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If you are in any doubt as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Outdoor Media Group Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME AND NOTICE OF EGM

A notice convening an extraordinary general meeting (the “EGM”) of the Company to be held at 11 a.m. on Friday, 14 December 2012 at Unit 1803, 18/F, Sun Hung Kai Centre, No. 30 Harbour Road, Wanchai, Hong Kong is set out on pages 19 to 20 of this circular. A form of proxy for use at the EGM is also enclosed with this circular.

Whether or not you intend to be present thereat, you are requested to complete the accompanying form of proxy and return it to the registered office of the Company situated at Unit 1803, 18/F, Sun Hung Kai Centre, No. 30 Harbour Road, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the EGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM should you so wish.

22 November 2012

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Adoption Date”	14 December 2012, the date on which this New Share Option Scheme is conditionally adopted by an ordinary resolution of the Shareholders;
“Articles of Association”	the articles of association of the Company as amended from time to time;
“associates”	has the same meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors for the time being of the Company or a duly authorised committee thereof;
“Business Day”	a day (other than a Saturday, Sunday, public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours;
“Company”	China Outdoor Media Group Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange;
“connected person”	has the same meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company for the time being;
“Eligible Participant(s)”	full time or part time employees of the Group or any Invested Entity (including any Directors, whether executive or non-executive and whether independent or not, of the Group or any Invested Entity); any holder of any securities issued by the Group; and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group or any Invested Entity or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity;
“Existing Share Option Scheme”	the share option scheme adopted by the Company by way of shareholders’ resolution on 25 July 2002;

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held at 11 a.m., on Friday, 14 December 2012, at Unit 1803, 18/F, Sun Hung Kai Centre, No. 30 Harbour Road, Wanchai, Hong Kong or any adjournment thereof the notice of which is set out on pages 19 to 20 in this circular;
“Grantee”	any Eligible Participant who accepts the Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits and as referred to in sub-paragraph 6.3(a) of the New Share Option Scheme as summarised in paragraph (l) in the Appendix to this circular) his/her Personal Representative(s);
“Group”	the Company and its Subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Invested Entity”	any entity in which the Group holds an equity interest;
“Latest Practicable Date”	19 November 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Share Option Scheme”	the new share option scheme which is proposed to be adopted by the Company at the EGM, the principal terms of which are set out in the Appendix to this circular;
“Offer”	an offer for the grant of an Option made in accordance with the New Share Option Scheme;
“Offer Date”	the date on which an Offer is made to an Eligible Participant;
“Option(s)”	any option(s) granted or to be granted to Eligible Participant(s) to subscribe for Share(s) under the Existing Share Option Scheme or, after its expiry, under the New Share Option Scheme;
“Option Holder(s)”	the relevant holder(s) of the Option(s);

DEFINITIONS

“Option Period”	in respect of any particular Option, the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination thereof contained herein;
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised);
“Scheme Mandate Limit”	has the meaning ascribed to it under paragraph (e) of the Appendix set out on page 8 of this circular;
“Share(s)”	ordinary share(s) 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;
“Subsidiary(ies)”	any company which is for the time being and from time to time a subsidiary of the Company (within the meaning of the Laws of Hong Kong as amended or supplemented from time to time);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“%”	per cent.



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)

Executive Directors:

WANG Gang
ZHU Defu
TSUI Wing Cheong, Sammy
HU Wei
LAU Chi Yuen, Joseph
TANG Lap Chin, Richard
LU Liang

Registered office:

Unit 1803, 18/F
Sun Hung Kai Centre
No. 30 Harbour Road
Wanchai, Hong Kong

Non-executive Director:

GAO Hong Xing

Independent non-executive Directors:

CHENG Kwong Choi, Alexander
CHENG Sheung Hing
TAY Sheve Li

To the Shareholders

22 November 2012

Dear Sir or Madam,

**PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF EGM**

INTRODUCTION

The purpose of this circular is to provide you with the details of the New Share Option Scheme and a notice to convene the EGM to consider and, if thought fit, to approve the adoption of the New Share Option Scheme.

PROPOSAL FOR ADOPTION OF THE NEW SHARE OPTION SCHEME

New Share Option Scheme

As the Existing Share Option Scheme having expired on 24 July 2012, the Company proposes to adopt the New Share Option Scheme which complies with Chapter 17 of the Listing Rules.

LETTER FROM THE BOARD

The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group or any Invested Entity.

