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## THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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### ROADSHOW HOLDINGS LIMITED

### 路訊通控股有限公司\*

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 888)**

### CONTINUING CONNECTED TRANSACTIONS AND RE-ELECTION OF DIRECTORS

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



**Quam Capital Limited**

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A letter from the board of directors of RoadShow Holdings Limited (the “Company”) is set out on pages 5 to 20 of this circular. A letter from the independent board committee of the Company is set out on pages 21 to 22 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 23 to 47 of this circular.

A notice convening the Special General Meeting of the Company to be held at Concord Room 1, 8/F., Renaissance Harbour View Hotel, Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Monday, 15 December 2008 at 11:30 a.m. is set out on pages 56 to 57 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 No. 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, 28 November 2008

\* For identification purposes only

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## DEFINITIONS

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

“2001 Licence Agreement”	the licence agreement dated 1 March 2001 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
“2001 Services Agreement”	the service agreement dated 1 March 2001 entered into between Bus Focus and JTL in relation to, among others, the provision of media sales agency services and maintenance and operational services in respect of Selected Bus Shelters by JTL to Bus Focus
“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 JTIL
“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 and the due performance and observance by Bus Focus of all terms and conditions in the 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
“Companies Ordinance”	Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Continuing Connected Transactions”	the transactions contemplated by the Licence Agreement and the transactions contemplated by the Service Agreement
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“Franchise”	the franchise granted to KMB to operate a public bus service for a term commencing from 1 August 2007 until 1 July 2017
“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 Mr. HUI Ki On, 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 by the Licence Agreement, the Shareholders other than KMB Resources Limited and its associates; and in respect of the transactions contemplated by the Service Agreement, all the Shareholders
“JTIL”	JCDecaux Texon International Limited (formerly known as Texon International Limited), a company incorporated in Hong Kong
“JTL”	JCDecaux Texon Limited (formerly known as Texon Media Limited), a company incorporated in Hong Kong and a wholly-owned subsidiary of JTIL
“JTL 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 JTL to Bus Focus under the Service Agreement and the due performance and observance by JTL of all terms and conditions in the 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

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## DEFINITIONS

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“Latest Practicable Date”	26 November 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Licence Agreement”	the licence agreement dated 12 November 2008 entered into between KMB and Bus Focus in relation to, among others, the grant of an exclusive licence to conduct media sales agency and management business on the Selected Bus Shelters by KMB to Bus Focus for a term commencing as effective on 1 August 2008 until 31 July 2012 (both dates inclusive)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Selected Bus Shelters”	the bus shelters owned by KMB other than the Selected Bus Shelters
“Quam Capital”	Quam Capital Limited, a corporate licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and their respective annual caps
“Renewal Period”	the period from 1 August 2012 until 30 June 2017 (both dates inclusive)
“RMHL”	RoadShow Media Holdings Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“Selected Bus Shelters”	the selected bus shelters owned by KMB
“Service Agreement”	the service agreement dated 12 November 2008 entered into between Bus Focus and JTL in relation to, among others, the provision of media sales agency services and maintenance and operational services in respect of Selected Bus Shelters by JTL to Bus Focus for a term commencing as effective on 1 August 2008 until 31 July 2012 (both dates inclusive)
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

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## DEFINITIONS

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“SGM”	the special general meeting of the Company to be held on 15 December 2008 to consider and, if thought fit, approve the continuing connected transactions contemplated by the Licence Agreement and the proposed annual caps for the royalty fee as mentioned in this circular
“SGM Notice”	the notice convening the SGM as set on pages 56 to 57 of this circular
“Shareholder(s)”	holder(s) of the share(s) of the Company
“subsidiary”	shall have the meaning ascribed to it under the Companies Ordinance
“substantial shareholder”	shall have the meaning ascribed to it under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transitional Period”	the period from 1 August 2007 to 31 July 2008 (both dates inclusive)
“Transport International”	Transport International Holdings Limited, a company incorporated in Bermuda and whose shares are listed on the Main Board of the Stock Exchange, 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:**

John CHAN Cho Chak (*Chairman*)

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

YUNG Wing Chung (*Deputy Chairman*)

Winnie NG (*Deputy Chairman*)

*BA, MBA (Chicago), MPA (Harvard)*

Dr. Carlye Wai-Ling TSUI<sup>#</sup>

*BBS, MBE, JP, DProf, BA(Econ), FHKIoD, FBCS, CITP,*

*FHKIE, HonFACE, PDipCD*

HUI Ki On<sup>#</sup>

*GBS, CBE, QPM, CPM*

Dr. Eric LI Ka Cheung<sup>#</sup>

*GBS, OBE, JP, LLD, DSocSc, BA, FCPA (Practising),*

*Hon HKAT, FCA, FCPA (Aust.), FCIS*

MO Tik Sang (*Managing Director*)

MAK Chun Keung

Anthony NG

*BA, MBA (Ivey)*

John Anthony MILLER

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

Edmond HO Tat Man

*MA(Cantab), MBA, CMLT, MHKIoD*

<sup>#</sup> *Independent Non-executive Director*

**Registered Office:**

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

**Hong Kong Principal Office:**

No. 9 Po Lun Street

Lai Chi Kok

Kowloon

Hong Kong

28 November 2008

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
AND  
RE-ELECTION OF DIRECTORS**

**1. INTRODUCTION**

The Board refers to the joint announcement of the Company and Transport International dated 13 November 2008 whereby it was announced that:

- (1) on 12 November 2008, the Licence Agreement was entered into between KMB and Bus Focus, 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); and

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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- (2) on 12 November 2008, the Service Agreement was entered into between Bus Focus and JTL, pursuant to which Bus Focus agreed to appoint JTL 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).

