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ROADSHOW HOLDINGS LIMITED

路訊通控股有限公司 *

(incorporated in Bermuda with limited liability)

(Stock Code: 888)

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF ANNUAL CAPS**

**Independent financial adviser to the Independent Board Committee
and the independent Shareholders**



A letter from the board of directors of RoadShow Holdings Limited (the “Company”) is set out on pages 4 to 11 of this circular. A letter from the independent board committee of the Company is set out on pages 12 to 13 of this circular. A letter from Quam Capital Limited, the independent financial adviser to the independent board committee and the independent shareholders of the Company, is set out on pages 14 to 22 of this circular.

Hong Kong, 20 April 2011

* For identification purposes only

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DEFINITIONS

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

“Advertising Contracts”	the contracts between Bus Focus and the outside advertisers for the purpose of advertising, sponsorship or commercial promotion at the Selected Bus Shelters
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bus Focus”	Bus Focus Limited, a company incorporated in the British Virgin Islands and indirectly owned as to 60% by the Company and 40% by JCHKL
“Company”	RoadShow Holdings Limited, a company incorporated in Bermuda, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 888)
“Companies Ordinance”	Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Continuing Connected Transactions”	the transactions contemplated by the Service Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the Board comprising Dr. Carlye Wai-Ling TSUI and Professor Stephen CHEUNG Yan Leung, being independent non-executive Directors, to advise the independent Shareholders in respect of the proposed annual caps for the Continuing Connected Transactions

DEFINITIONS

“JCHKL”	JCDecaux Cityscape Hong Kong Limited (formerly known as JCDecaux Texon International Limited), a company incorporated in Hong Kong
“JCL”	JCDecaux Cityscape Limited (formerly known as JCDecaux Texon Limited), a company incorporated in Hong Kong and a wholly-owned subsidiary of JCHKL
“KMB”	The Kowloon Motor Bus Company (1933) Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Transport International
“KMB Shelter Designs”	the design, layout and setting of the bus shelters owned by KMB
“Latest Practicable Date”	18 April 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Licence Agreement”	the licence agreement dated 12 November 2008 entered into between KMB and Bus Focus in relation to, among others, the grant of an exclusive licence to conduct media sales agency and management business on the Selected Bus Shelters by KMB to Bus Focus for a term commencing as effective on 1 August 2008 until 31 July 2012 (both dates inclusive)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Selected Bus Shelters”	the bus shelters owned by KMB other than the Selected Bus Shelters
“Quam Capital”	Quam Capital Limited, a corporate licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the independent Shareholders in respect of the proposed annual caps for the Continuing Connected Transactions

DEFINITIONS

“Renewal Period”	the period from 1 August 2012 until 30 June 2017 (both dates inclusive)
“RMHL”	RoadShow Media Holdings Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“Selected Bus Shelters”	the selected bus shelters owned by KMB
“Service Agreement”	the service agreement dated 12 November 2008 entered into between Bus Focus and JCL in relation to, among others, the provision of media sales agency services and maintenance and operational services in respect of Selected Bus Shelters by JCL to Bus Focus for a term commencing as effective on 1 August 2008 until 31 July 2012 (both dates inclusive)
“Shortfall”	the shortfall which JCL shall pay to Bus Focus if the actual advertising rental accrued by Bus Focus derived from the panels in relation to the Advertising Contracts is less than the guaranteed rental in any calendar month
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	holder(s) of the share(s) of the Company
“subsidiary”	shall have the meaning ascribed to it under the Companies Ordinance
“substantial shareholder”	shall have the meaning ascribed to it under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transport International”	Transport International Holdings Limited, a company incorporated in Bermuda and whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 62), which is the ultimate holding company of the Company
“%”	per cent



ROADSHOW HOLDINGS LIMITED

路訊通控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 888)

Board of Directors:

Dr. John CHAN Cho Chak (*Chairman*)

GBS, JP, DBA (Hon), DSocSc (Hon), BA, DipMS, CCMI, FCILT, FHKIoD

Mr. YUNG Wing Chung (*Deputy Chairman*)

Ms. Winnie NG (*Deputy Chairman*)

BA, MBA (Chicago), MPA (Harvard), FCIM, CMILT, MHKIoD

Dr. Carlye Wai-Ling TSUI[#]

BBS, MBE, JP, DProf, BA(Econ), FHKIoD, FBCS, CITP, FHKIE, HonFACE, PDipCD

Dr. Eric LI Ka Cheung[#]