The rules of the New Share Option Scheme provide that the Company may specify the Eligible Participants to whom Options shall be granted, the number of Shares subject to each Option and the date on which the Options shall be granted. The basis for determining the subscription price is also specified precisely in the rules of the New Share Option Scheme. Subject to the terms of the New Share Option Scheme, the Board may in its absolute discretion when making an Offer impose any conditions, restrictions or limitation in relation thereto in addition to those set forth in the New Share Option Scheme as it may think fit including continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Company and/or the Grantee, the satisfactory performance or maintenance by the Grantee of certain conditions or obligations or the time or period when the right to exercise the Option partly or fully shall vest provided always that no Offer made to such Grantee would or might constitute an invitation to the public to subscribe for the Shares under any applicable laws, legislations and regulations. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Eligible Participants to acquire proprietary interests in the Company.

As at the Latest Practicable Date, the Company had 10,843,535,000 issued Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the Adoption Date, the number of Shares issuable pursuant to the New Share Option Scheme on the Adoption Date will be 1,084,353,500 Shares, representing 10% of the existing issued share capital of the Company.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but are not limited to the subscription price, exercise period and lock-up period (if any), and predetermined performance target (if any). The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to Shareholders.

None of the Directors is trustee of the New Share Option Scheme or has a direct or indirect interest in the trustee. With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

CONDITIONS PRECEDENT OF THE NEW SHARE OPTION SCHEME

The adoption of the New Share Option Scheme is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme; and

LETTER FROM THE BOARD

- (b) the passing of an ordinary resolution to adopt the New Share Option Scheme by the Shareholders at the EGM.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the New Share Option Scheme at the EGM, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and another other schemes must not in aggregate exceed 10% of the total issued capital of the Company as at the Adoption Date unless the Company obtains a fresh approval from Shareholders to renew the 10% limit on the basis that the maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme together with any Options outstanding and yet to be exercised under the New Share Option Scheme and any other schemes shall not exceed 30% of the issued share capital of the Company from time to time.

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the EGM is set out in the Appendix to this circular on pages 8 to 18. A copy of the rules of the New Share Option Scheme is available for inspection at the registered office of the Company at Unit 1803, 18/F, Sun Hung Kai Centre, No. 30 Harbour Road, Wanchai, Hong Kong during normal business hours from the date hereof up to and including the date of the EGM.

EGM

A notice of the EGM which will be held at 11 a.m. on Friday, 14 December 2012 at Unit 1803, 18/F, Sun Hung Kai Centre, No. 30 Harbour Road, Wanchai, Hong Kong is set out on pages 19 to 20 of this circular. An ordinary resolution will be proposed at the EGM to seek Shareholders' approval to adopt the New Share Option Scheme.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to be present at the EGM, you are requested to complete this form of proxy and return it to the registered office of the Company situated at Unit 1803, 18/F, Sun Hung Kai Centre, No. 30 Harbour Road, Wanchai, Hong Kong in accordance with the instructions printed thereon no later than 48 hours before the time of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM. The Board confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

LETTER FROM THE BOARD

The resolution proposed to be approved at the EGM will be taken by poll and an announcement on the outcome of the EGM for the adoption of the New Share Option Scheme will be made by the Company following the EGM.

APPLICATION FOR LISTING

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

As at the date of this circular, no option has been granted or agreed to be granted under the New Share Option Scheme.

RECOMMENDATION

The Directors consider that the proposed adoption of the New Share Option Scheme is in the best interests of the Company and the Shareholders as a whole as the provisions of the New Share Option Scheme and any Options granted thereunder will be in line with the requirements of Chapter 17 of the Listing Rules. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

GENERAL

Your attention is also drawn to the additional information set out in the Appendix to this circular.

The English text of this circular, the notice of the EGM and the form of proxy for use at the EGM shall prevail over the Chinese text in case of inconsistency.

Yours faithfully,
For and on behalf of the Board of
China Outdoor Media Group Limited
Tsui Wing Cheong, Sammy
Director

NEW SHARE OPTION SCHEME

The following is a summary of the principal terms of the New Share Option Scheme but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:

(a) Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group or any Invested Entity.

(b) Administration of the New Share Option Scheme

The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the New Share Option Scheme or its interpretation or effects shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby. The Board may delegate any or all of its powers in relation to the New Share Option Scheme to any of its committees. The Board shall have the powers from time to time to make or vary regulations for the administration and operation of the New Share Option Scheme provided the same are not inconsistent with the Listing Rules.