The purposes of this circular are: (i) to provide you with further information regarding the Continuing Connected Transactions; (ii) to set out 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; (iii) to set out the recommendation and opinion 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 (iv) to give you notice of the SGM to be held to consider and, if thought fit, to approve, among other things, the resolution relating to the continuing connected transactions contemplated by the Licence Agreement and the proposed annual caps for the royalty fee.

In addition, this circular also provides you with information regarding the proposed resolution relating to the re-election of Mr. Mo Tik Sang, Mr. Edmond Ho Tat Man and Mr. Yung Wing Chung as directors of the Company at the SGM.

## 2. THE CONTINUING CONNECTED TRANSACTIONS

### (A) The Licence Agreement

#### *Date*

12 November 2008

#### *Parties*

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

#### *Subject Matter*

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 sublicense 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 JTL to Bus Focus under the Service Agreement.

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## LETTER FROM THE BOARD

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### *Condition*

The Licence Agreement is conditional on the approval of the Shareholders pursuant to the requirements of the Listing Rules.

If the above condition is not fulfilled within 3 months immediately after the date of the Licence Agreement (or such a later date as may be agreed by the parties in writing), the Licence Agreement will lapse.

### *Term*

Conditional on the approval of the Shareholders referred to in the paragraph headed “Condition” in this sub-section (A) above, the term of the Licence Agreement shall commence as effective on 1 August 2008 until 31 July 2012 (both dates inclusive).

Upon the fulfillment of all financial obligations of Bus Focus under the Licence Agreement, including the payment of royalty fee referred to in the paragraph headed “Consideration” in this sub-section (A) below and the provision of the Bus Focus Bank Guarantee(s) referred to in the paragraph headed “Other major terms” in this sub-section (A) below, the term of the Licence Agreement shall, conditional upon the approval by the Shareholders of the extension as and if required by the Listing Rules, be extended for the Renewal Period commencing on 1 August 2012 until 30 June 2017 (both dates inclusive). The extension of the term for the Renewal Period shall be governed by the same terms and conditions of the Licence Agreement, insofar as they are applicable subject to the mutual agreement between KMB and Bus Focus of the rates of payments (including the royalty fee and the guaranteed minimum royalty fee) with reference to the market rates of the Selected Bus Shelters and the guaranteed amounts under the Bus Focus Bank Guarantee(s) for the Renewal Period.

The Company will comply with the relevant requirements of the Listing Rules when the term of the Licence Agreement is extended as aforesaid for the Renewal Period.

The term of the Licence Agreement has been determined by KMB and Bus Focus after arm’s length negotiation with reference to the 4-year initial term of the 2001 Licence Agreement. Since (i) the media sales agency and management business on the Selected Bus Shelters as contemplated under the Licence Agreement is one of the core businesses of the Group and (ii) the longer term of the 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

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## LETTER FROM THE BOARD

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Selected Bus Shelters, the Directors consider that the term of Licence Agreement, which is more than 3 years, is necessary for the purpose of for the businesses of the Group.

### *Consideration*

The royalty fee payable by Bus Focus to KMB for the term of the Licence Agreement, to be determined on an annual basis, is equal to the stipulated percentage of the net advertising rental, or a guaranteed minimum royalty fee, whichever is the greater.

According to the 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, a sum equal to 50% of such rental after deducting (i), being an agreed amount as deductible operating expenses of the business. The stipulated percentage of the net advertising rental is 60% of the net advertising rental of HK\$25,000,000 or below, plus 50% of any excess of the net advertising rental over HK\$25,000,000. The stipulated percentage has been determined with reference to the relevant rates of royalty fees charged by different bus operators for licences obtained by the Group in relation to the advertising broadcast business through the multi-media broadcasting system on buses.

The guaranteed minimum royalty fees for each year ending 31 July during the term of the Licence Agreement commencing as effective on 1 August 2008 until 31 July 2012 (both dates inclusive) are HK\$11,517,480, HK\$11,684,400, HK\$11,851,320 and HK\$12,018,240 respectively. The guaranteed minimum royalty fee is equal to 50% of the presumed net advertising rental for the relevant year. The presumed net advertising rental is the aggregate amount of the monthly guaranteed rentals (as guaranteed by JTL under the Service Agreement referred to in the paragraph headed “Consideration” in sub-section (B) below) for that year, less a sum equal to 50% of such aggregate monthly guaranteed rentals being the presumed amount of deductible items.

Bus Focus shall submit to KMB annual statements during the term of the Licence Agreement by the 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.

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## LETTER FROM THE BOARD

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### *Historical figures*

The royalty fee paid and/or payable by Bus Focus to KMB for each of the 3 years ended 31 December 2007 and the 7-month period ended 31 July 2008 under the 2001 Licence Agreement and/or the Licence Agreement are approximately HK\$7.0 million, HK\$7.7 million, HK\$8.0 million and HK\$4.7 million respectively.