GBS, OBE, JP, LLD, DSocSc, BA, FCPA (Practising), Hon HKAT, FCA, FCPA (Aust.), FCIS, FHKIoD

Professor Stephen CHEUNG Yan Leung[#]

BBS, JP, FHKIoD

Mr. MO Tik Sang (*Managing Director*)

FHKIoD

Mr. MAK Chun Keung

Mr. John Anthony MILLER

SBS, OBE, MPA (Harvard), BA (London), FHKIoD

Mr. Edmond HO Tat Man

MA(Cantab), MBA, CMILT, MHKIoD

[#] *Independent Non-Executive Director*

Registered Office:

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9 Po Lun Street
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Hong Kong

20 April 2011

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF ANNUAL CAPS**

1. INTRODUCTION

Reference is made to the joint announcement of the Company and Transport International dated 13 November 2008 and the circular of the Company dated 28 November 2008 in which details of the non-exempt continuing connected transactions under the Licence Agreement and the Service Agreement were disclosed.

* *For identification purposes only*

LETTER FROM THE BOARD

The transactions under the Licence Agreement and the annual caps (being the maximum aggregate annual values) of the royalty fees payable under the Licence Agreement for the 3 years ended 31 December 2010 were approved by the independent Shareholders at the special general meeting held on 15 December 2008. The transactions under the Service Agreement and the annual caps of the Shortfall receivable and the management fees payable under the Service Agreement for the 3 years ended 31 December 2010 were approved in writing by KMB Resources Limited, a wholly-owned subsidiary of Transport International and the intermediate controlling Shareholder holding approximately 73.01% of the issued share capital of the Company.

The Board further refers to the announcement of the Company dated 29 March 2011 whereby the proposed annual caps in respect of the royalty fees payable under the Licence Agreement, and the proposed annual caps in respect of the Shortfall receivable and the management fees payable under the Service Agreement, for the year ending 31 December 2011 and for the 7 months ending 31 July 2012 were announced. Based on the applicable percentage ratios, the aforesaid annual caps in respect of the royalty fees payable under the Licence Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

The purposes of this circular are: (i) to provide you with further information, among other things, details of the proposed annual caps in respect of the Service Agreement; (ii) to set out the opinion and recommendation of the Independent Board Committee; and (iii) to set out the letter of advice from Quam Capital to the Independent Board Committee and the independent Shareholders.

2. THE CONTINUING CONNECTED TRANSACTIONS

Principal terms of the Service Agreement are summarised below.

THE SERVICE AGREEMENT

Date

12 November 2008

Parties

- (1) Bus Focus; and
- (2) JCL.

LETTER FROM THE BOARD

Subject Matter

Bus Focus has appointed JCL exclusively to provide the media sales agency services and maintenance and operational services in respect of the Selected Bus Shelters.

JCL has granted to Bus Focus an exclusive royalty-free right to use the intellectual property rights in the KMB Shelter Designs for the purpose of the Selected Bus Shelters and the Non-Selected Bus Shelters only and JCL has agreed that Bus Focus shall have the right to sublicense such right to KMB only.

Term

The term of the Service Agreement commences as effective on 1 August 2008 until 31 July 2012 (both dates inclusive), and (subject to the fulfillment of all financial obligations of JCL under the Service Agreement and conditional upon the renewal of the Licence Agreement for the Renewal Period and the approval by the Shareholders as and if required by the Listing Rules) shall be extended for the Renewal Period.

The Company will comply with the relevant requirements of the Listing Rules when the term of the Service Agreement is to be extended.

Consideration

If the actual advertising rental accrued by Bus Focus derived from the panels in relation to the Advertising Contracts is less than the guaranteed rental in any calendar month, JCL shall pay to Bus Focus the shortfall (i.e. the Shortfall). The monthly guaranteed rentals (the “**JCL Monthly Guaranteed Rentals**”) for each of the years ending 31 July 2011 and 31 July 2012 are HK\$3,950,440 and HK\$4,006,080 respectively.

The JCL Monthly Guaranteed Rentals was derived by multiplying the target number of panels at the Selected Bus Shelters to be rented by the outside advertisers for the relevant year by the guaranteed rental for each panel for that year. The target number of panels during the term of the Service Agreement is equivalent to the number of panels at the Selected Bus Shelters currently available for renting. The guaranteed rental for each panel for each year during the term of the Service Agreement was determined with reference to the guaranteed rental for the year ended 31 July 2007 as agreed in a previous service agreement between Bus Focus and JCL and taking into account of a slight increment for inflation for each year.