(c) Grant and acceptance of Options

Subject to the terms of the New Share Option Scheme, the Board may, in its absolute discretion, invite any Eligible Participant to take up Options to subscribe for Shares at a price calculated in accordance with paragraph (d) below.

An offer of the grant of an Option shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of twenty (20) days from the date upon which it is made provided that no such offer shall be open for acceptance after the earlier of the 10th anniversary of the Adoption Date or the termination of the New Share Option Scheme or the Eligible Participant to whom such offer is made has ceased to be an Eligible Participant.

A non-refundable nominal consideration of HK\$10.00 is payable by the Grantee upon acceptance of an Option. An Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option duly signed by the Eligible Participant together with the said consideration of HK\$10.00 is received by the Company.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in such number of Shares as represents a board lot for the time being for the purpose of trading on the Stock Exchange or an integral multiple thereof.

(d) Exercise of Options and Price of Shares

An Option may be exercised in whole or in part by the Grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. Within 20 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company's auditors or independent financial advisers, the Company shall allot and issue the relevant Shares to the Grantee (or his legal Personal Representative(s)) credited as fully paid.

Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered onto the register of members of the Company as the holder thereof.

The subscription price for Shares under the New Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day; (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and (iii) the nominal value of the Share on the Offer Date.

(e) Maximum number of Shares available for issue

- (i) Subject to the Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the relevant class of Shares in issue from time to time. No Options may be granted under the New Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.

- (ii) Subject to the limit mentioned in (e)(i) above, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company adopted by the Company must not, in aggregate, exceed 10% of the Shares in issue as at the date of the approval of the New Share Option Scheme (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to sub-paragraphs (iii) and (iv) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (iii) Subject to the limit mentioned in (e)(i) above, the Company may refresh the Scheme Mandate Limit at any time subject to approval of the Shareholders in general meeting, provided that the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of passing the relevant resolution. Options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) will not be counted for the purpose of calculating the this limit. The Company must send a circular to the Shareholders containing such information as required under the Listing Rules.
- (iv) Subject to the limit mentioned in (e)(i) above, the Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants, the number and terms of Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the Listing Rules.

(f) Grant of Options to connected persons or any of their associates

Any grant of Options to a connected person (including but not limited to a Director or substantial Shareholder) or its associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee). Where Options are proposed to be granted to a connected person who is also a substantial Shareholder (as defined in the Listing Rules) or an independent non-executive Director or their respective associates and if such grant would result in the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) in any 12-month period up to and including

the date of grant to such person representing in aggregate over 0.1 % of the total issued Shares and having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million, then the proposed grant must be subject to the approval of Shareholders taken on a poll in a general meeting. All connected persons of the Company must abstain from voting at such general meeting (except where any connected person intends to vote against the proposed grant provided that his intention to do so has been stated in the Shareholders' circular to be issued as stated below).

A circular must be prepared by the Company explaining the proposed grant, disclosing (i) the number and terms of the Options to be granted, (ii) containing a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a Grantee) on whether or not to vote in favour of the proposed grant, (iii) containing information relating to any Directors who are trustees of the scheme or have a direct or indirect interest in the trustees.

Any change in the terms of Options granted to a connected person or its associates must be approved by Shareholders in a general meeting.

(g) Maximum entitlement of each Participant

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Participant or Grantee (including exercised and outstanding options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the Shares in issue. Where it is proposed that any offer is to be made to an Eligible Participant (or where appropriate, an existing Grantee) which would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the twelve (12)-month period up to and including the relevant date of grant to exceed such limit, such offer and any acceptance thereof must be conditional upon Shareholders' approval in general meeting with such Eligible Participant (or where appropriate, an existing Grantee) and his, her or its associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Eligible Participant or grantee, the number and terms of options to be granted (and options previously granted) to such Eligible Participant, the information required under the Listing Rules. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before the date on which Shareholders' approval is sought and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(h) Time of Exercise of Options

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date

of the grant of the particular Option but subject to the provisions for early termination but subject to the early termination of the New Share Option Scheme (the “**Option Period**”).

Subject to the paragraphs of the New Share Option Scheme, the Board may in its absolute discretion when making an Offer impose any conditions, restrictions or limitation in relation thereto in addition to those set forth in the New Share Option Scheme as it may think fit including continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Company and/or the Grantee, the satisfactory performance or maintenance by the Grantee of certain conditions or obligations or the time or period when the right to exercise the Option partly or fully shall vest provided always that no Offer made to such Grantee would or might constitute an invitation to the public to subscribe for the Shares under any applicable laws, legislations and regulations.