### *Proposed annual caps*

The Directors have considered and proposed the following annual caps in respect of the royalty fee under the Licence Agreement:

	<b>For the year ending 31 December</b>		
	<b>2008</b>	<b>2009</b>	<b>2010</b>
Royalty fee	HK\$11,500,000	HK\$15,000,000	HK\$15,000,000

The above proposed annual caps for royalty fee for the two years ending 31 December 2009 and 2010 have been determined based on the above stipulated percentage of the presumed net advertising rental. The presumed net advertising rental is the aggregate amount of the monthly guaranteed rentals (as guaranteed by JTL under the Service Agreement referred to in the paragraph headed “Consideration” in subsection (B) below) for that year, less a sum equal to 50% of such aggregate monthly guaranteed rentals being the presumed amount of deductible items. The above proposed annual cap for royalty fee for the year ending 31 December 2008 consists of (i) the royalty fee payable by Bus Focus to KMB in respect of the period from 1 January 2008 to 31 July 2008 (part of the Transitional Period), which, pursuant to the Licence Agreement, is determined in accordance with the terms of the 2001 Licence Agreement; and (ii) the proposed royalty fee in respect of the period from 1 August 2008 to 31 December 2008, which has been determined based on the stipulated percentage of the presumed net advertising rental as mentioned above.

The above annual caps are subject to the approval of the Independent Shareholders of the Company. In respect of further annual caps for 2011 and afterwards, the Company will, if required, convene general meeting at appropriate time to approve them pursuant to the requirements of the Listing Rules.

### *Other major terms*

Within 14 business days after the 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 and the due performance and observance by Bus Focus

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## LETTER FROM THE BOARD

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of all terms and conditions in the Licence Agreement. The guaranteed amounts under the Bus Focus Bank Guarantee(s), which shall be in the sum of HK\$5,758,740, HK\$5,842,200, HK\$5,925,660 and HK\$6,009,120 for each respective year ending 31 July during the term from 1 August 2008 until 31 July 2012 (both dates inclusive), representing the amount of half of the guaranteed minimum royalty fees for that year of term, have been determined by the parties after arm's length negotiation and on normal commercial terms. The Bus Focus Bank Guarantee(s) shall also cover the period from 1 August 2012 to 31 October 2012 (i.e. the three months' period after the expiry of the term ending 31 July 2012) and the guaranteed amount during such period shall be in the sum of HK\$6,009,120.

KMB confirms and ratifies Bus Focus's right to conduct the media sales agency and management business at the Selected Bus Shelters for the Transitional Period from 1 August 2007 to 31 July 2008 (both dates inclusive). Such conducting of the media sales agency and management business and the payment of the royalty fee in respect of the Transitional Period shall be governed by the same terms and conditions of the 2001 Licence Agreement. As the applicable percentage ratios for the royalty fee payable by Bus Focus to KMB are (i) less than 2.5% for the period from 1 August 2007 to 31 December 2007; and (ii) less than 25% for the period from 1 January 2008 to 31 July 2008 and the royalty fee for such period is less than HK\$10 million, the transactions under the Licence Agreement in respect of the Transitional Period are only subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements pursuant to Rule 14A.34. An announcement was made by the Company on 9 July 2008 disclosing, among other things, the applicable percentage ratios for the royalty fee on an annual basis during the Transitional Period (up to 31 May 2008) which were calculated on the presumption that the Licence Agreement would be renewed on the same terms as the 2001 Licence Agreement and taking into account of the relevant historical figures.

Bus Focus confirms and ratifies the right of KMB 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, for the Transitional Period, which right shall be governed by the same terms and conditions of the 2001 Licence Agreement.

### **(B) The Service Agreement**

#### *Date*

12 November 2008

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## LETTER FROM THE BOARD

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### *Parties*

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

### *Subject Matter*

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

JTL 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 JTL has agreed that Bus Focus shall have the right to sublicense such right to KMB only.

### *Condition*

The Service Agreement is conditional upon the obtaining of the approval by the Shareholders of the Licence Agreement and the Service Agreement pursuant to the requirements of the Listing Rules.

If the above condition is not fulfilled within 3 months immediately after the date of the Service Agreement (or such a later date as may be agreed by the parties in writing), the Service Agreement will lapse.

### *Term*

Conditional on the approval of the shareholders referred to in the paragraph headed “Condition” in this sub-section (B) above, the term of the Service Agreement shall commence as effective on 1 August 2008 until 31 July 2012 (both dates inclusive).

Upon the fulfillment of all financial obligations of JTL under the Service Agreement, including the payment of monthly Shortfall referred to in the paragraph headed “Consideration” in this sub-section (B) below and the provision of the JTL Bank Guarantee(s) referred to in the paragraph headed “Other major terms” in this sub-section (B) below, the term of the Service Agreement shall, conditional upon the renewal or extension of the Licence Agreement for the Renewal Period and the approval of the extension of the Licence Agreement and the Service Agreement for the Renewal Period by the Shareholders as and if required by the Listing Rules, be extended for the Renewal Period commencing on 1 August 2012 until 30 June 2017 (both dates inclusive). The extension of the term for the Renewal Period shall be

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## LETTER FROM THE BOARD

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governed by the same terms and conditions of the Service Agreement, insofar as they are applicable subject to the mutual agreement between Bus Focus and JTL of the rates of payments (including the management fee, monthly Shortfall (as defined in the paragraph headed “Consideration” in this sub-section (B) below) and guaranteed rentals) with reference to the market rates of the Selected Bus Shelters and the guaranteed amounts under the JTL Bank Guarantee(s) for the Renewal Period.

The Company will comply with the relevant requirements of the Listing Rules when the term of the Service Agreement is extended as aforesaid for the Renewal Period.