LETTER FROM THE BOARD

The management fee payable by Bus Focus to JCL in each calendar month shall be an amount which equals to 35.6% of the sum of the monthly advertising rental derived from the panels in relation to the Advertising Contracts plus the Shortfall (if any) in the relevant calendar month during the term. The above calculation of management fee was determined by Bus Focus and JCL with reference to the market rates of management fee for similar services as contemplated under the Service Agreement, including without limitation, the rate of service fee payable by a subsidiary of Transport International to a subsidiary of the Company regarding the media sales management and administrative services for transit vehicle exterior advertising.

Bus Focus shall submit to JCL annual statements during the term of the Service Agreement as audited by the accountant jointly appointed by Bus Focus and JCL, showing, among others, the amount of advertising rental and Shortfall. If there is any difference between the figures or calculations as shown in the monthly unaudited statements agreed between Bus Focus and JCL and those as shown in the annual audited statements, the annual audited statements shall be conclusive and the relevant party shall make the necessary adjustment by paying or returning the relevant amount of Shortfall or management fee to the other party.

Historical transaction figures

The Shortfall paid and payable by JCL to Bus Focus for each of the three years ended 31 December 2010 under the Service Agreement were approximately HK\$9.8 million, HK\$19.8 million and HK\$7.5 million respectively.

The management fee paid and payable by Bus Focus to JCL for each of the three years ended 31 December 2010 under the Service Agreement were approximately HK\$14.1 million, HK\$16.5 million and HK\$16.7 million respectively.

LETTER FROM THE BOARD

Proposed annual caps

The Directors proposed the following annual caps in respect of the Shortfall receivable by Bus Focus from JCL and the management fees payable by Bus Focus to JCL under the Service Agreement:

Period	Proposed annual cap for the Shortfall	Proposed annual cap for the management fee
1 January 2011 — 31 December 2011	HK\$24.0 million	HK\$18.0 million
1 January 2012 — 31 July 2012	HK\$15.0 million	HK\$10.5 million

The above proposed annual caps in respect of the Shortfall have been determined based on the estimated advertising rental (the “**Estimated Advertising Rental**”) arrived at with reference to the average historical occupancy rate of the panels in relation to the Advertising Contracts in the preceding three years ended 31 December 2010 and the amount of the relevant JCL Monthly Guaranteed Rentals.

The above proposed annual caps in respect of the management fees have been determined based on the amount of the Estimated Advertising Rental and the amount of the relevant JCL Monthly Guaranteed Rentals.

The above proposed annual caps in respect of the Shortfall receivable and the management fees payable under the Service Agreement are subject to the approval of the independent Shareholders.

Bank Guarantee

JCL has provided Bus Focus with a bank guarantee, in the amounts of HK\$5,925,660 and HK\$6,009,120 for each of the two years ending 31 July 2012 respectively, as security for the due payment of the monthly Shortfall and all other sums payable by JCL to Bus Focus under the Service Agreement and the due performance and observance by JCL of all terms and conditions in the Service Agreement.

LETTER FROM THE BOARD

3. DESCRIPTION OF THE CONNECTED RELATIONSHIPS BETWEEN THE PARTIES IN THE CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in the provision of media sales and management services for the multi-media on-board business, transit vehicles exteriors and interiors advertising businesses and the operation of media advertising management services through marketing advertising spaces on transit vehicles exteriors, interiors, shelters and outdoor signages and the provision of advertising agency services.

Bus Focus:

Bus Focus is indirectly owned by the Company through RMHL as to 60% and directly owned by Immense Prestige Limited (“IPL”) as to 40%. Therefore, Bus Focus is an indirectly non-wholly owned subsidiary of the Company. Bus Focus is principally engaged in the provision of media sales service for advertising on transit vehicle shelters.

JCL:

As IPL, which holds 40% in Bus Focus, is a wholly-owned subsidiary of JCHKL, JCHKL is a substantial shareholder of Bus Focus. JCL is a wholly-owned subsidiary of JCHKL and is therefore a connected person of the Company within the meaning of the Listing Rules. JCL is engaged in marketing and sales of on-street furniture advertising.