(i) Restrictions on the time of grant of Options

Grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in the newspapers. In particular, no Option may be granted:

- (1) after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published by the Company;
- (2) during the period commencing (sixty) 60 days immediately preceding the earlier of: (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company results for any year (whether or not required under the Listing Rules); (b) the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the financial results of the Company (whether or not required under the Listing Rules); and (c) the deadline for the Company to publish an announcement of its results for any year under the Listing Rules (whether or not required under the Listing Rules); and
- (3) during the period commencing (thirty) 30 days immediately preceding the earlier of: (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company results for any half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (b) the deadline for the Company to publish an announcement of its results for any half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules).

(j) Rights are personal to Grantees

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option or part thereof granted to such Grantee to the extent not already exercised.

(k) Rights on cessation of employment by dismissal

If the Grantee is an employee and ceases to be an employee on one or more of the grounds that he or she has been guilty of persistent or serious misconduct, bankruptcy, insolvency, composition with his or her creditors generally or conviction of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Company and any member of the Group or the relevant Invested Entity into disrepute) or any other ground(s) on which the relevant member of the Group or the relevant Invested Entity would be entitled to terminate his or her employment pursuant to any applicable law, his or her Option (to the extent not already exercised) will lapse on the date of cessation of his or her employment.

(l) Rights on death

If the Grantee ceases to be an Eligible Participant by reason of his or her death before exercising the Options in full and none of the events referred to in paragraph (k) above as ground for termination of his or her Options arises, his or her Personal Representative(s) may exercise the Option (to the extent not already exercised) within a period of twelve months following the date of death (or such longer period as the Board may determine), failing which it will lapse. If any of the events referred to in paragraph (q) to (s) below occurs during such period, his or her Personal Representative(s) may exercise the Option pursuant to paragraphs (q) to (s) respectively.

(m) Rights on cessation of employment by reason of ill-health or retirement

If the Grantee is an employee and ceases to be an employee by reason of ill-health or retirement in accordance with his or her contract of employment, he or she may exercise the Option (to the extent not already exercised) within a period of six months following the date of such cessation, failing which it will lapse. The date of cessation shall be the last day on which the Grantee is actually at work with the Group or the relevant Invested Entity whether salary is paid in lieu of notice or not. If any of the events referred to in paragraph (q) to (s) below occurs during such period, he or she may exercise the Option pursuant to paragraphs (q) to (s) respectively.

(n) Rights on cessation for other reasons

If the Grantee ceases to be an Eligible Participant for any reason other than the reasons set out in paragraphs (l) and (m) above, his or her Option (to the extent not already exercised) will lapse on the date of cessation.

(o) Rights on cessation of holding securities issued by the Group

If the Grantee who is a holder of the securities issued by the Group or any Invested Entity ceasing to be an Eligible Participant by reason that such Option Holder ceases to be a holder of any securities issued by the Group or any Invested Entity, the Option shall lapse on the date of cessation. If the grantor or the issuer of such securities ceases to be member of the Group or an Invested Entity, the Grantee may exercise the Option within six months following the date of cessation.

(p) Rights on breach of contract

If the Grantee who is a business or joint venture partner, contractor, agent or representative, consultant, adviser, supplier, producer or licensor, customer, licensee (including any sub-licensee) or distributor, landlord or tenant (including sub-tenant) of the Group or the relevant Invested Entity ceasing to be an Eligible Participant by reason of breach of contract entered into between such Eligible Participant and the relevant member of the Group or the relevant Invested Entity, in the absolute determination of the Board, the Option shall lapse on the date of the Board's determination and not be exercisable.

(q) Rights on a general offer

In the event of a general offer being made to all Shareholders (or all such holders other than the offeror and/or person controlled by the offeror and/or any person acting in concert (as defined in The Hong Kong Codes on Takeovers and Mergers) with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the Grantee (or his Personal Representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within thereafter and up to the close of such offer.

(r) Rights on winding up

In the event a notice is given by the Company to its members to convene an extraordinary general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Grantee may by notice in writing to the Company within twenty-one (21) days after the date of such resolution elect to be treated as if the Option had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in such notice and shall accordingly be entitled to receive out of the assets available in

the liquidation *pari passu* with the Shareholders such sum as would have been received in respect of the Shares which is the subject of such election and should be reduced by an amount equal to the Subscription Price which would otherwise have been payable in respect thereof.