The term of the Service Agreement has been determined by Bus Focus and JTL after arm’s length negotiation. Since the term of the Licence Agreement is longer than 3 years, the Directors consider that the term of Service Agreement, which is more than 3 years, is necessary for the purpose of matching and being aligned with the period for the 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 term of the 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, JTL shall pay to Bus Focus the shortfall (the “**Shortfall**”). The monthly guaranteed rentals for each year ending 31 July during the term from 1 August 2008 until 31 July 2012 (both dates inclusive) are HK\$3,839,160, HK\$3,894,800, HK\$3,950,440 and HK\$4,006,080 respectively. The monthly guaranteed rental is derived by multiplying the target number of panels at the Selected Bus Shelters to be rented by the outside advertisers for the relevant year by the guaranteed rental for each panel for that year. The target number of panels during the term of the Service Agreement is equivalent to the number of panels at the Selected Bus Shelters currently available for renting. The guaranteed rental for each panel for each year during the term of the Service Agreement has been determined with reference to the guaranteed rental for the year ended 31 July 2007 as agreed in the 2001 Service Agreement and taking into account of a slight increment for inflation for each year.

The management fee payable by Bus Focus to JTL in each calendar month shall be an amount which equals to 35.6% of the sum of the monthly advertising rental derived from the panels in relation to the Advertising Contracts plus the Shortfall (if any) in the relevant calendar month during the period from 1 August 2008 to 31 July 2012. The above calculation of management fee has been determined by Bus Focus and JTL with reference to the market rates of management fee for similar services

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## LETTER FROM THE BOARD

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as contemplated under the Service Agreement, including without limitation, the rate of service fee payable by a subsidiary of Transport International to a subsidiary of the Company regarding the media sales management and administrative services for transit vehicle exterior advertising.

Bus Focus shall submit to JTL annual statements during the term of the Service Agreement as audited by the accountant jointly appointed by Bus Focus and JTL, 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 JTL and those as shown in the annual audited statements, the annual audited statements shall be conclusive and the relevant party shall make the necessary adjustment by paying or returning the relevant amount of Shortfall or management fee to the other party.

For the purpose of upgrading the existing panels for the display of advertisements at the Selected Bus Shelters, JTL may install 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 JTL and the premier panels installed shall remain the property of JTL. If the Service Agreement is not extended for the Renewal Period pursuant to the Service Agreement for any reason, Bus Focus shall compensate JTL for the capital investment of JTL (i.e. a maximum of 200 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 JTL within the term of the Service Agreement if the Service Agreement is not extended for the Renewal Period due to the fact that JTL has failed to fulfill its obligations under the Service Agreement. 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; (ii) the costs of the installation of the premier panels are to be borne by JTL solely; and (iii) Bus Focus need not compensate JTL if the Service Agreement is extended for the Renewal Period, the Directors consider that the above compensation arrangement and amount is fair and reasonable.

### *Historical figures*

The Shortfall paid and/or payable by JTL to Bus Focus for each of the 3 years ended 31 December 2007 and the 7-month period ended 31 July 2008 under the 2001 Service Agreement and/or the Service Agreement are approximately HK\$0.6 million, HK\$8.6 million, HK\$11.9 million and HK\$4.1 million respectively.

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## LETTER FROM THE BOARD

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The management fee paid and/or payable by Bus Focus to JTL for each of the 3 years ended 31 December 2007 and the 7-month period ended 31 July 2008 under the 2001 Service Agreement and/or the Service Agreement are approximately HK\$10.7 million, HK\$11.8 million, HK\$12.5 million and HK\$7.3 million respectively.

### *Proposed annual caps*

The Directors have considered and proposed the following annual caps in respect of the Shortfall and the management fee under the Service Agreement:

	<b>For the year ending 31 December</b>		
	<b>2008</b>	<b>2009</b>	<b>2010</b>
Shortfall	HK\$23,400,000	HK\$46,400,000	HK\$47,100,000
Management fee	HK\$15,500,000	HK\$18,000,000	HK\$18,000,000

The above proposed annual caps for the Shortfall for the two years ending 31 December 2009 and 2010 have been determined based on the terms of the Service Agreement and on the assumption that no advertising rental would be derived from the panels in relation to the Advertising Contracts and therefore JTL would have to pay the maximum amount of guaranteed rental to Bus Focus. The above proposed annual cap for the Shortfall for the year ending 31 December 2008 consists of (i) the shortfall payable by JTL to Bus Focus in respect of the period from 1 January 2008 to 31 July 2008 (part of the Transitional Period), which, pursuant to the Service Agreement, is determined according to the terms of the 2001 Service Agreement; and (ii) the proposed shortfall in respect of the period from 1 August 2008 to 31 December 2008, which has been determined based on the terms of the Service Agreement and on the assumption that no advertising rental would be derived from the panels and therefore JTL would have to pay the maximum amount guaranteed rental in respect of such period.

The above proposed annual caps for the management fee for the two years ending 31 December 2009 and 2010 have been determined based on the terms of the Service Agreement and with reference to the advertising rentals as guaranteed by JTL referred to in the paragraph headed “Consideration” in this sub-section (B) above. The above proposed annual cap for the management fee for the year ending 31 December 2008 consists of (i) the management fee payable by Bus Focus to JTL in respect of the period from 1 January 2008 to 31 July 2008 (part of the Transitional Period), which, pursuant to the Service Agreement, is determined according to the terms of the 2001 Service Agreement; and (ii) the proposed management fee in respect of the period from 1 August 2008 to 31 December 2008, which has been determined based on the terms of the Service Agreement and with reference to the advertising rentals as guaranteed by JTL referred to in the paragraph headed “Consideration” in this sub-section (B) above.