4. LISTING RULES REQUIREMENTS

Due to the connected relationship mentioned above and based on the applicable percentage ratios, the proposed annual caps in respect of the Shortfall receivable by Bus Focus from JCL and the management fees payable by Bus Focus to JCL under the Service Agreement are subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has any material interests in the Continuing Connected Transactions.

As no Shareholder has any interest in the transactions under the Service Agreement, no Shareholder is required to abstain from voting on the proposed annual caps for the Shortfall receivable and the management fees payable under the Service Agreement. KMB Resources Limited, a wholly-owned subsidiary of Transport International and the intermediate controlling Shareholder holding 728,127,410 shares of the

LETTER FROM THE BOARD

Company, representing approximately 73.01% of the issued share capital of the Company, has approved in writing the proposed annual caps for the Shortfall and the management fees for the year ending 31 December 2011 and the 7 months ending 31 July 2012 as described above. Accordingly, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver of the requirement for convening a general meeting of Shareholders to approve such proposed annual caps for the Shortfall and management fee, pursuant to Rule 14A.43 and Rule 14A.53 of the Listing Rules.

5. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

Reasons for and benefits of entering into the Service Agreement:

JCL is engaged in outdoor media sales business and has a dominant position in handling bus shelter media sales in Hong Kong. In view of JCL's extensive expertise in media sales, it is beneficial to the Group that JCL continues to provide media sales agency services to Bus Focus. Moreover, as mentioned above, the bus shelter media sales business has been generating revenue and profits for the Group. It is therefore beneficial to the Group for JCL to continue to grant Bus Focus a right to use the intellectual property rights in the KMB Shelter Designs pursuant to the Service Agreement, which Bus Focus, in turn, sublicenses to KMB. The combined strengths of Bus Focus and JCL in terms of resources and market share also enhance the competitiveness of the Group and JCL.

The Directors consider that the proposed annual caps in respect of the Service Agreement are fair and reasonable and in the interest of Company and the Shareholders as a whole.

LETTER FROM THE BOARD

6. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 12 to 13 of this circular which contains its opinion and its recommendation to the independent Shareholders. The Independent Board Committee, having taken into account the advice of Quam Capital, considers that the proposed annual caps in respect of the Service Agreement are fair and reasonable so far as the independent Shareholders are concerned.

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

By Order of the Board
John CHAN Cho Chak
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of recommendation from the Independent Board Committee which has been prepared for the purpose of inclusion in this circular.



ROADSHOW HOLDINGS LIMITED

路訊通控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 888)

20 April 2011

To the independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS RENEWAL OF ANNUAL CAPS

We refer to the circular of the Company dated 20 April 2011 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context requires otherwise.

We have been appointed by the Board as the Independent Board Committee to advise you on whether the proposed annual caps for the Continuing Connected Transactions for the year ending 31 December 2011 and the 7 months ending 31 July 2012 are fair and reasonable so far as the independent Shareholders are concerned.

Quam Capital has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders in respect of the proposed annual caps for the Continuing Connected Transactions. Details of its advice, together with the principal factors taken into consideration in arriving at such, are set out in its letter on pages 14 to 22 of the Circular.

Your attention is drawn to the letter from the Board set out on pages 4 to 11 of the Circular and the general information set out in Appendix I of the Circular.

* For identification purposes only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Continuing Connected Transactions and the factors and reasons considered by and the advice given by Quam Capital, we consider that the proposed annual caps for the Continuing Connected Transactions are fair and reasonable so far as the independent Shareholders are concerned. Accordingly, if a general meeting of the Company were convened for the approval of the proposed annual caps in respect of the Service Agreement, we would recommend the independent Shareholders to vote in favour of it.

Yours faithfully,

Carlye Wai-Ling TSUI

Stephen CHEUNG Yan Leung

Independent Board Committee

LETTER FROM QUAM CAPITAL

The following is the full text of the letter of advice from Quam Capital, the independent financial adviser to the Independent Board Committee and the independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the independent Shareholders in respect of the proposed annual caps of the Continuing Connected Transactions.



Quam Capital Limited

A Member of The Quam Group

20 April 2011

To the Independent Board Committee and the independent Shareholders

RoadShow Holdings Limited

9 Po Lun Street

Lai Chi Kok

Kowloon

Hong Kong

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the independent Shareholders in respect of the proposed annual caps in respect of the Continuing Connected Transactions for the year ending 31 December 2011 and the seven months ending 31 July 2012 (collectively, the “**2011-2012 Annual Caps**”). Details of the 2011-2012 Annual Caps are set out in the “Letter from the Board” contained in the circular issued by the Company to its shareholders dated 20 April 2011 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meaning as defined in the Circular unless the context otherwise requires.