(s) Rights on reconstruction, compromise or arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice to the Grantee on the same date as it despatches the notice to each member or creditor of the Company to summon a meeting to consider such a compromise or arrangement, and thereupon the Grantee (or his or her Personal Representative(s)) may by notice in writing to the Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice shall be received by the Company no later than five (5) Business Days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting allot and issue such number of Shares to the Grantee credited as fully paid.

(t) Cancellation of Options

Any Option granted but not exercised may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Directors. Any cancellation of Options granted but not exercised and the issuance of new Options to the same Grantee may only be made under the New Share Option Scheme with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit referred to in paragraph (e)(i) above. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

(u) Effect of alterations to share capital

In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserved, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the numbers or nominal amount of Shares subject to any Option so far as such Option remains unexercised and/or (ii) the subscription price per Share as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any Grantee certify in writing to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that the Grantee shall have the same proportion of the issued share capital of the Company to which he or she was entitled before such alteration and the aggregate subscription price payable by the

Grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. Save in the case of a capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

(v) Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the Option is exercised and accordingly will entitle the holders of Shares to participate in all dividends or other distributions paid or made on or after the date on which the Option is exercised other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

(w) Duration of the New Share Option Scheme

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, which is expected to be the date of the EGM, and expiring at the close of business on the tenth anniversary thereof, after such period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised.

(x) Alterations to the terms of the New Share Option Scheme

- (i) The provisions relating to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible Participants without the prior approval of Shareholders in a general meeting.
- (ii) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (iii) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (iv) Any change to the authority of the Directors or the administrator of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in a general meeting.

(y) Conditions of the New Share Option Scheme

The New Share Option Scheme is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of this Scheme; and
- (b) the passing of ordinary resolution to adopt the New Share Option Scheme.

(z) Lapse of Options

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (k) to (s);
- (iii) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph (j) by the Grantee in respect of that or any other Option; and
- (iv) the date of the commencement of the winding-up of the Company.

(aa) Termination

The Company by ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior to such termination.

Details of the Options granted, including Options exercised or outstanding, under the New Share Option Scheme shall be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established after such termination.

(bb) Miscellaneous

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 17 of the Listing Rules.

The Company will comply with the relevant statutory requirements and the Listing Rules from time to time in force on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph (u) above shall be referred to the decision of the auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final and conclusive.



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of China Outdoor Media Group Limited (the “**Company**”) will be held at 11 a.m. on Friday, 14 December 2012 at Unit 1803, 18/F, Sun Hung Kai Centre, No. 30 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company by way of poll:

ORDINARY RESOLUTION

“THAT:

subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting listing of, and permission to deal in, the shares of HK\$0.01 each (the “**Shares**”) in the capital of the Company to be issued pursuant to the exercise of options which may be granted under the new share option scheme of the Company (the “**New Share Option Scheme**”, the rules of which are summarised in the circular of the Company dated 22 November 2012 and contained in the document marked “A” produced to the Meeting and initialed by the Chairman of the Meeting for identification purpose only), the rules of the New Share Option Scheme be and are hereby approved and adopted and that the Directors be and are hereby authorised to:

- (i) administer the New Share Option Scheme under which the options will be granted to eligible participants under the New Share Option Scheme to subscribe for Shares;
- (ii) modify and/or amend the rules of the New Share Option Scheme from time to time subject to the provisions of such rules;
- (iii) allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the New Share Option Scheme; and

NOTICE OF EGM

- (iv) make application at the appropriate time to the Stock Exchange, and any other stock exchange upon which the Shares may for the time being be listed, for listing of, and permission to deal in, the Shares which may thereafter from time to time be issued and allotted pursuant to the exercise of the options under the New Share Option Scheme.”

By Order of the Board
China Outdoor Media Group Limited
Wong Pik Kwan
Company Secretary

Hong Kong, 22 November 2012

Notes:

1. A shareholder (the “**Shareholder**”) of the Company entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is holder of two or more Shares may appoint more than one proxy to attend and vote instead of him. A proxy need not be a Shareholder, but must be present in person at the Meeting. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be deposited at the registered office of the Company situated at Unit 1803, 18/F, Sun Hung Kai Centre, No. 30 Harbour Road, Wanchai, Hong Kong no later than 48 hours before the time appointed for the Meeting (or any adjournment thereof).
3. A proxy form for use at the Meeting is enclosed. Whether or not the Shareholders intend to attend the Meeting in person, the Shareholders are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Meeting or any adjournment thereof should they so desire.
4. In the case of joint holders of Shares, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such Share as if he was solely entitled thereto, but if more than one of such joint holder are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
5. Any voting at the Meeting shall be taken by poll.