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## LETTER FROM THE BOARD

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The above annual caps are subject to the approval of the Independent Shareholders of the Company. In respect of further annual caps for 2011 and afterwards, the Company will, if required, convene general meeting at appropriate time to approve them pursuant to the requirements of the Listing Rules.

### *Other major terms*

On signing of the Service Agreement, JTL shall provide Bus Focus with the JTL Bank Guarantee(s) as security for the due payment of the monthly Shortfall and all other sums payable by JTL to Bus Focus under the Service Agreement and the due performance and observance by JTL of all terms and conditions in the Service Agreement. The guaranteed amounts under the JTL Bank Guarantee(s), which shall be in the sum of HK\$5,758,740, HK\$5,842,200, HK\$5,925,660 and HK\$6,009,120 for each respective year ending 31 July during the term from 1 August 2008 until 31 July 2012 (both dates inclusive), representing the amount of half of the guaranteed minimum royalty fees under the Licence Agreement for that year of term, have been determined by the parties after arm's length negotiation and on normal commercial terms. The JTL Bank Guarantee(s) shall also cover the period from 1 August 2012 to 31 October 2012 (i.e. the three months' period after the expiry of the term ending 31 July 2012) and the guaranteed amount during such period shall be in the sum of HK\$6,009,120.

The provision of the media sales agency services and maintenance and operational services in respect of the Selected Bus Shelters by JTL to Bus Focus during the Transitional Period and the payment of the management fee by Bus Focus to JTL and the payment of the Shortfall by JTL to Bus Focus in respect of the Transitional Period shall be governed by the same terms and conditions of the 2001 Service Agreement. As (a) the applicable percentage ratios for the Shortfall for each of (i) the period from 1 August 2007 to 31 December 2007; and (ii) the period from 1 January 2008 to 31 July 2008 are less than 2.5%; and (b) the applicable percentage ratios for the management fee for each of (i) the period from 1 August 2007 to 31 December 2007; and (ii) the period from 1 January 2008 to 31 July 2008 are less than 25%, and the management fee for the respective period is less than HK\$10 million, the transactions under the Service Agreement in respect of the Transitional Period are only subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements pursuant to Rule 14A.34. An announcement was made by the Company on 9 July 2008 disclosing, among other things, the applicable percentage ratios for the Shortfall and management fee on an annual basis during the Transitional Period (up to 31 May 2008) which were calculated on the presumption that the Service Agreement would be renewed on the same terms as the 2001 Service Agreement and taking into account of the relevant historical figures.

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## LETTER FROM THE BOARD

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JTL confirms and ratifies the right of Bus Focus to use the intellectual property rights in the KMB Shelter Designs, exclusively for the purpose of the Selected Bus Shelters and Non-Selected Bus Shelters only, and the right of Bus Focus to sublicense to KMB only the aforesaid right granted by JTL, for the Transitional Period. Such right of BFL shall be governed by the same terms and conditions of the 2001 Service Agreement.

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

#### **Bus Focus:**

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

#### **KMB:**

KMB is an indirect wholly-owned subsidiary of Transport International, the ultimate controlling shareholder of the Company. Accordingly, KMB is 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.

#### **JTL:**

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

#### **Continuing Connected Transactions:**

Due to the connected relationships mentioned above and based on the applicable percentage ratios, the transactions contemplated by the Licence Agreement and the Service Agreement constitute continuing connected transactions for the Company which are subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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#### 4. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

##### **Reasons for and benefits of entering into the Licence Agreement and the Service Agreement:**

The bus shelter media sales business has been generating revenue and profits for the Group. It is therefore favourable to the Group 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.

JTL is engaged in outdoor media sales business and has a dominant position in handling bus shelter media sales in Hong Kong. In view of JTL's extensive expertise in media sales, it is beneficial to the Group that JTL 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 JTL to continue to grant Bus Focus a right to use the intellectual property rights in the KMB Shelter Designs pursuant to the Service Agreement, which Bus Focus, in turn, sublicenses to KMB. The combined strengths of Bus Focus and JTL in terms of resources and market share also enhance the competitiveness of the Group and JTL.

The Directors consider that the continuing connected transactions under the Licence Agreement and the Service Agreement are conducted in the ordinary and normal course of business of the Company and are at arm's length and on normal commercial terms. In view of the fact that (i) the 2001 Licence Agreement and the 2001 Service Agreement were entered into between the parties more than 7 years ago and prior to the listing of the shares of the Company on the Stock Exchange, and market condition has changed subsequently; and (ii) the fees payable by Bus Focus under the Licence Agreement and Service Agreement have been determined with reference to other advertising business carried out by the Group, the Directors consider that, notwithstanding that the percentages of fees payable by Bus Focus under the Licence Agreement and Service Agreement are higher than those in the 2001 Licence Agreement and 2001 Service Agreement, the terms of the Licence Agreement are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

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## LETTER FROM THE BOARD

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### 5. RE-ELECTION OF DIRECTORS

In accordance with Bye-law 86(2) of the Bye-laws of the Company, Mr. Mo Tik Sang, Mr. Edmond Ho Tat Man and Mr. Yung Wing Chung, the Directors appointed by the Board to fill casual vacancies on the Board, shall hold office only until the first general meeting of the Company after their respective appointment, and shall then be eligible for re-election at that meeting. Accordingly, the above Directors will retire at the SGM and offer themselves for re-election.

Biographies of the above Directors are set out in Appendix II to this circular.

