THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **RoadShow Holdings Limited**, you should at once hand this circular, together with the enclosed proxy form, to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

ROADSHOW HOLDINGS LIMITED
路 訊 通 控 股 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock code: 888)

CONTINUING CONNECTED TRANSACTIONS

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 6 to 26 of this circular. A letter from the independent board committee of the Company is set out on pages 27 to 28 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 29 to 63 of this circular.

A notice convening the special general meeting of the Company to be held at Concord Room I, 8/F, Renaissance Harbour View Hotel, Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Wednesday, 15 August 2012 at 11:30 a.m. is set out on pages 69 to 70 of this circular. Whether or not you propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the principal office of the Company at 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting in person at the meeting or any adjournment thereof if you so desire.

Hong Kong, 30 July 2012

* *For identification purposes only*

CONTENTS

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
"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 JCHK
"Bus Focus Bank Guarantee(s)"	the bank guarantee(s) by a licensed bank in Hong Kong in favour of KMB as security for the due payment of the royalty fee and all other sums payable by Bus Focus to KMB under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement and the due performance and observances by Bus Focus of all terms and conditions in the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement
"Board"	the board of Directors
"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 continuing connected transactions under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement and the Service Agreement as supplemented and amended by the Supplemental Service Agreement
"Director(s)"	the director(s) of the Company

"Franchise"	the franchise granted by the Government of Hong Kong to KMB to operate a public bus service in Hong Kong
"Government"	the Government of Hong Kong
"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 the independent non-executive Directors, namely, Dr. Carlye Wai-Ling TSUI and Professor Stephen CHEUNG Yan Leung, to advise the Independent Shareholders in respect of the Continuing Connected Transactions and their respective annual caps
"Independent Shareholders"	in respect of the transactions contemplated under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement, the Shareholders other than KMB Resources Limited and its associates and Ms. Winnie Ng and her associates; and in respect of the transactions contemplated under the Service Agreement as supplemented and amended by the Supplemental Service Agreement, all the Shareholders
"IPL"	Immense Prestige Limited, a company incorporated in Hong Kong and holds 40% shareholding interest in Bus Focus
"JCHK"	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 JCHK
"JCL Bank Guarantee(s)"	the bank guarantee(s) by a licensed bank in Hong Kong in favour of Bus Focus as security for the due payment of the monthly Shortfall and all other sums payable by JCL to Bus Focus under the Service Agreement as supplemented and amended by Supplemental Service Agreement and the due performance and observances by JCL of all terms and conditions in the Service Agreement as supplemented and amended by Supplemental Service Agreement
"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"	27 July 2012, 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
"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

"Panels"	the exposed faces of lightboxes for display of advertisements or other materials in relation to the media sales agency and management business at the Selected Bus Shelters of "4-Sheet size" or of such other sizes or formats as from time to time agreed by KMB and Bus Focus
"Quam Capital" or "Independent Financial Adviser"	Quam Capital Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and their respective annual caps
"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 bus shelters owned by KMB and specifically designated under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement and the Service Agreement as supplemented and amended by the Supplemental Service Agreement (as the case may be) for the media sales business
"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
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"SGM Notice"	the notice convening the SGM as set on pages 69 to 70 of this circular
"Shareholder(s)"	holder(s) of the share(s) of the Company

"SGM" or "Special General Meeting"	the special general meeting of the Company to be held to approve, among others, the Continuing Connected Transactions and the respective relevant proposed annual caps as mentioned in this circular
"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
"Supplemental Licence Agreement"	the supplemental licence agreement dated 3 July 2012 entered into between KMB and Bus Focus to supplement and amend the Licence Agreement
"Supplemental Service Agreement"	the supplemental service agreement dated 3 July 2012 entered into between Bus Focus and JCL to supplement and amend the Service Agreement
"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, FHKMA, 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. Alex 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, FCILT, MHKloD

Independent Non-Executive Director

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Principal Office:

9 Po Lun Street
Lai Chi Kok
Kowloon
Hong Kong

* *For identification purposes only*

30 July 2012

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

The Board refers to the announcement of the Company dated 3 July 2012 whereby it was announced that:

(1) On 12 November 2008, KMB and Bus Focus entered into the Licence Agreement pursuant to which KMB agreed to grant an exclusive licence to Bus Focus to conduct the media sales agency and management business on the Selected Bus Shelters for a term commencing as effective on 1 August 2008 until 31 July 2012 (both dates inclusive). Upon fulfillment of the renewal conditions as stated in the Licence Agreement, on 3 July 2012, KMB and Bus Focus entered into the Supplemental Licence Agreement pursuant to which KMB and Bus Focus have conditionally agreed to, upon the expiry of the initial term of the Licence Agreement, extend the term of the Licence Agreement commencing for a further period from 1 August 2012 to 30 June 2017 (both dates inclusive) and amend certain terms and conditions of the Licence Agreement.

(2) On 12 November 2008, Bus Focus and JCL (formerly known as JCDecaux Texon Limited) entered into the Service Agreement pursuant to which Bus Focus agreed to appoint JCL exclusively to provide the media sales agency services and maintenance and operational services in respect of Selected Bus Shelters for a term commencing as effective on 1 August 2008 until 31 July 2012 (both dates inclusive). Upon fulfillment of the renewal conditions as stated in the Service Agreement, on 3 July 2012, Bus Focus and JCL entered into the Supplemental Service Agreement pursuant to which Bus Focus and JCL have conditionally agreed to, upon the expiry of the initial term of the Service Agreement, extend the term of the Service Agreement for a further period from 1 August 2012 to 30 June 2017 (both dates inclusive), and amend certain terms and conditions of the Service Agreement.

The purposes of this circular are to provide you with (i) further information regarding the Continuing Connected Transactions; (ii) the letter of advice from Quam Capital to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Continuing Connected Transactions and their respective proposed annual caps; (iii) the recommendation of the Independent Board Committee after taking into consideration of the advice of Quam Capital in relation to the terms of the Continuing Connected Transactions and their respective proposed annual caps; and (iv) the SGM Notice.

2. THE CONTINUING CONNECTED TRANSACTIONS

(A) The Licence Agreement as Supplemented and Amended by the Supplemental Licence Agreement

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 Licence Agreement were disclosed.

On 12 November 2008, KMB and Bus Focus entered into the Licence Agreement pursuant to which KMB agreed to grant an exclusive licence to Bus Focus to conduct the media sales agency and management business on the Selected Bus Shelters. The initial term of the Licence Agreement is of 4 years commencing on 1 August 2008 and ending on 31 July 2012 (both dates inclusive), and shall be extended for the extended term from 1 August 2012 to 30 June 2017 (both dates inclusive) upon the fulfillment of the following renewal conditions:

(i) the fulfillment of all financial obligations of Bus Focus under the Licence Agreement, including without limitation, the payment of royalty fee to KMB pursuant to the Licence Agreement; and

(ii) the provision of the bank guarantee(s) by Bus Focus in favour of KMB pursuant to the Licence Agreement.

Upon fulfillment of the renewal conditions as stated in the Licence Agreement, on 3 July 2012, KMB and Bus Focus entered into the Supplemental Licence Agreement pursuant to which KMB and Bus Focus have conditionally agreed to, upon the expiry of the initial term of the Licence Agreement, extend the term of the Licence Agreement for a further period from 1 August 2012 to 30 June 2017 (both dates inclusive) and amend certain terms and conditions of the Licence Agreement.

The principal terms of the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement are summarized below:

Parties

(1) KMB

(2) Bus Focus

Subject Matter

Subject to the terms and conditions of the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement, KMB has granted to Bus Focus an exclusive licence to conduct the media sales agency and management business in respect of the Selected Bus Shelters. Bus Focus may sublicense its right to conduct such business.

Bus Focus has granted a sublicence to KMB of its 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, which right has been granted by JCL to Bus Focus under the Service Agreement as supplemented and amended by the Supplemental Service Agreement.

Condition precedent for the Supplemental Licence Agreement

The Supplemental Licence Agreement and the transactions contemplated thereunder are conditional upon the obtaining of the approval of the independent shareholders (as defined under the Listing Rules).

If the above condition is not fulfilled within 3 months immediately after the date of the Supplemental Licence Agreement (or such a later date as may be agreed by KMB and Bus Focus), the Supplemental Licence Agreement will lapse and be of no further effect.

If the Licence Agreement is terminated before the expiry of the initial term under the Licence Agreement (i.e. on or before 31 July 2012) for any reasons, no amendments to the Licence Agreement made pursuant to the Supplemental Licence Agreement shall be effective and thus the licence will not be extended for a further period from 1 August 2012 to 30 June 2017 pursuant to the Supplemental Licence Agreement.

Term

Subject to the fulfillment of the condition precedent referred to above, pursuant to the Supplemental Licence Agreement, the term of the Licence Agreement shall, upon the expiry of the initial term of the Licence Agreement, be extended for a further period from 1 August 2012 to 30 June 2017 (both dates inclusive).

Since (i) the media sales agency and management business on the Selected Bus Shelters as contemplated under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement is one of the core businesses of the Group and (ii) the longer term of the Supplemental Licence Agreement would enhance the Group's market position in the near future and ensure a stable revenue source generated by media sales agency and management business on the Selected Bus Shelters, the Directors consider that the extended term of Licence Agreement pursuant to the Supplemental Licence Agreement, which is more than 3 years, is necessary for the businesses of the Group and is also in the interests of the Company and its Shareholders as a whole given the nature of the Group's business.

Consideration

The annual amount of royalty fee payable by Bus Focus to KMB for the extended term from 1 August 2012 to 30 June 2017 is equal to (a) the stipulated percentage of the net advertising rental, or (b) a guaranteed minimum royalty fee, whichever is the greater.

According to the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement, the net advertising rental means the amount of rental accrued by Bus Focus derived from the Panels for the display of advertisements at the Selected Bus Shelters less (i) firstly, any trade discounts and agency commission; and (ii) secondly, an agreed amount as deductible operating expenses of the business which is a sum equal to 50% of such rental after deducting (i). For the period from 1 August 2012 until 31 July 2016 (both dates inclusive), the stipulated percentage of the net advertising rental is 65% of the net advertising rental of HK$25,000,000 or below for each year, plus 55% of any excess of the net advertising rental over HK$25,000,000 for the same year. For the period from 1 August 2016 until 30 June 2017 (both dates inclusive), the stipulated percentage of the net advertising rental is 65% of the net advertising rental of HK$22,916,667 or below for such period, plus

55% of any excess of the net advertising rental over HK$22,916,667 for such period. The stipulated percentage has been determined with reference to the relevant rates of royalty fees charged for licences obtained by the Group in relation to the various advertising platforms on buses, including multi-media on-board, interior and exterior bus panels, which have been generating profits for the Company. The royalty fees payable by the Group to KMB in relation to conducting the aforesaid other media sales agency and management business are at rates in line with the stipulated percentages of the net advertising rental payable to KMB as the royalty fee under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement. The Company is therefore of the view that the stipulated percentage of the net advertising rental is on normal commercial terms, and is fair and reasonable and in the interests of the Shareholders as a whole and the way of determining such stipulated percentage is fair and reasonable and in the interests of the Shareholders as a whole.

The guaranteed minimum royalty fees for each of the years ending 31 July 2013, 2014, 2015 and 2016 and the remaining period from 1 August 2016 to 30 June 2017 (both dates inclusive) are HK$15,858,068, HK$16,320,916, HK$16,735,543, HK$17,518,498 and HK$16,746,971 respectively. The above guaranteed minimum royalty fee is determined based on the above formula of calculating the royalty fee on the assumptions that (i) the amount of rentals to be received will be equal to the aggregate amount of the monthly guaranteed rentals (as guaranteed by JCL) under the Supplemental Service Agreement (for details, please refer to the paragraph headed "Consideration" on page 16 of this circular) for the relevant year or period of term and (ii) the deductible operating expenses will be in a sum equal to 50% of such guaranteed rentals.