Dr. Carlye Wai-Ling Tsui and Professor Stephen Cheung Yan Leung, the independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise the independent Shareholders as to whether the 2011-2012 Annual Caps are fair and reasonable so far as the Company and the independent Shareholders are concerned and in the interests of the Company and its shareholders as a whole. As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the independent Shareholders in such regard.

LETTER FROM QUAM CAPITAL

Quam Capital is independent of and not connected with any members of the Group or any of their substantial shareholders, directors or chief executives, or any of their respective associates, and is accordingly qualified to give an independent advice in respect of the 2011-2012 Annual Caps.

In formulating our recommendation, we have relied on the information and facts supplied by the Group and its advisers, and the opinions expressed by and the representations of the directors and management of the Group. We have assumed that all the information and representations contained or referred to in the Circular were true and accurate in all respects at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true at the date thereof. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Group and the Directors; and the Directors have confirmed to us that no material facts have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement in the Circular misleading.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, KMB, JCL or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of the 2011-2012 Annual Caps, we have taken into consideration the following factors and reasons:

1. Background of and reasons for the 2011-2012 Annual Caps

Pursuant to the Service Agreement, Bus Focus agreed to grant JCL an exclusive sub-licence to provide media sales agency services and maintenance and operational services on behalf of Bus Focus in respect of the Selected Bus Shelters for a term commencing as effective on 1 August 2008 until 31 July 2012. Bus Focus is required to pay to JCL a monthly management fee for the exclusive sub-licence under the Service Agreement (the “**Management Fee**”). In addition, pursuant to the Service Agreement, JCL has guaranteed the monthly minimum guaranteed rental (“**MGR**”) to be accrued by Bus Focus derived from the display panels in relation to

LETTER FROM QUAM CAPITAL

the Advertising Contracts during the term of the Service Agreement. If the actual advertising rental accrued by Bus Focus derived from the display panels of the Selected Bus Shelters is less than the MGR in any month during the term of the Service Agreement, JCL shall pay to Bus Focus the Shortfall. The Service Agreement together with the annual caps for the Management Fee (the “**2008-2010 Management Fee Caps**”) and the Shortfall (the “**2008-2010 Shortfall Caps**”) for the three years ended 31 December 2010 were approved by KMB Resources Limited, a Shareholder holding approximately 73.01% of the issued share capital of the Company, in writing. Further details of the Service Agreement, the 2008-2010 Management Fee Caps and the 2008-2010 Shortfall Caps are set out in the Company’s circular dated 28 November 2008. In view of the expiry of the 2008-2010 Management Fee Caps and the 2008-2010 Shortfall Caps, the Company proposes to adopt the respective annual caps for the Management Fee (the “**2011-2012 Management Fee Cap(s)**”) and the Shortfall (the “**2011-2012 Shortfall Cap(s)**”) for the year ending 31 December 2011 and the seven months ending 31 July 2012.

Given the nature of the Continuing Connected Transactions, it is reasonable to expect that the Continuing Connected Transactions will continue to take place on a regular and frequent basis and in the ordinary and usual course of business of the Group in future. It would be impractical for the Company to strictly comply with the Listing Rules requirements regarding “connected transactions” on each occasion when it arises. As such, we are of the view that the adoption of the 2011-2012 Annual Caps are essential for the Group in ensuring the continued smooth operation of its advertising sales business on the Selected Bus Shelters for the period from 1 January 2011 to 31 July 2012.

Based on the foregoing, we are of the view that the adoption of the 2011-2012 Annual Caps is conducted in the ordinary and usual course of the Group’s business; and in the interests of the Company and the Shareholders as a whole.

2. Requirements of the Listing Rules

For each financial year of the Company during the term of the Service Agreement, the Continuing Connected Transactions will be subject to review by the independent non-executive Directors and the Company’s auditors as required by Rules 14A.37 and 14A.38 of the Listing Rules respectively. The independent non-executive Directors must confirm in the annual report and accounts that the Continuing Connected Transactions have been entered into:

— in the ordinary and usual course of business of the Company;

LETTER FROM QUAM CAPITAL

- either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Furthermore, the Listing Rules require that the Company's auditors must provide a letter to the Board (with a copy provided to the Stock Exchange at least ten business days prior to the bulk printing of the annual report of the Company), confirming that the Continuing Connected Transactions:

- have received the approval of the Board;
- are in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Company;
- have been entered into in accordance with the relevant agreement governing the transactions; and
- have not exceeded the caps disclosed in its previous announcement.