### 6. PROCEDURES FOR DEMANDING A POLL

Pursuant to Bye-law 66 of the Bye-laws of the Company:

A resolution put to vote at a general meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members of the Company present in person (or in the case of a member of the Company being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members of the Company present in person (or in the case of a member of the Company being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members of the Company having the right to vote at the meeting; or
- (d) by a member or members of the Company present in person (or in the case of a member of the Company being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or
- (e) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights of all members of the Company having the right vote at such meeting.

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## LETTER FROM THE BOARD

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A demand by a person as proxy for a member of the Company or in the case of a member of the Company being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member of the Company.

### 7. SPECIAL GENERAL MEETING

Ordinary resolutions will be proposed at the SGM to approve (i) the continuing connected transactions contemplated by the Licence Agreement and the proposed annual caps for the royalty fee as mentioned in this circular; and (ii) the re-election of Mr. Mo Tik Sang, Mr. Edmond Ho Tat Man and Mr. Yung Wing Chung as Directors. 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 at the Latest Practicable Date, and its associates will abstain from voting on the proposed resolution to approve the continuing connected transactions contemplated by the Licence Agreement and the annual caps for royalty fee.

As no shareholders of the Company have any interest in the transactions contemplated by the Service Agreement, no shareholders of the Company are required to abstain from voting on the transactions contemplated by the Service Agreement. KMB Resources Limited has approved in writing the transactions contemplated by the Service Agreement and the proposed annual caps for the Shortfall and management fee for the three years ending 31 December 2010 as described in this circular. The Stock Exchange has granted to the Company a waiver of the requirement for a general meeting of Shareholders to approve the transactions contemplated by the Service Agreement and the proposed annual caps for the Shortfall and management fee, pursuant to Rule 14A.43 of the Listing Rules.

Set out on pages 56 to 57 of this circular is the SGM Notice.

The votes to be taken at the SGM will be taken by poll, and an announcement of the results of which will be published on the date of the SGM or the business day following the SGM.

### 8. 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 No. 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.

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## LETTER FROM THE BOARD

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### 9. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 21 to 22 of this circular which contains its recommendation to the Independent Shareholders. The Independent Board Committee, having taken into account the advice of Quam Capital, considers that the terms of the Continuing Connected Transactions are on normal commercial terms in the ordinary and usual course of business of the Group and are in the interest of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned and that their respective propose annual caps are fair and reasonable so far as the Independent Shareholders are concerned. The Board considers that the Continuing Connected Transactions and the re-election of Directors are in the interest of the Company and the Shareholders as a whole and accordingly, recommends that the Shareholders should vote in favour of the relevant resolutions as set out in the SGM Notice.

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

By Order of the Board  
**John CHAN Cho Chak**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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



### ROADSHOW HOLDINGS LIMITED

路訊通控股有限公司\*

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 888)**

28 November 2008

*To the Independent Shareholders*

Dear Sir or Madam,

#### CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 28 November 2008 (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 of the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned.

Quam Capital has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and their respective 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 23 to 47 of the Circular.

Your attention is drawn to the letter from the Board set out on pages 5 to 20 of the Circular and the general information set out in Appendix I of this Circular.

Having taken into account the terms of the Continuing Connected Transactions, and the advice given by Quam Capital, we consider that the terms of the Continuing Connected Transactions are on normal commercial terms 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

\* *For identification purposes only*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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are fair and reasonable so far as the Independent Shareholders are concerned and that their respective caps are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution approving the Continuing Connected Transactions and their respective proposed annual caps.

Yours faithfully,

**Carlye Wai-Ling TSUI**

**HUI Ki On**

*Independent Board Committee*

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## LETTER FROM QUAM CAPITAL

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*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 and the Service Agreement and the respective annual caps in respect of the Continuing Connected Transactions.*



Financial Services Group

**Quam Capital Limited** 華富嘉洛企業融資有限公司

A Member of The Quam Group

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28 November 2008

To the Independent Board Committee and the Independent Shareholders  
RoadShow Holdings Limited  
No. 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 Licence Agreement, the Service Agreement and the annual caps in respect of the Continuing Connected Transactions for each of the three years ending 31 December 2010 (collectively, the “Annual Caps”). Details of the respective terms of the Licence Agreement and the Service Agreement are set out in the “Letter from the Board” contained in the circular issued by the Company to its shareholders dated 28 November 2008 (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Dr. Carlye Wai-Ling Tsui and Mr. Hui Ki On, 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 and the Service Agreement have been entered into by the Group within its ordinary and usual course of business based on normal commercial terms; and their respective terms together with the Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and its shareholders as a whole; and to advise the Independent Shareholders as to whether to vote in favour of the Licence Agreement and the adoption of the relevant annual caps. As the independent financial adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders.

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## LETTER FROM QUAM CAPITAL

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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 Licence Agreement, the Service Agreement and the Annual Caps.

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

We consider that we have reviewed sufficient 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 Group, KMB, JTL or any of their respective subsidiaries or associates.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our recommendation in respect of the Licence Agreement, the Service Agreement and the Annual Caps, we have taken into consideration the following factors and reasons:

#### **1. Background of and reasons for the Licence Agreement, the Service Agreement and the Annual Caps**

##### **(i) The Licence Agreement and the relevant annual caps**

###### *(a) The principal business of the Group*

The Group is principally engaged in the provision of media sales and management services for Multi-media On-Board (“MMOB”) business and the operation of media advertising management services through marketing advertising spaces on transit vehicle exteriors, shelters and outdoor signage. According to the Company’s annual report for the year

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## LETTER FROM QUAM CAPITAL

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ended 31 December 2007, the Group is a dominant player in the franchised bus advertising market with a total of approximately 4,800 transit vehicles with Kowloon Motor Bus, Citybus, New World First Bus and public light buses broadcasting its MMOB programmes.