The guaranteed minimum royalty fee shall be paid by Bus Focus to KMB monthly in arrears on a pro-rata basis. Commencing from 31 August 2012, the royalty fee shall be calculated every three months based on the stipulated percentages and if the amount of the royalty fee payable is over the guaranteed minimum royalty fee already paid, Bus Focus shall pay the difference after such three months' interval. Bus Focus shall submit to KMB annual statements during the extended term of the Licence Agreement from 1 August 2012 to 30 June 2017 as audited by a certified public accountant appointed by Bus Focus with the consent of KMB, showing the amount of net advertising rental and the amount of royalty fee payable by Bus Focus pursuant to the above stipulated percentage. If the amount of royalty fee payable by Bus Focus as shown in the annual statement is greater than the guaranteed minimum royalty fee for the relevant year, such excess of royalty fee not yet paid shall be paid by Bus Focus to KMB within 30 days after submission of the annual statement. The Company is of the view that the guaranteed minimum royalty fee is on normal commercial terms, and is fair and reasonable and in the interests of the Shareholders as a whole.

Historical figures

The royalty fee paid and/or payable by Bus Focus to KMB for each of the 3 years ended 31 December 2009, 31 December 2010, 31 December 2011 and for the five months ended 31 May 2012 under the Licence Agreement are approximately HK$13.8 million, HK$14.1 million, HK$14.3 million and HK$7.3 million respectively.

Proposed annual caps

The proposed annual caps in respect of the royalty fees payable by Bus Focus under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement are as follows:

Period		**Amount** *(HK$)*
For the period from 1 August 2012 to 31 December 2012	:	10.0 million
For the year ending 31 December 2013	:	23.0 million
For the year ending 31 December 2014	:	24.0 million
For the year ending 31 December 2015	:	25.0 million
For the year ending 31 December 2016	:	26.0 million
For the period from 1 January 2017 to 30 June 2017	:	14.0 million

The above proposed annual caps have been determined based on the above stipulated percentage of the estimated maximum net advertising rental for the relevant period which is in turn derived from the estimated maximum aggregate monthly rentals. The estimated maximum aggregate monthly rentals are based on historical figures, the amount of guaranteed minimum royalty fee for the extended term and a recent trend of the actual monthly advertising rental exceeding the monthly minimum guaranteed rentals by an average of 22% and a maximum of 50% during the period from October 2011 to May 2012, with the inclusion of a buffer.

The above proposed annual caps are subject to the approval of the Independent Shareholders at the SGM.

Other major terms

Within 14 business days after the Supplemental Licence Agreement becomes unconditional, Bus Focus shall provide KMB with the Bus Focus Bank Guarantee(s) as security for the due payment of the royalty fee and all other sums payable by Bus Focus to KMB under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement and the due performance and observances by Bus Focus of all terms and conditions in the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement. The guaranteed amounts under the Bus Focus Bank Guarantee(s), which shall be in the sum of HK$7,929,034, HK$8,160,458, HK$8,367,772 and HK$8,759,249 and HK$9,134,711 for each of the years ending 31 July 2013, 2014, 2015 and 2016 and the remaining period from 1 August 2016 to 30 June 2017 (both dates inclusive) respectively, representing the amount of six months of the guaranteed minimum royalty fees for that year of term, have been determined by KMB and Bus Focus after arm's length negotiation and on normal commercial terms. The Bus Focus Bank Guarantee(s) shall also cover the period from 1 July 2017 to 30 September 2017 (i.e. the three months' period after the expiry of the extended term ending 30 June 2017) and the guaranteed amount during such period shall be in the sum of HK$9,134,711. The Company is of the view that the provision of the Bus Focus Bank Guarantee(s) which has been determined after arm's length negotiation, is on normal commercial terms, and is fair and reasonable and in the interests of the Shareholders as a whole.

Bus Focus has undertaken to KMB that it shall develop new advertising formats of the Panels, at its own costs, at 100 units of newly added Selected Bus Shelters, of which 50 units shall be completed on or before 31 July 2013 and the remaining 50 units shall be completed on or before 31 July 2014.

KMB shall ensure that the media sales agency and management business to be conducted in relation to the Selected Bus Shelters be achieved in the best interest of Bus Focus. Without the prior written approval of Bus Focus, KMB shall not withdraw any Panels from any of the Selected Bus Shelters.

Upon the expiration or early termination of the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement, KMB shall at its sole and absolute discretion request Bus Focus to remove the Panels which are property of KMB, other than the new premier Panels (which are the property of JCL), at all or part of the Selected Bus Shelters at the costs of Bus Focus. In the event that KMB does not make any request as aforesaid, Bus Focus shall hand over such Panels in good and substantial repair and condition to KMB free of charge. The new premier Panels are those installed by JCL at its costs to replace some of the existing Panels for upgrading purpose, and thus the new premier Panels are property of JCL. Accordingly, the handing over of the Panels (other than the new premier Panels) to KMB should not be regarded as a notifiable transaction under Chapter 14 of the Listing Rules or a separate connected transaction under Chapter 14A of the Listing Rules.

(B) The Service Agreement as Supplemented and Amended by the Supplemental Service Agreement

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 Service Agreement were disclosed.

On 12 November 2008, Bus Focus and JCL entered into the Service Agreement pursuant to which Bus Focus agreed to appoint JCL exclusively to provide the media sales agency services and maintenance and operational services in respect of Selected Bus Shelters. The initial term of the Service Agreement is of 4 years commencing on 1 August 2008 and ending on 31 July 2012 (both dates inclusive), and shall be extended for a further period from 1 August 2012 to 30 June 2017 (both dates inclusive) upon the fulfillment of the following renewal conditions:

(i) the fulfillment of all financial obligations of JCL under the Service Agreement, including without limitation, the payment of monthly shortfall to Bus Focus pursuant to the Service Agreement; and

(ii) the provision of bank guarantee(s) by JCL in favour of Bus Focus pursuant to the Service Agreement.

Upon fulfillment of the above renewal conditions as stated in the Service Agreement, on 3 July 2012, Bus Focus and JCL entered into the Supplemental Service Agreement pursuant to which Bus Focus and JCL have conditionally agreed to, upon the expiry of the initial term of the Service Agreement, extend the term of the Service Agreement for a further period from 1 August 2012 to

30 June 2017 (both dates inclusive) and amend certain terms and conditions of the Service Agreement.

The principal terms of the Service Agreement as supplemented and amended by the Supplemental Service Agreement are summarized below:

Parties

(1) Bus Focus

(2) JCL

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.

Conditions precedent for the Supplemental Service Agreement

The Supplemental Service Agreement and the transactions contemplated thereunder are conditional upon the obtaining of the approval of the independent shareholders (as defined under the Listing Rules).

If the above conditions are not fulfilled within 3 months immediately after the date of the Supplemental Service Agreement (or such a later date as may be agreed by Bus Focus and JCL in writing), the Supplemental Service Agreement will lapse and be of no further effect.

If the Service Agreement is terminated before the expiry of the initial term under the Service Agreement (i.e. on or before 31 July 2012) for any reasons, no amendments to the Service Agreement made pursuant to the Supplemental Service Agreement shall be effective and that the term of the Service Agreement will not be extended.

Term

Subject to the fulfillment of the conditions precedent referred to above, pursuant to the Supplemental Service Agreement, the term of the Service Agreement shall, upon the expiry of the initial term of the Service Agreement, be extended for a further period from 1 August 2012 to 30 June 2017 (both dates inclusive).

Since the extended term of the Licence Agreement pursuant to the Supplemental Licence Agreement is longer than 3 years, the Directors consider that the extended term of Service Agreement pursuant to the Supplemental Service Agreement, which is more than 3 years, is necessary for the purpose of matching and being aligned with the extended period for the Licence Agreement pursuant to the Supplemental Licence Agreement, in order to ensure the provision of stable media sales agency services and maintenance and operational services in respect of the Selected Bus Shelters during the entire extended term of the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement.

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 (the "**Shortfall**"). The monthly guaranteed rentals for each year ending 31 July during the extended term from 1 August 2012 until 31 July 2016 (both dates inclusive) and the remaining period of the extended term from 1 August 2016 to 30 June 2017 (both dates inclusive) are HK$4,066,171, HK$4,188,156, HK$4,313,801, HK$4,551,060 and HK$4,778,613 respectively. The above monthly guaranteed rental has been determined after taking into consideration (i) the target number of Panels at the Selected Bus Shelters to be rented by the outside advertisers for the relevant period (as specified under the Supplemental Service Agreement); (ii) the guaranteed monthly advertising rental for each Panel for the relevant period (as specified under the Supplemental Service Agreement); and (iii) the recent inflation rate of Hong Kong. The target number of Panels has been determined based on (i) the existing number of Panels available to be rented out at the Selected Bus Shelters and (ii) the expected increase in such number as a result of the expected increase in number of the Selected Bus Shelters. The existing number of Panels available to be rented out by Bus Focus as of 31 May 2012 was approximately 2,635. The total number of Panels targeted for rental purposes increases by 100 by 31 July 2013 and by an additional 50 by 31 July 2014, and remain stable thereafter up to 30 June 2017. Therefore, pursuant to the Service Agreement as supplemented and amended by the Supplemental Service Agreement, the target number of Panels for each year ending 31 July during the extended period from 1 August 2012 until 31 July 2016 (both dates inclusive) and the remaining period of the extended term from 1 August 2016 to 30 June 2017 are 2,735, 2,785, 2,785, 2,785 and 2,785 respectively. The above target number of Panels at the Selected Bus Shelters during the extended term is reasonable given that JCL undertakes that 50 units of the Non-Selected Bus Shelters shall become Selected Bus Shelters by the end of each of the years ending 31 July 2013 and 31 July 2014, and that there are generally more than one Panel at each bus shelter (except for the case of premier Panels where there may be only one premier Panel at each bus shelter). The guaranteed monthly advertising rental for each Panel has been determined with reference to the existing average advertising rental received for each Panel.

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 actual monthly advertising rental derived from the Panels in relation to the Advertising Contracts plus the Shortfall payable by JCL to Bus Focus (if any) in the relevant calendar month during the period from 1 August 2012 to 30 June 2017, which shall be paid monthly in arrears.

The relevant monthly management fee payable by Bus Focus under the Service Agreement in respect of the initial term from 1 August 2008 to 31 July 2012 was also calculated at 35.6% of the aggregate of the monthly advertising rental and the Shortfall (if any), which is consistent with the basis of determination of the management fee under the Service Agreement as supplemented and amended by the Supplemental Service Agreement. As disclosed in the circular of the Company on 28 November 2008, the management fee under the Service Agreement in respect of the initial term from 1 August 2008 to 31 July 2012 was determined with reference to the then 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 previously provided by the Group (which had ceased upon the termination of the relevant agreement).

The major cost of the media agency services and maintenance and operational services provided by JCL under the Service Agreement is labour cost. While the percentage of the management fee has remained the same during the initial term from 1 August 2008 to 31 July 2012 under the Service Agreement and during the extended term from 1 August 2012 to 30 June 2017 under the Service Agreement as supplemented and amended by the Supplemental Service Agreement, the increase in the cost of providing the media agency services and maintenance and operational services by JCL to Bus Focus has been/shall be borne by JCL pursuant to those agreements.

The above calculation of management fee has been determined by Bus Focus and JCL with reference to the rates of management fee under the Service Agreement considering that (i) the basis of determination of the management fee is consistent between the Service Agreement and the Service Agreement as supplemented and amended by the Supplemental Service Agreement; (ii) the increase in the cost of providing the media agency services and maintenance and operational services by JCL to Bus Focus shall be borne by JCL during the extended term from 1 August 2012 to 30 June 2017 pursuant to the Supplemental Service Agreement; and (iii) the transactions contemplated under the Licence Agreement and the Service Agreement both in respect of the initial term from 1 August 2008 to 31 July 2012 as a whole was profitable to the Company.

Subject to the terms of the Service Agreement as supplemented and amended by the Supplemental Service Agreement, if the actual advertising rental of each contract period from 1 August 2012 to 31 December 2012, 1 January 2013 to 31 December 2013, 1 January 2014 to 31 December 2014, 1 January 2015 to 31 December 2015, 1 January 2016 to 31 December 2016 and 1 January 2017 to 30 June 2017 respectively (both dates inclusive) (each a “**contract period**”) accrued by Bus Focus derived from the Selected Bus Shelters is greater than the total guaranteed rental of that contract period (for details of the monthly guaranteed rentals, please refer to page 16 of this circular), then Bus Focus shall bear the cost of sales rebate (“**Sales Rebate**”) in respect of that contract period.