Given the above, we are of the opinion that there will be sufficient procedures and arrangements in place to ensure that the Continuing Connected Transactions will be conducted on terms that are fair and reasonable and on normal commercial terms as far as the independent Shareholders are concerned.

3. The 2011-2012 Annual Caps

(i) The 2011-2012 Shortfall Caps

(a) The Shortfall

Pursuant to the Service Agreement, JCL has guaranteed that the monthly MGR to be accrued by Bus Focus derived from the display panels in relation to the Advertising Contracts for each year ending 31 July during the term of the Service Agreement commencing from 1 August 2008 until 31 July 2012 be HK\$3,839,160, HK\$3,894,800, HK\$3,950,440 and HK\$4,006,080 respectively. JCL is required to pay to Bus Focus a

LETTER FROM QUAM CAPITAL

monthly Shortfall if the actual advertising rental accrued by Bus Focus derived from the display panels in relation to the Advertising Contracts is less than the MGR in any calendar month.

(b) The 2008-2010 Shortfall Caps

The historical advertising rental accrued by Bus Focus derived from the display panels in relation to the Advertising Contracts were generally less than the MGR. As such, JCL was required to pay to Bus Focus the Shortfall for each of the three years ended 31 December 2010. Set out below are (i) the historical Shortfall paid and/or payable by JCL to Bus Focus for the three years ended 31 December 2010 under the Service Agreement; and (ii) the comparison of the historical Shortfall with the 2008-2010 Shortfall Caps (the “**Shortfall Utilisation Rates**”):

	For the year ended 31 December		
	2008	2009	2010
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Historical Shortfall	9.8	19.8	7.5
2008-2010 Shortfall			
Caps	23.4	46.4	47.1
Shortfall Utilisation			
Rate	41.9%	42.7%	15.9%

As shown in the above table, the historical Shortfall has increased significantly in 2009. We have discussed with the management of the Company and are advised that the increase in the Shortfall was mainly due to the decrease in advertising rental derived from the display panels in relation to the Advertising Contracts amid poor market sentiment in 2009 pursuant to the global financial crisis which started in late-2008. The market sentiment improved in 2010 resulting in an increase in the advertising rental derived from the display panels. As such, the Shortfall paid and/or payable by JCL in 2010 decreased compared to 2009.

It is noted that the Shortfall Utilisation Rates remained low for each of three years ended 31 December 2010. We were advised that such low utilisation rates were due to the 2008-2010 Shortfall Caps were set based on the assumption that no advertising rental would be derived from the panels in relation to the Advertising Contracts and therefore JCL would have to pay the maximum amount of guaranteed rental to Bus Focus.

LETTER FROM QUAM CAPITAL

(c) *The 2011-2012 Shortfall Caps*

The following table sets out the 2011-2012 Shortfall Caps for the year ending 31 December 2011 and the seven months ending 31 July 2012:

	For the year ending 31 December 2011 (HK\$ million)	For the seven months ending 31 July 2012 (HK\$ million)
2011-2012 Shortfall Caps	24.0	15.0

As advised by the management of the Company, the 2011-2012 Shortfall Caps for the year ending 31 December 2011 and the seven months ending 31 July 2012 were determined based on the difference between the MGR and the estimated advertising rental to be procured by JCL (the “**Estimated Advertising Rental**”). The Estimated Advertising Rental for the year ending 31 December 2011 and the seven months ending 31 July 2012 were determined with reference to the average historical occupancy rate of the display panels in relation to the Advertising Contracts in the preceding three years ended 31 December 2010 and the amount of the MGR. Given that (i) the historical monthly occupancy rates of the display panels of the Selected Bus Shelters for the three years ended 31 December 2010 have generally remained stable; (ii) the number of display panels at the Selected Bus Shelters has been targeted to remain the same in 2011 and up to 31 July 2012 under the Service Agreement; and (iii) the historical advertising rental accrued by Bus Focus derived from the display panels in relation to the Advertising Contracts were generally less than the MGR, the Estimated Advertising Rental are expected to be less than the MGR for the year ending 31 December 2011 and the seven months ending 31 July 2012.

