in the future.

Equity Fund Raising Activities in the Past Twelve Months

The Company has not conducted any equity fund raising activities for the 12 months immediately before the date of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Acquisition”	the acquisition of the Sale Shares pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 26 July 2011 entered into between the Vendor and the Purchaser relating to the sale and purchase of the Sale Shares
“Board”	the board of directors of the Company
“business day”	has the meaning ascribed to it under the Listing Rules
“connected persons”	has the meaning ascribed to it in the Listing Rules
“Company”	China Railsmedia Corporation Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition
“Consideration”	HK\$28.8 million
“Directors”	the directors of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its lawful delegate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placee”	any individual, institutional or other professional investor procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by Rich Place, through the Placing Agent, pursuant to the Placing Agreement
“Placing Agent”	Tanrich Securities Company Limited
“Placing Agreement”	the placing agreement entered into between Rich Place and the Placing Agent dated 26 July 2011 in relation to the Placing
“Placing Price”	HK\$0.078 per Placing Share
“Placing Shares”	a maximum of 310,000,000 Shares beneficially owned by Rich Place and to be placed pursuant to the Placing Agreement
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Promissory Note”	The promissory note to be issued by the Purchaser for the principal sum of HK\$15.8 million in favour of the Vendor to satisfy part of the Consideration
“Rich Place”	Rich Place Investment Limited, a company incorporated in the British Virgin Islands and is wholly owned by RBTT Trust Corporation, acting in its capacity as the trustee of The Wing Hong Trust, a discretionary trust whose beneficiaries are the family members of Mr. Hui Kau Mo, executive Director.
“Sale Shares”	the 7 ordinary shares of HK\$1.00 each in the issued share capital of the Target held and beneficially owned by the Vendor, representing 7% of the total issued share capital of the Target
“SFC ”	the Securities and Futures Commission of Hong Kong

“Shareholders”	holder(s) of Share(s)
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares by Rich Place pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and Rich Place dated 26 July 2011 in relation to the Subscription
“Subscription Price”	HK\$0.078 per Subscription Share
“Subscription Shares”	Shares to be subscribed by Rich Place pursuant to the Subscription Agreement
“Target”	China New Media (HK) Company Limited, a company incorporated in Hong Kong with limited liability
“Takeovers Code”	The Hong Kong Code On Takeovers and Mergers
“Vendor”	Win Today Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Ms. Yu Wai Yin, Vicky, Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By the order of the Board of
CHINA RAILSMEDIA CORPORATION LIMITED
Hui Chi Yung
Chairman

Hong Kong, 26 July 2011

As at the date of this announcement, the Board comprises Mr. Hui Chi Yung and Mr. Hui Kau Mo as Executive Directors, Mr. Liu Kwong Sang, Mr. Sit Hing Wah and Dr. Hu Chung Kuen, David as Independent Non-Executive Directors.

All Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, 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.