Pursuant to the 2001 Licence Agreement, Bus Focus has been engaged by KMB to conduct bus shelters media sales activities in Hong Kong. According to the financial information provided by the Company, profit generated from the provision of media sales agency and management services on transit vehicle shelters by Bus Focus to KMB accounted for approximately 63%, 35% and 34% of the Group's total net profit for the three years ended 31 December 2007 respectively.

(b) *The principal business of Transport International*

Transport International and its subsidiaries (the "Transport International Group") are principally engaged in the operation of both franchised and non-franchised public transportation, property holdings and development and the provision of media sales services. KMB, a wholly-owned subsidiary of Transport International, currently operates franchised public bus service on a network of about 400 routes covering Kowloon, the New Territories and the Hong Kong Island under a franchise granted under the Public Bus Services Ordinance Cap 230 for a term of ten years commencing from 1 August 2007 until 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 aforesaid public bus service.

(c) *Reasons for and benefits of the Licence Agreement*

Following the expiry of the 2001 Licence Agreement on 31 July 2007, Bus Focus and KMB agreed to extend the tenure of the related contractual arrangements by entering into the Licence Agreement upon similar terms and conditions for a further period commencing from 1 August 2008 to 31 July 2012. Pursuant to the Licence Agreement, KMB agreed to grant Bus Focus an exclusive licence to conduct the media sales agency and management business in respect of the Selected Bus Shelters for advertising, sponsorship or commercial promotion and to provide project management services for the refurbishment services of the Selected Bus Shelters (the "KMB Transaction").

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## LETTER FROM QUAM CAPITAL

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We are advised by the Company that save for the KMB Transaction, RoadShow Media Limited (“RoadShow Media”), a wholly-owned subsidiary of the Company, also provides media sales management and administrative services in relation to advertising spaces located at the exterior panels of KMB’s transit vehicles. In addition, KMB has granted RoadShow Media 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 conducting and 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 view of the Directors that the entering into of the Licence Agreement enhances the competitiveness of the Group in the outdoor advertising sales business.

*(d) Conclusion*

Given the Group’s principal activity and the nature of the KMB Transaction, it is reasonable to expect that the KMB Transaction will continue to take place on a regular and frequent basis and in the ordinary and usual course of business of the Group in future. It would be impractical for the Company to strictly comply with the Listing Rules requirements regarding “connected transactions” on each occasion when it arises. As such, we are of the view that the entering into of the Licence Agreement and the adoption of the annual caps in respect of the KMB Transaction for the three years ending 31 December 2010 (the “Royalty Fee Cap(s)”) are essential for the Group in ensuring the continued smooth operation of its advertising sales business on the Selected Bus Shelters for the period from 1 August 2008 to 31 July 2012.

Based on the foregoing, we are of the view that the entering into of the Licence Agreement together with the adoption of the Royalty Fee Caps are conducted in the ordinary and usual course of the Group’s business; and in the interests of the Company and its shareholders as a whole.

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## LETTER FROM QUAM CAPITAL

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### (ii) The Service Agreement and the relevant annual caps

Pursuant to the 2001 Service Agreement, JTL has been engaged by Bus Focus to provide, on its behalf through an exclusive sub-licence, media sales agency services and maintenance and operational services in respect of the Selected Bus Shelters. Following the expiry of the 2001 Service Agreement on 31 July 2007, Bus Focus and JTL agreed to extend the tenure of the related contractual arrangements by entering into the Service Agreement upon similar terms and conditions for a further period commencing from 1 August 2008 to 31 July 2012. Pursuant to the Service Agreement, Bus Focus agreed to grant JTL an exclusive sub-licence to provide media sales agency services and maintenance and operational services, on behalf of Bus Focus, in respect of the Selected Bus Shelters (the “JTL Transaction”).

As disclosed in the “Letter from the Board” of the Circular, JTL, a wholly-owned subsidiary of JTIL, is engaged in outdoor media sales business and has a dominant position in conducting bus shelter media sales in Hong Kong. According to its website, JTIL is part of the JCDecaux group, the second largest outdoor advertising specialist in the world and the largest in China. JCDecaux ranks the first in transport advertising worldwide with over 300 transport contracts in metros, buses, trains and tramways covering over 386,000 advertising panels. Given this, the business collaboration with JTL in respect of the JTL Transaction allows the Group to leverage on JTL’s expertise and experience in the outdoor media sales business, thereby enhancing the competitiveness of the Group.

Given the nature of the Group’s principal activity, the KMB Transaction and the JTL Transaction, it is reasonable to expect that the JTL Transaction will continue to take place on a regular and frequent basis and in the ordinary and usual course of business of the Group in future. It would be impractical for the Company to strictly comply with the Listing Rules requirements regarding “connected transactions” on each occasion when it arises. As such, we are of the view that the entering into of the Service Agreement and the adoption of the annual caps in respect of the JTL Transaction for the three years ending 31 December 2010 are essential for the Group in ensuring the continued smooth operation of its advertising sales business on the Selected Bus Shelters for the period from 1 August 2008 to 31 July 2012.

Based on the foregoing, we are of the view that the entering into of the Service Agreement together with the adoption of the relevant annual caps are conducted in the ordinary and usual course of the Group’s business; and in the interests of the Company and its shareholders as a whole.