The Sales Rebate shall mean such amount of sales rebate incurred by JCL and payable to the external sales agents appointed by JCL in relation to JCL’s provision of the media sales agency services to Bus Focus. The external sales agents have been, and may be, engaged by JCL to assist JCL for the marketing and sales of advertising spaces of the Panels. If any Sales Rebate shall be borne by Bus Focus, JCL should submit to Bus Focus (i) within three months after the end of a contract period, the provisional entitlement of Sales Rebate in respect of that contract period and a preliminary calculation of Sales Rebate in respect of that contract period; and (ii) within four months after the end of a contract period, a final calculation of the Sales Rebate in respect of that contract period as certified and audited by a certified public accountant appointed by JCL and the fees for such certification and auditing shall be borne solely by JCL.

Notwithstanding abovementioned, the costs of any Sales Rebate to be borne by Bus Focus for each contract period shall not exceed an amount which is equivalent to such part of the actual advertising rental in respect of that contract period which exceeds the total minimum guaranteed rental for the same contract period.

Bus Focus shall submit to JCL annual statements as audited by a certified public 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 to the other party.

In the event that the Service Agreement as supplemented and amended by the Supplemental Service Agreement is terminated within the extended term for any reason or is not renewed for a further term beyond 30 June 2017, Bus Focus shall compensate JCL for the capital investment of JCL (i.e. a maximum of 100 units of new premier Panels at the Selected Bus Shelters of HK$75,000 each). For the avoidance of doubt, if the Service Agreement as supplemented and amended by the Supplemental Service Agreement is terminated due to the fact that JCL has failed to fulfill its obligations thereunder, Bus Focus shall not be liable to JCL for any capital investment of JCL within the term of the Service Agreement as supplemented and amended by the Supplemental Service Agreement. The compensation of a maximum of 100 units of new premier Panel provided and installed by JCL at its costs at the Selected Bus Shelters was determined with reference to the expected number of new premier Panels to be installed by JCL. The compensation of HK$75,000 per new premier Panel was determined with reference to the estimated costs of installation of the new premier Panels to be borne by JCL. Having considered the historical higher advertising rentals generated from the existing premier Panels (when compared with those generated from ordinary Panels), the Company believes that the upgrading of the Panels by the replacement with the premier Panels is expected to allow Bus Focus to attract more businesses and charge higher advertising rentals from outside advertisers which in turn is expected to generate higher revenue from the media sales agency business. Since JCL is not contractually obliged, pursuant to the Service Agreement as supplemented and amended by the Supplemental Service Agreement, to install new premier Panels when upgrading the existing Panels, the above compensation arrangement would provide incentive for JCL to install new premier Panels during the extended term. If the Service Agreement as supplemented and amended by the Supplemental Service Agreement is not terminated within the extended term and is renewed for a further term beyond 30 June 2017, then Bus Focus is not required to compensate JCL for its capital investment in the new premier Panels installed by it at its costs at the Selected Bus Shelters. In light of the foregoing, notwithstanding the uncertainties whether the Franchise will be renewed after the expiry on 1 July 2017 or not, and whether the Service Agreement as supplemented and amended by the Supplemental Service Agreement will be renewed after the expiry on 30 June 2017 or not, the Company is of the view that the said arrangement is fair and reasonable and in the interests of the Shareholders as a whole.

As (i) the upgrading of the Panels is expected to achieve a higher revenue of Bus Focus from the media sales agency and management business in respect of the Selected Bus Shelters; and (ii) the costs of the installation of the premier Panels are to be borne by JCL solely, the Directors consider that the above compensation arrangement and the amount is fair and reasonable.

Historical figures

The Shortfall paid and/or payable by JCL to Bus Focus for each of the 3 years ended 31 December 2011 and for the five months ended 31 May 2012 under the Service Agreement are approximately HK$19.8 million, HK$7.5 million, HK$0.6 million and HK$Nil respectively.

The management fee paid and/or payable by Bus Focus to JCL for each of the 3 years ended 31 December 2011 and for the five months ended 31 May 2012 under the Service Agreement are approximately HK$16.5 million, HK$16.7 million, HK$17.0 million and HK$8.6 million respectively.

The arrangement of the Sales Rebate between Bus Focus and JCL is newly added to the Service Agreement pursuant to the Supplemental Service Agreement. The purpose of paying JCL the Sales Rebate in accordance with the terms under the Supplemental Service Agreement is intended to boost the actual advertising rental of each contract period derived from the Selected Bus Shelters over the extended term from 1 August 2012 to 30 June 2017 (both dates inclusive) by providing an incentive to JCL for achieving an actual advertising rental higher than the minimum guaranteed rental. The Company has considered the estimated Sales Rebate (based on the historical percentage of sales rebate incurred by JCL and payable to the external sales agents appointed by JCL in relation to JCL's provision of the media sales agency services to Bus Focus) when determining the minimum guaranteed rental. For each of the 3 years ended 31 December 2011, the actual advertising rental was lower than the minimum guaranteed rental. For the five months ended 31 May 2012, the actual advertising rental was higher than the minimum guaranteed rental.

Proposed annual caps

The proposed annual caps of the Shortfall payable by JCL to Bus Focus, the management fee payable by Bus Focus to JCL and the Sales Rebate payable by Bus Focus to JCL under the Service Agreement as supplemented and amended by the Supplemental Service Agreement are as follows:

Period		**Shortfall payable by JCL to Bus Focus** *(HK$)*	**Management fee payable by Bus Focus to JCL** *(HK$)*	**Sales Rebate payable by Bus Focus to JCL** *(HK$)*
For the period from 1 August 2012 to 31 December 2012	:	9.0 million	10.9 million	3.1 million
For the year ending 31 December 2013	:	20.0 million	26.5 million	7.5 million
For the year ending 31 December 2014	:	21.0 million	27.2 million	7.8 million
For the year ending 31 December 2015	:	22.0 million	29.0 million	8.0 million
For the year ending 31 December 2016	:	23.0 million	30.0 million	9.0 million
For the period from 1 January 2017 to 30 June 2017	:	12.0 million	15.5 million	4.5 million

The above proposed annual caps for the Shortfall payable by JCL to Bus Focus for the period from 1 August 2012 to 31 December 2012, the four years ending 31 December 2016 and the period from 1 January 2017 to 30 June 2017 have been determined based on the percentage of the historical Shortfall for each of the three years ended 31 December 2011 compared with the annual minimum guaranteed rental stipulated under the Service Agreement for the same relevant period.

The above proposed annual caps for the management fee payable by Bus Focus to JCL for the period from 1 August 2012 to 31 December 2012, the four years ending 31 December 2016 and the period from 1 January 2017 to 30 June 2017 have been determined based on the terms of the Service Agreement as supplemented and amended by the Supplemental Service Agreement with reference to the advertising rentals as guaranteed by JCL referred to in the paragraph headed "Consideration" in this section (2)(B) above and estimated maximum advertising rentals payable by JCL based on historical figures.

The above proposed annual caps for the Sales Rebate payable by Bus Focus to JCL for the period from 1 August 2012 to 31 December 2012, the four years ending 31 December 2016 and the period from 1 January 2017 to 30 June 2017 have been determined with reference to (i) the estimated maximum advertising rentals to be generated from the Panels at the Selected Bus Shelters which is higher than the minimum guaranteed rentals; and (ii) the historical percentage of sales rebate incurred by JCL and payable to the external sales agents appointed by JCL in relation to JCL's provision of the media sales agency services to Bus Focus over the corresponding amount of historical advertising rental generated from the Panels at the Selected Bus Shelters.

The above proposed annual caps are subject to the approval of the Independent Shareholders at the SGM.

Other major terms

On signing of the Supplemental Service Agreement, JCL shall provide Bus Focus with the JCL Bank Guarantee(s) as security for the due payment of the monthly Shortfall and all other sums payable by JCL to Bus Focus under the Service Agreement as supplemented and amended by the Supplemental Service Agreement and the due performance and observances by JCL of all terms and conditions in the Service Agreement as supplemented and amended by the Supplemental Service Agreement. The guaranteed amounts under the JCL Bank Guarantee(s), which shall be in the sum of HK$7,929,034, HK$8,160,458, HK$8,367,772, HK$8,759,249 and HK$9,134,711 for each of the years ending 31 July 2013, 2014, 2015 and 2016 and the remaining period of the extended term from 1 August 2016 to 30 June 2017 (both dates inclusive) respectively, representing the amount of six months of the guaranteed minimum royalty fees for that year of term under the Supplemental Licence Agreement (for the amount of the guaranteed minimum royalty fee for that year or the remaining period and the basis of determination of them, please refer to page 11 of this circular), have been determined by Bus Focus and JCL after arm's length negotiation and on normal commercial terms. The JCL Bank Guarantee(s) shall also cover the period from 1 July 2017 to 30 September 2017 (i.e. the three months' period after the expiry of the term ending 30 June 2017) and the guaranteed amount during such period shall be in the sum of HK$9,134,711.

JCL undertakes to Bus Focus that 50 units of the Non-Selected Bus Shelters shall become Selected Bus Shelters by the end of each of the years ending 31 July 2013 and 31 July 2014 respectively.

3. DESCRIPTION OF THE CONNECTED RELATIONSHIP

KMB is an indirect wholly-owned subsidiary of Transport International, the ultimate controlling shareholder of the Company, and is therefore a connected person of the Company within the meaning of the Listing Rules.

KMB is principally engaged in the operation of franchised public bus services in Hong Kong.

Bus Focus is indirectly owned by the Company through RMHL as to 60% and directly owned by IPL as to 40%. Bus Focus is therefore an indirectly non-wholly owned subsidiary of the Company and thus Transport International. As IPL is a wholly-owned subsidiary of JCHK, which in turn is the holding company of JCL, JCL 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.

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.

4. LISTING RULES REQUIREMENTS AND COMPLIANCE

Due to the connected relationships mentioned above and based on the applicable percentage ratios, the transactions contemplated by the Supplemental Licence Agreement and the Supplemental Service Agreement constitute continuing connected transactions of the Company which are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The SGM will be convened to approve the transactions contemplated under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement and the Service Agreement as supplemented and amended by the Supplemental Service Agreement and the respective relevant proposed annual caps.

Ms. Winnie Ng, being a Director, is regarded as having a material interest in the transactions under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement as she is interested in about 5.2% of the total issued share capital of Transport International, and she has abstained from voting on the relevant board resolution of the Company for the approval of the Supplemental Licence Agreement and the proposed annual caps in respect of the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement. Save as disclosed above, no other Directors had a material interest in the transactions contemplated under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement and the Service Agreement as supplemented and amended by the Supplemental Service Agreement.

5. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The bus shelter media sales business has been generating revenue and profits for the Group. It is favourable to both the Group and KMB that KMB continues to grant Bus Focus a licence to conduct media sales agency and management business in respect of the Selected Bus Shelters and Bus Focus continues to sublicense its rights to use the intellectual rights in the KMB Shelter Designs to KMB. The cooperation between Bus Focus and KMB brings a strong favourable support to the Group's business activities. The combined strengths of Bus Focus and KMB in terms of resources and market share also enhance the competitiveness of the Group.

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 on the KMB Shelter Designs pursuant to the Service Agreement as supplemented and amended by the Supplemental 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.

The Directors consider that the Continuing Connected Transactions are conducted in the ordinary and normal course of business of the Company, are at arm's length and on normal commercial terms, and both the Continuing Connected Transactions and the relevant proposed annual caps as set out above are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

6. SGM

Set out on pages 69 to 70 of this circular is the SGM Notice convening the SGM at which ordinary resolutions will be proposed, if thought fit, to approve the continuing connected transactions contemplated under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement and the Service Agreement as supplemented and amended by the Supplemental Service Agreement and the respective relevant proposed annual caps as mentioned in this circular.

KMB Resources Limited (a wholly-owned subsidiary of Transport International and the intermediate controlling shareholder of the Company holding approximately 73.01% of the issued share capital of the Company as at the Latest Practicable Date) and Ms. Winnie Ng (a director of both the Company and Transport International, who was interested in about 5.2% of the issued share capital of Transport International and approximately 0.1% of the issued share capital of the Company as at the Latest Practicable Date) and their respective associates, will be required to abstain from voting on the proposed resolution to approve the transactions contemplated under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement and the relevant proposed annual caps at the SGM.