We noted that the 2011-2012 Shortfall Caps were considerably larger than the historical Shortfall for the three years ended 31 December 2010. We have discussed with the management of the Company in such regard and are advised that when setting the 2011-2012 Shortfall Caps, they have taken into consideration the percentage of the historical Shortfall for each of the three years ended 31 December 2010 compared with the annual MGR stipulated under the Service Agreement for the period. We noted that the 2011-2012 Shortfall Caps are equivalent to approximately 50% of the annual MGR of approximately HK\$47.7 million and HK\$28.0

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million (adjusted on a pro rata basis to align with the relevant periods) for the year ending 31 December 2011 and the seven months ending 31 July 2012 respectively, which is largely in line with the maximum percentage of the historical Shortfall compared with the annual MGR during the three years ended 31 December 2010. Accordingly, we consider the bases of determining the 2011-2012 Shortfall Caps to be fair and reasonable.

In light of the foregoing, we are of the view that the 2011-2012 Shortfall Caps were set by the Directors after careful and due consideration and are fair and reasonable so far as the Company and the independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

(ii) The 2011-2012 Management Fee Caps

(a) The Management Fee

Pursuant to the Service Agreement, Bus Focus shall pay to JCL a monthly Management Fee in an amount equal to 35.6% of the sum of the monthly advertising rental derived from the display panels in relation to the Advertising Contracts plus the Shortfall (if any) in the relevant calendar month during the period from 1 August 2008 to 31 July 2012.

(b) The 2008-2010 Management Fee Caps

Set out below are (i) the actual amounts of the Management Fee paid for each of the three years ended 31 December 2010 under the Service Agreement; and (ii) the comparison of the actual amounts of the Management Fee with the 2008-2010 Management Fee Caps (the “**Management Fee Utilisation Rates**”):

	For the year ended 31 December		
	2008	2009	2010
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Historical			
Management Fee	14.1	16.5	16.7
2008-2010 Management			
Fee Cap	15.5	18.0	18.0
Management Fee			
Utilisation Rate	91.0%	91.7%	92.8%

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As illustrated in the above table, there has been a steady annual growth for the Management Fee during the three years ended 31 December 2010. The historical advertising rental accrued by Bus Focus derived from the display panels in relation to the Advertising Contracts during the three years ended 31 December 2010 were generally lower than the MGR provided by JCL under the Service Agreement, therefore the actual advertising rental received by Bus Focus during the period were generally equivalent to the MGR taking into account the Shortfall paid by JCL. Accordingly, the increase in the Management Fee during the three years ended 31 December 2010 was in line with the increase in the MGR provided by JCL pursuant to the Service Agreement. We are of the view that the generally high Management Fee Utilisation Rates are reflective of the market expertise of Bus Focus and its perceptive operation planning and sales projections related thereto.

(c) The 2011-2012 Management Fee Caps

We are advised by the management of the Company that the 2011-2012 Management Fee Caps for the year ending 31 December 2011 and the seven months ending 31 July 2012 were determined with reference to the MGR provided by JCL under the Service Agreement and the amount of the Estimated Advertising Rental.

The following table shows comparisons of the 2011-2012 Management Fee Caps against the minimum Management Fee warranted to JCL based on the MGR under the Service Agreement (adjusted on a pro rata basis to align with the relevant periods of the Management Fee Caps) for the year ending 31 December 2011 and the seven months ending 31 Jul 2012:

	For the year ending 31 December 2011 (HK\$ million)	For the seven months ending 31 July 2012 (HK\$ million)
2011-2012 Management Fee Caps	18.0	10.5
Warranted minimum Management Fee (<i>Note</i>)	17.0	10.0

Note: The amounts of warranted minimum Management Fee have been adjusted on a pro rata basis to align with the relevant periods of the 2011-2012 Management Fee Caps. The warranted minimum Management Fees for the year ending 31 December

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2011 and the seven months ending 31 July 2012 were calculated based on 35.6% (being the stipulated percentage for determining the Management Fee as discussed in the above section (3)(ii)(a)) of the MGR for the periods.

As noted from the above table, the 2011-2012 Management Fee Caps were set generally in line with the minimum Management Fee warranted to JCL based on the MGR under the Service Agreement. Given that the historical advertising rental accrued by Bus Focus derived from the display panels in relation to the Advertising Contracts were generally lower than the MGR provided by JCL under the Service Agreement and that the Estimated Advertising Rental is also expected to be lower than the MGR as discussed in the above section (3)(i), we consider setting the 2011-2012 Management Fee Caps based on the MGR to be fair and reasonable.