As to the best knowledge of the Company, no Shareholders have any material interest in the transactions contemplated under the Service Agreement as supplemented and amended by the Supplemental Service Agreement, no Shareholders are required to abstain from voting on the transactions contemplated by the Service Agreement as supplemented and amended by the Supplemental Service Agreement and the relevant proposed annual caps.

The votes to be taken at the SGM will be taken by poll, an announcement of the results of which will be published pursuant to the Listing Rules.

7. ACTION TO BE TAKEN

A proxy form for use at the SGM is enclosed herein. Whether or not you intend to attend the SGM, you are requested to complete the proxy form and return it to the principal office of the Company at 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the SGM. Delivery of a proxy form will not preclude you from attending and voting in person at the SGM if you so wish.

8. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 27 to 28 of this circular which contains its recommendation to the Independent Shareholders, and the letter from Independent Financial Adviser set out on pages 29 to 63 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

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

By Order of the Board
John CHAN Cho Chak
Chairman

The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders 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)

30 July 2012

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 30 July 2012 (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 as to whether, in our opinion, the terms and conditions of the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement and the terms and conditions of the Service Agreement as supplemented and amended by the Supplemental Service Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

Quam Capital Limited 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 transactions contemplated under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement, and the Service Agreement as supplemented and amended by the Supplemental Service Agreement and the respective proposed annual caps. Details of its advice, together with the principal factors taken into consideration in arriving at such, are set out in its letter on pages 29 to 63 of the Circular.

* *For identification purposes only*

Your attention is drawn to the letter from the Board set out on pages 6 to 26 of the Circular and the general information set out in the Appendix to the Circular.

Having taken into account the terms and conditions of the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement, the terms and conditions of the Service Agreement as supplemented and amended by the Supplemental Service Agreement and the advice given by Quam Capital Limited, we consider that the terms and conditions of the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement and the terms and conditions of the Service Agreement as supplemented and amended by the Supplemental Service Agreement are on normal commercial terms and are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned and that the respective proposed annual caps for the period from 1 August 2012 to 31 December 2012, the four years ending 31 December 2016 and the period from 1 January 2017 to 30 June 2017 as described in the Circular are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions approving the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement, the Service Agreement as supplemented and amended by the Supplemental Service Agreement and the respective proposed annual caps for the period from 1 August 2012 to 31 December 2012, the four years ending 31 December 2016 and the period from 1 January 2017 to 30 June 2017 to be proposed at the SGM.

Yours faithfully,

Carlye Wai-Ling TSUI **Stephen CHEUNG Yan Leung**

Independent Board Committee

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 terms of the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement and the Service Agreement as supplemented and amended by the Supplemental Service Agreement and the respective annual caps thereunder.

Quam CAPITAL 華富嘉洛企業融資 **Quam Capital Limited**
A Member of The Quam Group

30 July 2012

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 terms of the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement and the Service Agreement as supplemented and amended by the Supplemental Service Agreement and the annual caps in respect of the Continuing Connected Transactions for each of the period from 1 August 2012 to 31 December 2012, the four years ending 31 December 2016 and the period from 1 January 2017 to 30 June 2017 (collectively, the "**New Annual Caps**"). Details of the terms of the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement and the Service Agreement as supplemented and amended by the Supplemental Service Agreement, and the New Annual Caps are set out in the "Letter from the Board" contained in the circular issued by the Company to the Shareholders dated 30 July 2012 (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 Licence Agreement as supplemented and amended by the Supplemental Licence Agreement and the Service Agreement as supplemented and amended by the Supplemental Service Agreement are based on normal commercial terms and whether their terms together with the New 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 the 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.

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 terms of the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement, the Service Agreement as supplemented and amended by the Supplemental Service Agreement and the New 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 fact has 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 Licence Agreement as supplemented and amended by the Supplemental Licence Agreement, the Service Agreement as supplemented and amended by the Supplemental Service Agreement and the New Annual Caps, we have taken into consideration the following factors and reasons:

1. Background of and reasons for the Supplemental Licence Agreement, the Supplemental Service Agreement and the New Annual Caps

(i) Principal business of the Group

As stated in the "Letter from the Board" in the Circular, the Group is principally engaged in the provision of media sales and management services for the Multi-media On-Board ("**MMOB**") 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 has been engaged by KMB to conduct bus shelters media sales activities in Hong Kong pursuant to the Licence Agreement. Based on the financial information provided by the Group, the revenue attributable to the media sales agency and management business on the Selected Bus Shelters by Bus Focus was approximately HK$45.7 million, HK$46.0 million, HK$47.0 million and HK$47.7 million for each of the four years ended 31 December 2011, representing approximately 30.8%, 23.4%, 14.5% and 12.8% of the Group's total revenue for the relevant years respectively. Further, the profit attributable to the media sales agency and management business on the Selected Bus Shelters by Bus Focus was approximately HK$10.2 million, HK$10.2 million, HK$8.9 million and HK$10.7 million for each of the four years ended 31 December 2011, representing approximately 20.4%, 36.3%, 16.8% and 16.3% of the Group's net profit for the relevant years respectively.

(ii) The Licence Agreement and the Supplemental Licence Agreement

On 12 November 2008, the Group entered into the Licence Agreement with KMB pursuant to which KMB agreed to grant an exclusive licence to the Group to conduct the media sales agency and management business on the Selected Bus Shelters (the "**KMB Transaction**"), details of which are set out in the Company's announcement and circular dated 13 November 2008 and 28 November 2008 respectively. The Licence Agreement and the KMB Transaction had been approved by the then Independent Shareholders at the Company's special general meeting held on 15 December 2008.

The duration of the Licence Agreement is for an initial term of four years commencing on 1 August 2008 and ending on 31 July 2012 (both dates inclusive) (the "**Initial Licence Term**"), and shall be extended for the extended term from 1 August 2012 to 30 June 2017 (both dates inclusive) (the "**Extended Licence Term**") upon the fulfillment of the following renewal conditions:

(i) the fulfillment of all financial obligations of Bus Focus under the Licence Agreement, including without limitation, the payment of royalty fee to KMB pursuant to the Licence Agreement; and

(ii) the provision of the bank guarantee(s) by Bus Focus in favour of KMB pursuant to the Licence Agreement.

As confirmed by the management of the Group, all the financial obligations of Bus Focus under the Licence Agreement, including without limitation, the payment of royalty fee to KMB pursuant to the Licence Agreement have been fully settled. Upon fulfillment of the renewal conditions as stated in the Licence Agreement, on 3 July 2012, KMB and Bus Focus entered into the Supplemental Licence Agreement pursuant to which KMB and Bus Focus have conditionally agreed to, upon the expiry of the Initial Licence Term, extend the term of the Licence Agreement for the Extended Licence Term and amend certain terms and conditions of the Licence Agreement.

Save for the KMB Transaction, the Group also provides media sales management and administrative services in relation to advertising spaces located at the exterior and interior panels of KMB's transit vehicles. Further, KMB has granted the Group an exclusive licence to conduct MMOB advertising on its buses fitted with the MMOB broadcasting system. The co-operation between the Group and KMB in managing KMB's overall media sales operations allowed the Group to capitalise on the advertising spaces of KMB to maintain its position in the franchised bus advertising market. In this regard, we concur with the Directors' view that the combined strengths of the Group and KMB in terms of resources and market share will enhance the competitiveness of the Group in the outdoor advertising sales business.

(iii) The Service Agreement and the Supplemental Service Agreement

On 12 November 2008, the Group entered into the Service Agreement with JCL pursuant to which the Group agreed to appoint JCL exclusively to provide the media sales agency services and maintenance and operational services in respect of the Selected Bus Shelters (the "**JCL Transaction**"), details of which are set out in the Company's announcement and circular dated 13 November 2008 and 28 November 2008 respectively. KMB Resources Limited, a wholly-owned subsidiary of Transport International and the intermediate controlling Shareholder, has approved in writing the Service Agreement and the JCL Transaction.

The duration of the Service Agreement is for an initial term of four years commencing on 1 August 2008 and ending on 31 July 2012 (both dates inclusive) (the "**Initial Service Term**"), and shall be extended for a further period from 1 August 2012 to 30 June 2017 (both dates inclusive) (the "**Extended Service Term**") upon the fulfillment of the following renewal conditions:

(i) the fulfillment of all financial obligations of JCL under the Service Agreement, including without limitation, the payment of monthly shortfall to Bus Focus pursuant to the Service Agreement; and

(ii) the provision of bank guarantee(s) by JCL in favour of Bus Focus pursuant to the Service Agreement.

As confirmed by the management of the Group, all financial obligations of JCL under the Service Agreement, including without limitation, the payment of monthly shortfall to Bus Focus pursuant to the Service Agreement have been fully settled. Upon fulfillment of the above renewal conditions as stated in the Service Agreement, on 3 July 2012, Bus Focus and JCL entered into the Supplemental Service Agreement pursuant to which Bus Focus and JCL have conditionally agreed to, upon the expiry of the Initial Service term, extend the term of the Service Agreement for the Extended Service Term and amend certain terms and conditions of the Service Agreement.

As disclosed in the "Letter from the Board" in the Circular, JCL is engaged in outdoor media sales business and has a dominant position in handling bus shelter media sales in Hong Kong. JCL is part of the JCDecaux group, which is an internationally renowned outdoor advertising group. The business collaboration with JCL in respect of the JCL Transaction allows the Group to leverage on JCL's expertise and experience in the outdoor media sales business, thereby enhancing the competitiveness of the Group.

(iv) Views

Given that the bus shelter media sales business is one of the principal businesses of the Group and has been generating revenue and profits for the Group, we consider that the entering into of the Supplemental Licence Agreement with KMB and the Supplemental Service Agreement with JCL would allow the Group to continue its effort in developing its existing bus shelter media sales business and is conducted in the ordinary and usual course of business of the Group.

Having considered the Group's principal activities and the natures of the KMB Transaction and the JCL Transaction respectively, it is reasonable to expect that the KMB Transaction and the JCL Transaction will continue to take place on a regular and frequent basis and in the ordinary and usual course of business of the Group during the Extended Licence Term and the Extended Service Term respectively. It would be impractical for the Company to strictly comply with the Listing Rules requirements regarding "connected transaction" on each occasion when it arises. As such, we are of the view that the entering into of the Supplemental Licence Agreement and the Supplemental Service Agreement, and the adoption of the New Annual Caps are essential for the Group in ensuring the continued smooth operation of the KMB Transaction and JCL Transaction during the Extended Licence Term and the Extended Service Term respectively.

Based on the foregoing, we are of the view that the entering into of the Supplemental Licence Agreement and the Supplemental Service Agreement, and the adoption of the New Annual Caps are 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. Principal terms of Licence Agreement as supplemented and amended by the Supplemental Licence Agreement

(i) The royalty fee payable by Bus Focus to KMB

The annual royalty fee payable by Bus Focus to KMB under an exclusive licence to conduct media sales agency and management business in respect of the Selected Bus Shelters (the "**Royalty Fee**") for the Extended Licence Term is equal to (a) the stipulated percentage of the net advertising rental ("**NAR**"), or (b) a guaranteed minimum royalty fee ("**GMRF**"), whichever is the greater.

According to the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement, the NAR means the amount of rental accrued by Bus Focus derived from the Panels for the display of advertisements at the Selected Bus Shelters less (i) firstly, any trade discounts and agency commission; and (ii) secondly, an agreed amount as deductible operating expenses of the business which is a sum equal to 50% of such rental after deducting item (i). For the period from 1 August 2012 until 31 July 2016 (both dates inclusive), the stipulated percentage of the NAR is 65% of the NAR of HK$25,000,000 or below for each year, plus 55% of any excess of the NAR over HK$25,000,000 for the same year. For the period from 1 August 2016 until 30 June 2017 (both dates inclusive), the stipulated percentage of the NAR is 65% of the NAR of HK$22,916,667 or below for such period, plus 55% of any excess of the NAR over HK$22,916,667 for such period.

The Company confirmed that 50% of the advertising rental derived from the Advertising Contracts (plus the Shortfall, if any) after deducting trade discounts and agency commission was the deductible operating expenses for conducting the KMB Transaction as mutually agreed between Bus Focus and KMB after arm's length negotiation. The Company further advised that the aforesaid deductible operating expenses mainly include the management fee (the "**Management Fee**") payable by Bus Focus to JCL under the Service Agreement as supplemented and amended by the Supplemental Service Agreement, which amounts to 35.6% of the actual advertising rental derived from the Panels in relation to the Advertising Contracts plus the Shortfall (if any), details of which are discussed in section (3)(ii) below.

As stated in the "Letter from the Board" of the Circular, the stipulated percentages of NAR payable by Bus Focus as the Royalty Fee under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement have been determined after arm's length negotiations between Bus Focus and KMB with reference to the relevant rates of royalty fees charged for licences obtained by the Group in relation to the various advertising platforms on KMB buses. We noted that, save for the stipulated percentages of the NAR, the basis of determining the Royalty Fees (including the basis of determination of the NAR) payable under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement is in line with that stipulated under the Licence Agreement which had been approved by the then Independent Shareholders at the Company's special general meeting held on 15 December 2008.

With respect to the stipulated percentages of the NAR for determining the Royalty Fee, we have reviewed similar agreements entered into between the Group and KMB in relation to licences obtained by the Group in relation to other various advertising platforms on KMB buses, including the interior and exterior bus panels and the MMOB broadcasting system. Under the aforesaid agreements, the royalty fees are calculated on similar basis as the Royalty Fee under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement. In particular, the stipulated percentages of the NAR payable to KMB as the Royalty Fee under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement are in line with those of the royalty fees payable by the Group to KMB in relation to conducting the aforesaid other media sales agency and management business. Further, based on our review of independent business co-operations in respect of media sales agency and management business on public transportation in Hong Kong which are similar to the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement in nature (the "**Hong Kong Comparable Transactions**"), we noted that the royalty fees payable pursuant to the Hong Kong Comparable Transactions are calculated on similar basis as the Royalty Fee under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement, in particular, the stipulated percentages of the NAR payable to KMB as the Royalty Fee under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement are in line with those of the royalty fees payable under the Hong Kong Comparable Transactions.

(ii) The guaranteed minimum royalty fee

The Royalty Fee, to be determined on an annual basis, is equal to (a) the stipulated percentage of the NAR, or (b) the GMRF, whichever is the greater.

The GMRF during the Extended Licence Term are as follows:

Period	Amount (HK$)
1 August 2012 — 31 July 2013	15,858,068
1 August 2013 — 31 July 2014	16,320,916
1 August 2014 — 31 July 2015	16,735,543
1 August 2015 — 31 July 2016	17,518,498
1 August 2016 — 30 June 2017	16,746,971

As stated in the "Letter from the Board" in the Circular, the GMRF is determined based on the formula of calculating the Royalty Fee (as mentioned in section (2)(i) above) on the assumptions that (i) the amount of advertising rentals derived from the Panels to be received will be equal to the aggregate amount of the monthly minimum guaranteed rentals ("**MGR**") (as guaranteed by JCL) under the Supplemental Service Agreement for the relevant year or period of term; and (ii) the deductible operating expenses will be in a sum equal to 50% of such guaranteed rentals. Pursuant to the Service Agreement as supplemented and amended by the Supplemental Service Agreement, JCL has guaranteed that the advertising rental accrued by Bus Focus derived from the Panels in relation to the Advertising Contracts shall be an aggregate of MGR of HK$257,995,007 during the Extended Service Term as consideration for an exclusive sub-licence to conduct media sales agency services on the Selected Bus Shelters.

The GMRF is determined with reference to the MGR in the sense that the GMRF is calculated by applying the stipulated percentages of the NAR for determining the Royalty Fee, with the assumption that the amount of NAR is equal to the aggregate amount of the monthly MGR (as guaranteed by JCL) under the Supplemental Service Agreement for the relevant year or period of term less the deductible operating expenses which is equal to 50% of such aggregate amount of the monthly MGR. Based on the aforesaid, the GMRF payable by Bus Focus to KMB is in turn guaranteed by JCL with the MGR to be received by Bus Focus. Accordingly, we consider that the basis of determining the GMRF is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Given that the basis of determination of the Royalty Fee under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement is comparable to those of the royalty fee under the Hong Kong Comparable Transactions and is determined with reference to the MGR which is guaranteed by JCL under the Service Agreement as supplemented and amended by the Supplemental Service Agreement, we consider that the basis of determination of the Royalty Fee (including the GMRF) is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

(iii) The Bus Focus Bank Guarantee(s)

Pursuant to the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement, Bus Focus shall provide KMB with the Bus Focus Bank Guarantee(s) as security for the due payment of the Royalty Fee and all other sums payable by Bus Focus to KMB under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement and the due performance and observances by Bus Focus of all terms and conditions in the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement. The Bus Focus Bank Guarantee(s) shall cover the Extended Licence Period plus the period from 1 July 2017 to 30 September 2017 (i.e. the three months' period after the expiry of the Extended Licence Term ending 30 June 2017).

As stated in the "Letter from the Board" in the Circular, the guaranteed amounts under the Bus Focus Bank Guarantees represent the amount of six months of the GMRF for that year or period of term, and have been determined by KMB and Bus Focus after arm's length negotiation and on normal commercial terms. The guaranteed amounts under the Bus Focus Bank Guarantees are the same as the guaranteed amounts under the JCL Bank Guarantee(s) provided by JCL to Bus Focus under the Service Agreement as supplemented and amended by the Supplemental Service Agreement (details of which are set out in section (3)(iv) below).

Further, based on our review of the Hong Kong Comparable Transactions, we noted that similar bank guarantees are also given to the relevant licensors under the Hong Kong Comparable Transactions and the basis of determination of the guaranteed amounts was in line with that of the guaranteed amounts under the Bus Focus Bank Guarantee(s).

The amounts of the Bus Focus Bank Guarantee(s) during the Extended Licence Term are as follows:

Period	**Amount** *(HK$)*
1 August 2012 — 31 July 2013	7,929,034
1 August 2013 — 31 July 2014	8,160,458
1 August 2014 — 31 July 2015	8,367,772
1 August 2015 — 31 July 2016	8,759,249
1 August 2016 — 30 June 2017 (and including 3 months' period thereafter from 1 July 2017 to 30 September 2017)	9,134,711

Given that (i) the guaranteed amounts under the Bus Focus Bank Guarantee(s) under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement is substantially lower than the total GMRF for each of the year/period during the Extended Licence Term; and (ii) the guaranteed amounts under the Bus Focus Bank Guarantee(s) are equivalent to the guaranteed amounts under the JCL Bank Guarantee(s) provided by JCL to Bus Focus, we consider that the Bus Focus Bank Guarantee(s) is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Pursuant to the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement, the GMRF shall be paid by Bus Focus to KMB monthly in arrears on a pro-rata basis. Commencing from 31 August 2012, the Royalty Fee shall be reviewed every three months based on the stipulated percentages and if the amount of the Royalty Fee payable is over the GMRF already paid, Bus Focus shall pay the difference after such three months' interval. Bus Focus shall submit to KMB annual statements, within 120 days after the end of the relevant calendar year during the Extended Licence Term, showing the amount of NAR and the amount of Royalty Fee payable by Bus Focus pursuant to the stipulated percentages. If the amount of Royalty Fee payable by Bus Focus as shown in the annual statement is greater than the GMRF for the relevant year, such excess of Royalty Fee not yet paid shall be paid by Bus Focus to KMB within 30 days after submission of the annual statement. Accordingly, Bus Focus shall satisfy its outstanding financial obligations under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement within 150 days after the end of the calendar year after the expiry of the Extended Licence Term, being on or before 30 May 2018.

Having considered that (i) the period of providing the Bus Focus Bank Guarantee(s) is shorter than the time period during which Bus Focus is required to satisfy its outstanding financial obligations under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement; and (ii) the arrangement of providing the Bus Focus Bank Guarantee(s) for the three months after the contract term is consistent with that under the Licence Agreement, we are of the view that it is reasonable for the Bus Focus Bank Guarantee(s) to cover the three months' period after the expiry of the Extended Licence Term.

(iv) Duration of the Supplemental Licence Agreement

(a) Background of and reasons for the long duration of the Supplemental Licence Agreement

The duration of the Supplemental Licence Agreement, being from 1 August 2012 to 30 June 2017, was determined based on the term of the Licence Agreement, which provided that upon the fulfillment of the renewal conditions set out therein, KMB and Bus Focus shall extend the licence to conduct the media sales agency and management business on the Selected Bus Shelters for the Extended Licence Term accordingly (the "**Renewal Clause**"). According to the Licence Agreement, the Extended Licence Term shall be of a period of approximately five years commencing on 1 August 2012 and ending on 30 June 2017. The Company confirmed that the Renewal Clause and hence the duration of the Supplemental Licence Agreement were agreed upon at the request of KMB to match the remaining term of the Franchise granted to KMB which shall expire on 1 July 2017. Pursuant to the Franchise, KMB is required to acquire, provide, adopt, maintain, modify or remove transit vehicle shelters in the operation of the public bus service. Matching the duration of the Supplemental Licence Agreement with the remaining term of the Franchise will allow KMB to ensure the continuous smooth management of its bus shelters up to the expiration of the Franchise.

Given that the media sales agency and management business on bus shelters is one of the core businesses of the Group, the long duration of the Supplemental Licence Agreement is considered to be beneficial to the Group, as this will ensure the stable operation of the Group's core business and a smooth business co-operation between Bus Focus and KMB, which in turn would allow the Group to maintain a steady revenue source.

Based on the aforesaid, we concur with the Directors' view that it is required that the duration of the Supplemental Licence Agreement be longer than three years and expire on 30 June 2017.

(b) Comparison to the agreements of the Hong Kong Comparable Transactions and business agreements undertaken by other Hong Kong listed companies engaged in similar business

To assess whether the duration of the Supplemental Licence Agreement is in line with those of other similar transactions, we have reviewed the agreements of the Hong Kong Comparable Transactions. We noted that the tenures of the agreements of the Hong Kong Comparable Transactions are all longer than three years.

In general, in assessing whether it is normal business practice for contracts similar to the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement to be of duration longer than three years, we consider that it is a justifiable basis to make reference to the agreements of the Hong Kong Comparable Transactions. Although the advertising media under the KMB Transaction and the Hong Kong Comparable Transactions are not the same, given that their nature are the same (i.e. establishing long-term business operation arrangement to carry out media sales agency and management business on public transportation in Hong Kong), we consider that the Hong Kong Comparable Transactions are fair and representative samples for comparison and that the analysis with the duration of the relevant agreements of the Hong Kong Comparable Transactions provides a reasonable reference to the Independent Shareholders as to the duration of agreements in Hong Kong which are similar to that of the Supplemental Licence Agreement.

The Licence Agreement as supplemented and amended by the Supplemental Licence Agreement involves obtaining an exclusive licence by Bus Focus to conduct media sales agency and management business on the Selected Bus Shelters. In assessing the fairness and reasonableness of the duration of the Supplemental Licence Agreement, we have, as a supplemental analysis to the aforesaid, attempted to compare it with the duration of the agreements in respect of transactions involving the establishment of long-term business operation arrangements in carrying out advertising business in Hong Kong by other Hong Kong listed companies that are engaged in businesses similar to that of the Group since 1 January 2009. However, we are unable to identify such transactions. As an alternative, based on the information available on the website of the Stock Exchange, we have identified and reviewed based on our best endeavour, the following transactions involving the establishment of long-term business operation arrangements in carrying out advertising business in the People's Republic of China ("**PRC**") as announced by other Hong Kong listed companies since 1 January 2009 which have a term of longer than three years (the "**PRC Comparable Transactions**").