We understand from the management of the Company that the rental rates of display panels at the Selected Bus Shelters have remained stable in previous years and are expected to continue such trend in 2011 and up to 31 July 2012. In addition, we noted from the Service Agreement that the number of display panels at the Selected Bus Shelters has been targeted to remain the same in 2011 and up to 31 July 2012.

In light of the foregoing, we are of the view that the 2011-2012 Management Fee Caps were set by the Directors after careful and due consideration and are fair and reasonable so far as the Company and the independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

CONCLUSION

Having considered the principal factors and reasons discussed above, we consider that the 2011-2012 Annual Caps are fair and reasonable so far as the Company and the independent Shareholders are concerned and in the interests of the Company and its shareholders as a whole.

Yours faithfully,
For and on behalf of
Quam Capital Limited
Richard Winter
Managing Director

1. 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.

2. DISCLOSURE OF INTERESTS

Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive or any of their respective associates is taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange, were as follows:

(i) *Interests in issued shares in the Company*

The Company: ordinary shares of HK\$0.1 each						
Name of Director	Personal interests	Family interests	Corporate interests	Other interests	Total number of shares held	Approximate % of total issued shares
Ms. Winnie NG (Note 1)	1,000,000	—	—	123,743	1,123,743	0.1%

(ii) *Interests in issued shares in Transport International, an associated corporation of the Company*

Transport International (Note 2): ordinary shares of HK\$1.0 each						
Name of Director	Personal interests	Family interests	Corporate interests	Other interests	Total number of shares held	Approximate % of total issued shares
Dr. John CHAN Cho Chak	2,000	—	—	—	2,000	0.0%
Ms. Winnie NG (Note 3)	41,416	—	—	21,000,609	21,042,025	5.2%

Notes:

1. Ms. Winnie NG has interest in 123,743 shares in the Company as a beneficiary of certain private trusts which beneficially held the shares.
2. Transport International is the ultimate holding company of the Company.
3. Ms. Winnie NG has interest in 21,000,609 shares in Transport International as a beneficiary of certain private trusts which beneficially held the shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company or any of their respective associates had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest and short position which he/she was taken or deemed to have under such provisions of the SFO); or which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which was required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, none of the Directors or proposed Directors had any direct or indirect interest in any assets which had since 31 December 2010 (being the date which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

Substantial Shareholders

So far as is known to each Director and the chief executive of the Company, as at the Latest Practicable Date, each of the following persons, other than a Director or chief executive of the Company, had an interest and/or short position in the Company’s shares or underlying shares (as the case may be) which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was otherwise interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person’s/corporation’s interest in such securities, together with particulars of any options in respect of such capital, were as follows:

Name	Number of shares held	Approximate % in the Company’s issued share capital
Transport International <i>(Note)</i>	728,127,410	73.01%
KMB Resources Limited <i>(Note)</i>	728,127,410	73.01%
DJE Investment S.A. and others	69,956,000	7.01%

Note: KMB Resources Limited owns 728,127,410 shares in the Company. KMB Resources Limited is a wholly-owned subsidiary of Transport International, which is accordingly deemed to be interested in the same number of shares held by KMB Resources Limited in the Company under the SFO.

Save as disclosed above and so far as is known to the Directors, as at the Latest Practicable Date, no other person (other than the Directors and chief executives of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

The Directors Dr. John CHAN Cho Chak, Ms. Winnie NG, Dr. Eric LI Ka Cheung, Mr. John Anthony MILLER and Mr. Edmond HO Tat Man are also directors of Transport International. Mr. YUNG Wing Chung is an alternate director to Mr. Raymond Kwok Ping Luen in Transport International.

3. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Quam Capital	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO

Quam Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, Quam Capital did not have any direct or indirect interest in any assets which had since 31 December 2010 (being the date which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, Quam Capital was not beneficially interested in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, being the date to which the latest published audited financial statements of the Group were made up.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or had proposed to enter into, a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates, was interested in any business (apart from the Group's business) which competes or is likely to compete either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling Shareholder).

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal office of the Company at 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong up to and including 13 May 2011 (excluding Saturdays and public holidays):

(a) Licence Agreement; and

(b) Service Agreement.