	Listed company		Type of transaction	Term of agreement
1.	China Outdoor Media Group Limited (Stock code: 254)	—	Acquisition of exclusive rights to procure advertising clients to place advertisements through LCD televisions located in all retail outlets of 廣東省郵政公司 and the relevant broadcasting rights	Initial term of 5 years with an option to extend for another 5 years
		—	Appointment of exclusive agent to procure advertising for the media network and the provision of (i) contents for the media network and (ii) editorial and broadcasting technology	Initial term of 5 years and automatically renewable for another 3 years

	Listed company	Type of transaction	Term of agreement
2.	China 33 Media Group Limited (Stock code: 8087)	— Obtained exclusive rights to sell advertising time slots in the audio programmes broadcasted on trains and to produce and supply non-advertising contents of the audio programmes	4 to 7 years
		— Obtained exclusive right to operate the advertising spaces on air traffic control towers of civil airports	Initial term of 9 years and renewal on same terms and conditions

Although the PRC Comparable Transactions identified do not involve the carrying out of advertising business in Hong Kong, we believe that given the PRC Comparable Transactions involve the obtaining of exclusive rights in carrying out advertising business, which are similar to the KMB Transaction in nature (i.e. obtaining an exclusive licence by Bus Focus to conduct media sales agency and management business on the Selected Bus Shelters), they provide supplemental references to the Independent Shareholders as to the duration of agreements of business operation arrangements in the PRC advertising business similar to that of the Supplemental Licence Agreement as publicly announced by other listed companies in Hong Kong engaged in business similar to that of the Group. It should be noted that the PRC Comparable Transactions were conducted under various market conditions and different geographical locations, and therefore the duration of the relevant agreements may be affected by factors different from those applying to the KMB Transaction. As such, we consider that the above comparison table can only provide a supplemental reference apart from the duration of independent business co-operations in respect of media sales agency and management business on public transportation which are similar to the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement in nature publicly announced previously but should not be used in isolation in determining the fairness and reasonableness of the duration of the Supplemental Licence Agreement. Based on the above analysis, we consider that it is common for transactions involving the establishment of long-term business operation arrangements in carrying out advertising business to have a term of longer than three years.

In view of the foregoing, including that the tenure of all the agreements of the Hong Kong Comparable Transactions is longer than three years and that it is common for transactions involving the establishment of long-term business operation arrangements in carrying out advertising business to have a term longer than three years, we are of the opinion that it is a normal business practice for contracts of similar business operation arrangements as the Supplemental Licence Agreement to be of durations longer than three years. In light of the foregoing, we consider it justifiable for Bus Focus to enter into the Supplemental Licence Agreement with a term of more than three years, as this is in line with the normal practice of agreements of similar nature and will ensure a smooth business co-operation between Bus Focus and KMB.

In light of the foregoing, we are of the opinion that the terms of the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Service Agreement as supplemented and amended by the Supplemental Service Agreement

(i) The MGR and the Shortfall (as defined below)

Pursuant to the Service Agreement as supplemented and amended by the Supplemental Service Agreement, if the actual advertising rental accrued by Bus Focus derived from the Panels in relation to the Advertising Contracts is less than the MGR in any calendar month, JCL shall pay to Bus Focus the shortfall (the "**Shortfall**").

The monthly MGR during the Extended Service Term is as follows:

Period	**Amount** *(HK$)*
1 August 2012 — 31 July 2013	4,066,171
1 August 2013 — 31 July 2014	4,188,156
1 August 2014 — 31 July 2015	4,313,801
1 August 2015 — 31 July 2016	4,551,060
1 August 2016 — 30 June 2017	4,778,613

As advised by the Company, the MGR is determined after taking into consideration (i) the target number of Panels at the Selected Bus Shelters to be rented by the outside advertisers for the relevant year; (ii) the MGR per Panel for the relevant year; and (iii) the recent inflation rate of Hong Kong. According to the existing number of Panels at the Selected Bus Shelters as advised by the management of the Company and pursuant to the Service Agreement as supplemented and amended by the Supplemental Service Agreement, the total number of Panels targeted for rental purposes is expected to increase by 100 by 31 July 2013 and by an additional 50 by 31 July 2014, and remain stable thereafter up to 30 June 2017, being the end of the Extended Service Term. Pursuant to the Service Agreement as supplemented and amended by the Supplemental Service Agreement, the target number of Panels for each year ending 31 July during the Extended Service Term and the remaining period of the Extended Service Term from 1 August 2016 to 30 June 2017 are 2,735, 2,785, 2,785, 2,785 and 2,785 respectively.

It is noted that pursuant to the Service Agreement as supplemented and amended by the Supplemental Service Agreement, JCL undertakes to Bus Focus that 50 units of the Non-Selected Bus Shelters shall become Selected Bus Shelters by the end of each of the years ending 31 July 2013 and 31 July 2014 respectively. Accordingly, the Directors consider that the target number of Panels at the Selected Bus Shelters shall increase as the Non-Selected Bus Shelters become Selected Bus Shelters during each of the years ending 31 July 2013 and 2014, and represent a reasonable basis of estimation of the number of Panels at the Selected Bus Shelters during the Extended Service Term in determining the MGR. We concur with the Directors' view that the estimated number of Panels at the Selected Bus Shelters during the Extended Service Term is reasonable given that JCL undertakes that 50 units of the Non-Selected Bus Shelters shall become Selected Bus Shelters by the end of each of the years ending 31 July 2013 and 31 July 2014, and that there are generally more than one Panel at each bus shelter (except for the case of premier Panels where there may be only one premier Panel at each bus shelter).

With respect to the MGR per Panel, we are advised by the Company that the MGR per Panel for the Extended Service Term has been determined with reference to (i) the monthly MGR over the Initial Service Term; (ii) the historical average monthly advertising rental per Panel for the display of advertisements on the Panels at the Selected Bus Shelters; and (iii) the recent inflation rate of Hong Kong. We noted that the average increase in MGR during the Extended Service Term is largely in line with the recent inflation rate of Hong Kong.

According to the historical figures provided by the Company, for each of the three years ended 31 December 2011, the actual advertising rental was lower than the MGR, save for the five months ended 31 May 2012 where the actual advertising rental was higher than the MGR. As such, considering that (i) the MGR provided an effective guaranteed rental to the Group when actual advertising rental is lower than the MGR; (ii) the increment of MGR during the Extended Service Term is largely in line with the recent inflation rate of Hong Kong and shall provide the Group stable revenue stream over the Extended Service Term even the actual advertising rental is lower than the MGR; and (iii) the Group is entitled to upside benefits when actual advertising rental is higher than the MGR, we consider that the MGR and the Shortfall are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

(ii) The Management Fee payable

Pursuant to the Service Agreement as supplemented and amended by the Supplemental Service Agreement, Bus Focus shall pay to JCL monthly Management Fee in an amount equal to 35.6% of the sum of the actual monthly advertising rental derived from the Panels in relation to the Advertising Contracts plus the Shortfall payable by JCL to Bus Focus (if any) in the relevant calendar month during the Extended Service Term. Therefore, the warranted minimum monthly Management Fee payable by Bus Focus to JCL during the Extended Service Term shall be equal to 35.6% of the monthly MGR (in the event that the actual advertising rental derived from the Panels in the relevant calendar month is less than the MGR of that month). Given that the monthly MGR represents the minimum advertising rental to be received by Bus Focus guaranteed by JCL in the event that the actual advertising rental is less than the monthly MGR, we consider it fair and reasonable for Bus Focus to pay JCL the warranted minimum monthly Management Fee in such event.

In order to assess the reasonableness of the basis of determination of the Management Fee, we have reviewed the Service Agreement, and noted that the relevant monthly Management Fee payable by Bus Focus was also calculated at 35.6% of the aggregate of the monthly advertising rental and the Shortfall (if any), which is consistent with the basis of determination of the Management Fee under the Service Agreement as supplemented and amended by the Supplemental Service Agreement. Further, we were advised by the Company that the major cost of the media agency services and maintenance and operational services provided by JCL under the JCL Transaction is labour cost. While the stipulated percentage of the Management Fee remained the same during the Initial Service Term and the Extended Service Term, the increase in the cost of providing the media agency services and maintenance and operational services by JCL to Bus Focus has been/shall be borne by JCL.

Considering (i) that the basis of determination of the Management Fee is consistent between the Service Agreement and the Service Agreement as supplemented and amended by the Supplemental Service Agreement; (ii) that the increase in the cost of providing the media agency services and maintenance and operational services by JCL to Bus Focus shall be borne by JCL during the Extended Service Term; (iii) the upward trend of the MGR for the Extended Service Term over the Initial Service Term; and (iv) the profitable track record of the KMB Transaction and the JCL Transaction as a whole, we consider the basis of determination of the Management Fee is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

(iii) The sales rebate payable by Bus Focus to JCL

Pursuant to the Service Agreement as supplemented and amended by the Supplemental Service Agreement, if the actual advertising rental of each contract period accrued by Bus Focus derived from the Selected Bus Shelters over the Extended Service Term is greater than the total MGR of that contract period, then Bus Focus shall bear the cost of sales rebate (the "**Sales Rebate**") in respect of that contract period.

The Sales Rebate shall mean such amount of sales rebate incurred by JCL and payable to the external sales agents appointed by JCL in relation to JCL's provision of the media sales agency services to Bus Focus. The costs of any Sales Rebate to be borne by Bus Focus for each contract period shall not exceed an amount which is equivalent to such part of the actual advertising rental in respect of that contract period which exceeds the total MGR for the same contract period. As advised by the management of the Company, the purpose of paying JCL the Sales Rebate in accordance with the terms under the Supplemental Service Agreement is to boost the actual advertising rental of each contract period derived from the Selected Bus Shelters over the Extended Service Term by providing an incentive to JCL for achieving an actual advertising rental over the MGR.

If any Sales Rebate shall be borne by Bus Focus, JCL should submit to Bus Focus (i) within three months after the end of a contract period, the provisional entitlement of Sales Rebate in respect of that contract period and a preliminary calculation of Sales Rebate in respect of that contract period; and (ii) within four months after the end of a contract period, a final calculation of the Sales Rebate in respect of that contract period as certified and audited by a certified public accountant appointed by JCL and the fees for such certification and auditing shall be borne solely by JCL.

Notwithstanding that Bus Focus was not required to provide such Sales Rebate under the Service Agreement, considering (i) that the costs of any Sales Rebate to be borne by Bus Focus for each contract period shall not exceed an amount which is equivalent to such part of the actual advertising rental in respect of that contract period which exceeds the total MGR for the same contract period; and (ii) the purpose of reimbursing the Sales Rebate incurred by JCL, we consider that the arrangement of Sales Rebate and the basis of determination of the Sales Rebate are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

(iv) The JCL Bank Guarantee(s)

Pursuant to the Service Agreement as supplemented and amended by the Supplemental Service Agreement, JCL shall provide Bus Focus with the JCL Bank Guarantee(s) as security for the due payment of the monthly Shortfall and all other sums payable by JCL to Bus Focus under the Service Agreement as supplemented and amended by the Supplemental Service Agreement and the due performance and observances by JCL of all terms and conditions in the Service Agreement as supplemented and amended by the Supplemental Service Agreement. The JCL Bank Guarantee(s) shall cover the Extended Service Term plus the period from 1 July 2017 to 30 September 2017 (i.e. the three months' period after the expiry of the Extended Service Term ending 30 June 2017).

As stated in the "Letter from the Board" in the Circular, the guaranteed amounts under the JCL Bank Guarantee(s) represent the amount of six months of the GMRF for that year or period of term under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement, and have been determined by Bus Focus and JCL after arm's length negotiation and on normal commercial terms. The guaranteed amounts under the JCL Bank Guarantee(s) are the same as the guaranteed amounts under the Bus Focus Bank Guarantee(s).

The amounts of the JCL Bank Guarantee(s) during the Extended Service Term are as follows:

Period	**Amount** *(HK$)*
1 August 2012 — 31 July 2013	7,929,034
1 August 2013 — 31 July 2014	8,160,458
1 August 2014 — 31 July 2015	8,367,772
1 August 2015 — 31 July 2016	8,759,249
1 August 2016 — 30 June 2017 (and including 3 months' period thereafter from 1 July 2017 to 30 September 2017)	9,134,711

Given that the guaranteed amounts under the JCL Bank Guarantee(s) cover Bus Focus's obligation under the Bus Focus Bank Guarantee(s) and the terms of both bank guarantees are the same, we consider that the JCL Bank Guarantee(s) are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

(v) Duration of the Supplemental Service Agreement

Pursuant to the Service Agreement and upon the fulfillment of the renewal conditions set out therein, JCL and Bus Focus have agreed to extend the JCL Transaction for the Extended Service Term accordingly. The Extended Service Term shall be of a period of approximately five years commencing on 1 August 2012 and ending on 30 June 2017.

Considering the reasons for and benefits of the duration of the Supplemental Licence Agreement as discussed above and the intention of the Group to align the duration of the Supplemental Service Agreement with that of the Supplemental Licence Agreement, we are of the view that the duration of the Supplemental Service Agreement being in line with the tenure of the Supplemental Licence Agreement would facilitate a smooth business co-operation among Bus Focus, KMB and JCL in operating the media sales agency and management business on the Selected Bus Shelters, which will be beneficial to the Group. As such, we concur with the Directors' view that it is necessary for the term of the Supplemental Service Agreement to be longer than three years.

(vi) Other term of the Supplemental Service Agreement

Pursuant to the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement, Bus Focus has undertaken to upgrade and maintain the existing Panels to the highest standards with continuous innovation and respect for the environment and shall further develop the market potential of the Selected Bus Shelters for advertising. Bus Focus has further undertaken to KMB that it shall develop new advertising formats of the Panels, at its own costs, at 100 units of newly added Selected Bus Shelters, of which 50 units shall be completed on or before 31 July 2013 and the remaining 50 units shall be completed on or before 31 July 2014. In light of Bus Focus's aforesaid obligation under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement and in order to attract more businesses and charge higher advertising rentals from outside advertisers which in turn is expected to generate higher revenue from the media sales agency business, Bus Focus has procured JCL and JCL has agreed, pursuant to the Service Agreement as supplemented and amended by the Supplemental Service Agreement, to install new premier Panels to replace the existing Panels. The costs of removing the existing Panels and manufacturing and installing the premier Panels shall be solely borne by JCL and the premier Panels shall remain the property of JCL. For the avoidance of doubt, the Management Fee payable by Bus Focus to JCL was determined for the purpose of only remunerating JCL for providing the media sales agency services and maintenance and operational services in respect of the Selected Bus Shelters and does not cover the cost of installation of the new premier Panels to be incurred by JCL.

In the event that the Service Agreement as supplemented and amended by the Supplemental Service Agreement is terminated within the Extended Service Term for any reason or is not renewed for a further term beyond 30 June 2017, Bus Focus shall compensate JCL for the capital investment of JCL (i.e. a maximum of 100 units of new premier Panels at the Selected Bus Shelters of HK$75,000 each). Bus Focus shall not be liable for the capital investment of JCL within the Extended Service Term if the Service Agreement as supplemented and amended by the Supplemental Service Agreement is terminated due to the fact that JCL has failed to fulfill its obligations thereunder.

Given the unique nature of the JCL Transaction, no other comparable business arrangement that exhibits similar term can be identified. Nonetheless, considering that Bus Focus is obliged to upgrade the Panels at the Selected Bus Shelters under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement, the installation of the new premier Panels is to facilitate JCL to conduct the media sales agency and management business on the Selected Bus Shelters on behalf of Bus Focus pursuant to the Service Agreement as supplemented and amended by the Supplemental Service Agreement and JCL is bearing the installation costs of the new premier Panels on behalf of Bus Focus. Accordingly, the aforesaid compensation arrangement is merely to reimburse JCL of the installation costs when the Supplemental Service Agreement is terminated or expires. Further, Bus Focus is expected to benefit from higher advertising rentals by upgrading the Panels during the Extended Service Term. Based on the aforesaid, we consider it fair and reasonable that Bus Focus shall compensate the cost of installation of the new premier Panels to JCL should the Supplemental Service Agreement is terminated within the Extended Service Term or not renewed for a further term beyond 30 June 2017.

We are advised by the Company that the compensation of HK$75,000 per new premier Panel was determined with reference to the estimated costs of installation of the new premier Panels and is the same as the compensation amount agreed upon under the Service Agreement. While the compensation amount remained the same as that agreed upon under the Service Agreement, the increase in the cost of installation of the new premier Panels shall be borne by JCL.

We are advised by the Company that the renewal of the Service Agreement as supplemented and amended by the Supplemental Service Agreement for a further term beyond 30 June 2017 is conditional upon the renewal of the Franchise by the Government of Hong Kong to KMB after its expiry on 1 July

2017 and the continuation of the KMB Transaction between KMB and Bus Focus beyond 30 June 2017. The Company further advised that the renewal of the Service Agreement as supplemented and amended by the Supplemental Service Agreement for a further term beyond 30 June 2017 shall be subject to the negotiation between the Group and JCL taking into consideration of a number of factors, including but not limited to, the performance and service quality of JCL during the Extended Service Term and the terms and conditions of the agreement during the further extended term, and shall not be determined simply to avoid making the aforesaid compensation to JCL.

Based on the above, we concur with the Directors' view that the aforesaid compensation arrangement and the basis of determination of the compensation amount relating thereto are of normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In light of the foregoing, we are of the opinion that the terms of the Service Agreement as supplemented and amended by the Supplemental Service Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

4. Requirements of the Listing Rules

For each financial year of the Company during the Extended Licence Term and the Extended Service Term, 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 reports and accounts that the Continuing Connected Transactions have been entered into:

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

— 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 the 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 reports 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.

Straight compliance with the regulatory requirements as detailed above by the Company is expected to ensure that the Continuing Connected Transactions will be conducted on terms that are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned.

5. The New Annual Caps

(i) The annual caps in respect of the Royalty Fees (the "Royalty Fee Caps")

(a) The historical Royalty Fee Caps

Set out below are (i) the actual amounts of the Royalty Fee paid or payable under the Licence Agreement; and (ii) the comparison of the actual amounts of the Royalty Fee with the Royalty Fee Caps for the relevant period:

	For the year ended 31 December			
	2009	2010	2011	
	(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*
Royalty Fee	13.8	14.1	14.3	7.3 (For the five months ended 31 May 2012)
Annual caps	15.0	15.0	15.0	9.0 (For the seven months ending 31 July 2012)
Utilisation rate:	92.0%	94.0%	95.3%	81.1%

As illustrated in the above table, there has been a steady annual growth of in the Royalty Fee during the three years ended 31 December 2011. Royalty Fee for the five months ended 31 May 2012 amounted to approximately HK$7.3 million, equivalent to approximately 51.0% of the full year amount of 2011. We are advised that the steady increase in the Royalty Fee during the three years ended 31 December 2011 was due to the increase in advertising rental derived from the Panels available for rental under the Selected Bus Shelters.

There is a recent trend of the actual advertising rental exceeding the monthly MGR by an average of 22% and a maximum of 50% during the period from October 2011 to May 2012. However, the actual advertising rental remained short of the monthly MGR for the nine months ended 30 September 2011, therefore the recent improvement of the actual advertising rental did not have a significant impact on the actual Royalty Fee for the year ended 31 December 2011. The actual Royalty Fee for the five months ended 31 May 2012 was approximately HK$7.3 million, which on an annual basis amounts to approximately HK$17.5 million, representing an increase of approximately 22.5% compared to the actual Royalty Fee for the year ended 31 December 2011. Therefore, the trend of the actual advertising rental is consistent with the trend of the historical Royalty Fee during 2011 and the five months ended 31 May 2012.

We are of the view that the generally high utilisation rates of the Royalty Fee Caps in respect of the Licence Agreement are reflective of the market expertise of Bus Focus and JCL and their perceptive operation planning and sales projections related thereto.

(b) *The bases of determination of the Royalty Fee Caps*

The following table sets out the Royalty Fee Caps for the Extended Licence Term:

Period	**Royalty Fee Caps** *(HK$)*
For the period from 1 August 2012 to 31 December 2012	10.0 million

Period	Royalty Fee Caps (HK$)
For the year ending 31 December 2013	23.0 million
For the year ending 31 December 2014	24.0 million
For the year ending 31 December 2015	25.0 million
For the year ending 31 December 2016	26.0 million
For the period from 1 January 2017 to 30 June 2017	14.0 million

We are advised by the management of the Company that the Royalty Fee Caps for the Extended Licence Term have been determined based on the stipulated percentages of the estimated NAR for determining the Royalty Fee as discussed in the section (2)(i) above. The estimated NAR is determined by considering (i) the historical amount of actual advertising rental generated from the Panels at the Selected Bus Shelters during the Initial Service Term, in particular, there is a recent trend of the actual advertising rental exceeding the monthly MGR by an average of 22% and a maximum of 50% during the period from October 2011 to May 2012; and (ii) the MGR and the GMRF for the Extended Service Term and the Extended Licence Term pursuant to the Supplemental Service Agreement and the Supplemental Licence Agreement respectively.

In assessing the reasonableness and fairness of the Royalty Fee Caps for the Extended Licence Term, we have reviewed (i) the historical advertising rental generated from the Panels at the Selected Bus Shelters during the Initial Licence Term and the trend thereof; (ii) the comparison of the historical advertising rental generated from the Panels at the Selected Bus Shelters with the MGR during the Initial Licence Term; (iii) the comparison of the historical Royalty Fee paid and/or payable by Bus Focus with the GMRF during the Initial Licence Term; (iv) the basis of determination of the MGR and the GMRF for the Extended Service Term and the Extended Licence Term pursuant to the Supplemental Service Agreement and the Supplemental Licence Agreement respectively; and (v) the trend of the Royalty Fee Caps compared with the GMRF for the Extended Licence Term.

We noted that the growth trend of the Royalty Fee Caps for the period from 1 August 2012 to 30 June 2017 is largely in line with the trend of the GMRF for the Extended Licence Term. Further, we noted that the Royalty Fee Caps are equivalent to the stipulated percentages of estimated NAR which is determined based on the estimated advertising rental to be generated from the Panels at the Selected Bus Shelters for the relevant year or period which was in turn estimated with reference to the monthly MGR during the Extended Service Term and the recent trend of the actual advertising rental exceeding the monthly MGR from October 2011 to May 2012. Therefore, the growth trend of the Royalty Fee Caps during the Extended Licence Term is largely in line with the trend of the MGR during the Extended Service Term. The average annual growth rate of the Royalty Fee Caps during the three years ending 31 December 2016 is approximately 4%, which is in line with the average growth rate of the MGR of approximately 4% during the Extended Service Term. Further, we are given to understand that, given the recent trend of the actual advertising rental exceeding the monthly MGR by an average of 22% and a maximum of 50% during the period from October 2011 to May 2012, the Directors have adopted buffers when estimating the advertising rental to be generated from the Panels at the Selected Bus Shelters and hence the Royalty Fee Caps for the Extended Licence Term in order to enable the Group to have greater degree of flexibility in conducting the Continuing Connected Transactions so as to accommodate possible increase in advertising rentals over the Extended Licence Term. Accordingly, the estimated advertising rental projected by the Company is determined on a sanguine basis that the actual advertising rental will continue to take on the recent buoyant trend, which shall not be comparable to the MGR since it merely represents the minimum guarantee advertising rental agreed to be provided by JCL for the purpose of providing an effective guaranteed rental to the Group when actual advertising rental is lower than the MGR.

In light of the foregoing, we are of the view that the Royalty Fee Caps for the Extended Licence Term were set by the Directors at the proposed level 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 annual caps in respect of the Shortfall (the "Shortfall Caps")

Set out below are the actual Shortfall paid and/or payable by JCL to Bus Focus under the Service Agreement:

	For the year ended 31 December			For the five months ended
	2009	**2010**	**2011**	**31 May 2012**
	(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*
Shortfall	19.8	7.5	0.6	Nil

The Shortfall has decreased significantly during the three years ended 31 December 2011 and the five months ended 31 May 2012. In particular, there is a recent trend that the actual advertising rental has been exceeding the monthly MGR by an average of 22% and a maximum of 50% during the period from October 2011 to May 2012, therefore no Shortfall was paid and/or payable by JCL to Bus Focus for the five months ended 31 May 2012. We have discussed with the management of the Company and were advised that the decrease in the Shortfall was due to the increase in actual advertising rental as a result of the increase in occupancy rate of the Panels contributed by the promotion efforts of JCL.

The following table sets out the Shortfall Caps for the Extended Service Term:

Period	**Shortfall Caps** *(HK$)*
For the period from 1 August 2012 to 31 December 2012	9.0 million
For the year ending 31 December 2013	20.0 million
For the year ending 31 December 2014	21.0 million
For the year ending 31 December 2015	22.0 million
For the year ending 31 December 2016	23.0 million
For the period from 1 January 2017 to 30 June 2017	12.0 million

As disclosed in the "Letter from the Board" in the Circular, the Shortfall Caps for the Extended Service Term have been determined based on the percentage of the historical Shortfall for each of the three years ended 31 December 2011 compared with the aggregate annual MGR stipulated under the Service Agreement for the same relevant period. We noted that the Shortfall Caps are equivalent to 40% of the aggregate annual MGR for the Extended Service Term, which is largely in line with the maximum percentage of the historical Shortfall compared with the aggregate annual MGR during the three years ended 31 December 2011. In light of the foregoing, we are of the view that the 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.

(iii) The annual caps in respect of the Management Fee and the Sales Rebate

The proposed annual caps of the Management Fee (the "**Management Fee Caps**") and the Sales Rebate (the "**Sales Rebate Caps**") under the Service Agreement as supplemented and amended by the Supplemental Service Agreement for the Extended Service Term are set out as follows:

Period	**Management Fee Caps** *(HK$)*	**Sales Rebate Caps** *(HK$)*
For the period from 1 August 2012 to 31 December 2012	14.0 million	3.1 million
For the year ending 31 December 2013	34.0 million	7.5 million
For the year ending 31 December 2014	35.0 million	7.8 million
For the year ending 31 December 2015	37.0 million	8.0 million
For the year ending 31 December 2016	39.0 million	9.0 million
For the period from 1 January 2017 to 30 June 2017	20.0 million	4.5 million

(a) The historical Management Fee Caps

Set out below are (i) the actual amounts of the Management Fee paid and/or payable under the Service Agreement; and (ii) the comparison of the actual amounts of the Management Fee with the Management Fee Caps for the relevant period:

	For the year ended 31 December			
	2009	**2010**	**2011**	
	(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*
Management Fee	16.5	16.7	17.0	8.6 (For the five months ended 31 May 2012)
Annual caps	18.0	18.0	18.0	10.5 (For the seven months ending 31 July 2012)
Utilisation rate	91.7%	92.8%	94.5%	81.9%

As illustrated in the above table, there has been a steady annual growth in the Management Fee during the three years ended 31 December 2011. The historical advertising rental accrued by Bus Focus derived from the Panels in relation to the Advertising Contracts during the three years ended 31 December 2011 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 2011 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 utilisation rates are reflective of the market expertise of Bus Focus and its perceptive operation planning and sales projections related thereto.

(b) The bases of determination of the Management Fee Caps

As stated in the "Letter from the Board" in the Circular, the Management Fees Caps for the Extended Service Term have been determined based on the terms of the Service Agreement as supplemented and amended by the Supplemental Service Agreement with reference to the MGR as guaranteed by JCL as discussed in section (3)(i) above and the estimated maximum advertising rentals payable by JCL based on historical figures.

In assessing the reasonableness and fairness of the Management Fee Caps for the Extended Service Term, we have reviewed (i) the historical advertising rental generated from the Panels at the Selected Bus Shelters for the Initial Service Term and the trend thereof; (ii) the comparison of the historical advertising rental generated from the Panels at the Selected Bus Shelters with the MGR over the Initial Service Term; (iii) the basis of determination of the MGR over the Extended Service Term pursuant to the Service Agreement as supplemented and amended by the Supplemental Service Agreement; (iv) the basis of determination of the estimated advertising rental to be generated from the Panels at the Selected Bus Shelters for the Extended Service Term as discussed in section (5)(i)(b) above; and (v) comparison of the trend of the Management Fee Caps with the trend of the warranted minimum Management Fee (calculated based on 35.6% of the MGR) over the Extended Service Term.

We noted that the growth trend of the Management Fee Caps is largely in line with the trend of the stipulated minimum Management Fee warranted to JCL based on the MGR under the Service Agreement as supplemental and amended by the Supplemental Service Agreement. We further noted that the Management Fee Caps are equivalent to 35.6% of the estimated advertising rental to be generated from the Panels at the Selected Bus Shelters for the relevant year or period which was in turn estimated with reference to the recent trend of the actual advertising rental exceeding the monthly MGR from October 2011 to May 2012, as detailed in section (5)(i)(b) above. Given the recent trend of the actual advertising rental exceeding the monthly MGR, the Directors have adopted buffers when estimating the advertising rental to be generated from the Panels at the Selected Bus Shelters and hence the Management Fee Caps for the Extended Service Term in order to enable the Group to accommodate the possibility of paying a Management Fee above the warranted minimum Management Fee over the Extended Service Term.

(c) The Sales Rebate Caps

Pursuant to the Service Agreement as supplemented and amended by the Supplemental Service Agreement, if the actual advertising rental of each contract period accrued by Bus Focus derived from the Selected Bus Shelters over the Extended Service Term is greater than the total MGR of that contract period, then Bus Focus shall bear the cost of Sales Rebate in respect of that contract period. As stated in the "Letter from the Board" in the Circular, the Sales Rebate Caps for the Extended Service Term under the Supplemental Service Agreement have been determined with reference to the estimated Sales Rebate which may be borne by Bus Focus.

As advised by the management of the Company, the estimated Sales Rebate is determined with reference to (i) the estimated advertising rental to be generated from the Panels at the Selected Bus Shelters as discussed in section (5)(i)(b) above; and (ii) the historical percentage of sales rebate incurred by JCL and payable to the external sales agents appointed by JCL in relation to JCL's provision of the media sales agency services to Bus Focus over the amount of historical advertising rental generated from the Panels at the Selected Bus Shelters during the Initial Service Term.

In assessing the reasonableness and fairness of the Sales Rebate Caps, we have (i) reviewed the basis of determination of the estimated advertising rental to be generated from the Panels at the Selected Bus Shelters as discussed in section (5)(i)(b) above; and (ii) discussed with the management of the Company regarding the historical amount of sales rebate incurred by JCL and payable to the external sales agents appointed by JCL in relation to JCL's provision of the media sales agency services to Bus Focus during the Initial Service Term.

We noted that the Sales Rebate Caps are determined by multiplying the estimated advertising rental to be generated from the Panels at the Selected Bus Shelters for the relevant year or period by the average historical percentage of sales rebate incurred by JCL and payable to the external sales agents appointed by JCL in relation to JCL's provision of the media sales agency services to Bus Focus over the corresponding amount of historical advertising rental generated from the Panels at the Selected Bus Shelters. Given the recent trend of the actual advertising rental exceeding the monthly MGR by an average of 22% and a maximum of 50% during the period from October 2011 to May 2012, the Directors have adopted buffers when estimating the advertising rental to be generated from the Panels at the Selected Bus Shelters and hence the Sales Rebate Caps for the Extended Service Term in order to enable the Group to have greater degree of flexibility in conducting the JCL Transaction so as to accommodate possible increase in advertising rentals over the Extended Service Term.

Based on the foregoing, we are of the view that the Sales Rebate 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 and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

— that the Continuing Connected Transactions will allow the Group to continue its effort in developing its existing the media sales agency and management business on bus shelters which is one of the principal businesses of the Group;

— that the continuing cooperation between the Group and KMB in conducting and managing KMB's overall media sales operations helps the Group maintain its position in the franchised bus advertising market and enhances the competitiveness of the Group in the outdoor advertising sales business;

— that the engagement of JCL to conduct the JCL Transaction allows the Group to continue leveraging on JCL's expertise and experience in the outdoor media sales business, thereby enhancing the competitiveness of the Group;

— that the respective bases of determination of the Royalty Fee, the Management Fee, the Shortfall and the Sales Rebate are fair and reasonable so far as the Company and the Independent Shareholders are concerned;

— that the New Annual Caps have been set by the Directors, after careful and due considerations, at levels which are in the interests of both the Company and the Shareholders; and

— the regulatory requirements in place to ensure that the Continuing Connected Transactions will be conducted on terms that are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned during the Extended Licence Term and the Extended Service Term,

we consider that the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement and the Service Agreement as supplemented and amended by the Supplemental Service Agreement have been entered into within the ordinary and usual course of the Group's business based on normal commercial terms and their respective terms together with the New 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 the Shareholders as a whole.

Accordingly, we advise the Independent Shareholders, and the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement, the Service Agreement as supplemented and amended by the Supplemental Service Agreement and the New Annual Caps.

Yours faithfully,
For and on behalf of
Quam Capital Limited
Richard D. Winter
Chief Executive Officer

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 aspects and not misleading or deceptive, and there are no other facts not contained herein the omission of which would make any statement contained in this circular 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 such associate was taken or deemed to have under such provisions of the SFO); or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, 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

Name of Director	Transport International *(Note 2)*: ordinary shares of HK$1.0 each 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 or any of their respective associates had any interest or short position in the shares, underlying shares and/or debentures of the Company 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 entered in the register of interests required to be kept by the Company pursuant to Section 352 of the SFO; or notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

None of the Directors has any direct or indirect interest in any assets which have since 31 December 2011 (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 proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors is materially interested in any contract or arrangement entered 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 the Directors, 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 and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO:

Name	Number of shares held	Approximate % in the Company's issued share capital
Transport International *(Note)*	728,127,410	73.01%
KMB Resources Limited *(Note)*	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) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Dr. John CHAN Cho Chak, Ms. Winnie NG, Dr. Eric LI Ka Cheung, Mr. John Anthony MILLER and Mr. Edmond HO Tat Man, who are Directors of the Company, are also directors of Transport International; and Mr. YUNG Wing Chung, a Director of the Company, is an alternate director to Mr. Raymond KWOK Ping Luen in Transport International. Mr. Edmond HO Tat Man is also a director of KMB Resources Limited.

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. The letter given by Quam Capital is given as at the date of this circular for incorporation herein.

As at the Latest Practicable Date, Quam Capital did not have any direct or indirect interest in any assets which had since 31 December 2011 (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 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 2011, 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 a service contract with any member of the Group which does not expire or is not terminable 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 as if each of them were 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 the date of the SGM (excluding Saturdays and public holidays):

(a) the Licence Agreement;

(b) the Service Agreement;

(c) the Supplemental Licence Agreement; and

(d) the Supplemental Service Agreement.

ROADSHOW HOLDINGS LIMITED
路訊通控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 888)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Special General Meeting**") of the shareholders of RoadShow Holdings Limited (the "**Company**") will be held at Concord Room I, 8/F, Renaissance Harbour View Hotel, Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Wednesday, 15 August 2012 at 11:30 a.m. for the purposes of considering and, if thought fit, passing (with or without modifications) the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**:

(a) the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement (both as defined and described in the circular of the Company dated 30 July 2012 (the "**Circular**")) (a copy of the Supplemental Licence Agreement has been produced to the meeting and marked "A" and initialed by the chairman of the meeting for the purpose of identification) and all transactions contemplated thereunder and in connection therewith, be and are hereby approved, ratified and confirmed; and

(b) the proposed annual caps for the period from 1 August 2012 to 31 December 2012, the four years ending 31 December 2016 and the period from 1 January 2017 to 30 June 2017 in relation to the transactions under the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement as described in the Circular be and are hereby approved;

and that the directors of the Company be and are hereby authorised for and on behalf of the Company to execute all such documents and agreements and do such acts or things as they may in their discretion consider to be necessary, desirable or expedient to implement or give effect to or in connection with the Licence Agreement as supplemented and amended by the Supplemental Licence Agreement, and all other transactions contemplated thereunder and the proposed annual caps as described in the Circular."

* *For identification purposes only*

2. "**THAT**:

(a) the Service Agreement as supplemented and amended by the Supplemental Service Agreement (both as defined and described in the Circular) (a copy of the Supplemental Service Agreement has been produced to the meeting and marked "B" and initialed by the chairman of the meeting for the purpose of identification) and all transactions contemplated thereunder and in connection therewith, be and are hereby approved, ratified and confirmed; and

(b) the proposed annual caps for the period from 1 August 2012 to 31 December 2012, the four years ending 31 December 2016 and the period from 1 January 2017 to 30 June 2017 in relation to the transactions under the Service Agreement as supplemented and amended by the Supplemental Service Agreement as described in the Circular be and are hereby approved;

and that the directors of the Company be and are hereby authorised for and on behalf of the Company to execute all such documents and agreements and do such acts or things as they may in their discretion consider to be necessary, desirable or expedient to implement or give effect to or in connection with the Service Agreement as supplemented and amended by the Supplemental Service Agreement, and all other transactions contemplated thereunder and the proposed annual caps as described in the Circular."

By Order of the Board
MAN Miu Sheung
Company Secretary

Hong Kong, 30 July 2012

Notes:

(1) Any member of the Company entitled to attend and vote at the Special General Meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll, votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.

(2) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be lodged with the Company's principal office at 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the Special General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude a member of the Company from attending and voting in person at the Special General Meeting or any adjournment thereof and if such event, the authority of the proxy shall be deemed to be revoked.

(3) The ordinary resolutions as set out above will be determined by way of poll.