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## LETTER FROM QUAM CAPITAL

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### 2. Principal terms of the Licence Agreement and the Service Agreement

#### (i) The Licence Agreement

##### (a) *The royalty fee*

The monthly royalty fee (the “Royalty Fee”) payable by Bus Focus to KMB under the Licence Agreement for the term thereof will be determined on an annual basis equals to (i) 60% of the Net Advertising Rental (as defined below) of HK\$25 million or below, plus 50% of any excess of the Net Advertising Rental over HK\$25 million; or (ii) the agreed annual guaranteed minimum Royalty Fee, whichever is the greater.

The total Royalty Fee is subject to annual adjustment with reference to the annual statement of Bus Focus for the relevant year to be certified by an accountant appointed by Bus Focus with the consent of KMB. Such annual statements will set out the amount of the Net Advertising Rental and the amount of Royalty Fee payable by Bus Focus pursuant to the above stipulated fee structure. If the amount of the 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 the Royalty Fee shall be paid by Bus Focus to KMB.

The net advertising rental (the “Net Advertising Rental”) represents the amount of rental accrued by Bus Focus derived from the display of advertisements on the panels at the Selected Bus Shelters after deducting trade discounts, agency commission and 50% of the then remaining advertising rental being the agreed deductible operation expenses for conducting the KMB Transaction. According to the Service Agreement, trade discounts and agency commission given to advertisers should not exceed percentages agreed by Bus Focus from time to time.

The agreed guaranteed minimum Royalty Fee for each year ending 31 July during the term of the Licence Agreement commencing from 1 August 2008 until 31 July 2012 are HK\$11,517,480, HK\$11,684,400, HK\$11,851,320 and HK\$12,018,240 respectively.

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## LETTER FROM QUAM CAPITAL

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We are advised that, save for the KMB Transaction, the Group had not in the past provided any similar media sales agency service for bus shelters to other independent third parties. As such, there are no relevant independent transactions available for direct comparison. Notwithstanding this, in order to assess the reasonableness of the basis of determination of the Royalty Fee, we have reviewed the 2001 Licence Agreement and noted that the monthly Royalty Fee payable by Bus Focus was calculated at 36% of the Net Advertising Rental. In this regard, we have discussed with the management of the Group regarding the adjustment to the computation of the monthly Royalty Fee under the Licence Agreement. It is our understanding that the adoption of a higher profit sharing portion payable to KMB under the Licence Agreement was determined based on mutual agreement between Bus Focus and KMB with an intention to align the basis of determination of the Royalty Fee with those of other licence fees payable by the Group for other transactions of similar nature.

As stated in the “Letter from the Board” of the Circular, the rates of the monthly Royalty Fee under the 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 by different bus operators for licences obtained by the Group in relation to the advertising broadcast business through the MMOB broadcasting systems on buses.

We have reviewed agreements entered into by the Group with KMB and other independent franchised public bus operators in relation to the provision of MMOB advertising services on their buses acquired by the Group by way of public tendering. Under the aforesaid agreements, the licence fees are calculated on similar basis as the Royalty Fee under the Licence Agreement. In particular, the stipulated percentages of the Net Advertising Rental payable to KMB as the Royalty Fee under the Licence Agreement are in line with those of the aforesaid other transactions of similar nature.

The Directors 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 operation expenses for conducting the KMB Transaction as mutually agreed between Bus Focus and KMB after arm’s length negotiation. We are further advised by the Company that the aforesaid deductible operating expenses mainly include the management fee (the “Management Fee”) payable to JTL under the Service Agreement, which amounts to 35.6% of the advertising rental derived from the display panels in relation to the Advertising Contracts plus the Shortfall (if any), details of which is discussed in section (2)(ii)(b) below.

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## LETTER FROM QUAM CAPITAL

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As further advised by the Company, the annual minimum guaranteed Royalty Fee payable by Bus Focus to KMB is determined by applying the aggregate monthly minimum guaranteed advertising rental (the “MGR”) payable by JTL to Bus Focus under the Service Agreement (details of which are set out in the section (2)(ii)(a) below). Under the Service Agreement, JTL has guaranteed Bus Focus the receipt of an aggregate MGR of HK\$188,285,760 for the period from 1 August 2008 until 31 July 2012 as consideration for an exclusive sub-licence to conduct media sales agency services on the Selected Bus Shelters. The MGR payable by JTL under the Service Agreement represents the minimum guaranteed rental per display panel times the target number of display panels at the Selected Bus Shelters to be rented by the outside advertisers. It is noted that the guaranteed minimum Royalty Fee payable by Bus Focus to KMB under the Licence Agreement represents 50% of the net MGR received from JTL by Bus Focus under the Service Agreement after deducting 50% being the presumed amount of deductible operating expenses for conducting the media sales agency and management service.

Notwithstanding that there is no relevant public information identified for comparison purpose, the basis of determination of the Royalty Fee receivable under the Licence Agreement is comparable to those of the licence fee under agreements of similar nature entered into by the Group with other franchised public bus operators in relation to the advertising broadcast business and is determined with reference to the MGR under the Service Agreement. In light of the foregoing, we consider that the basis of determination of the Royalty Fee is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

*(b) The Bus Focus Bank Guarantee(s)*

Pursuant to the 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 and the due performance and observance by Bus Focus of all terms and conditions in the Licence Agreement. The guaranteed amounts under the Bus Focus Bank Guarantee(s) are HK\$5,758,740, HK\$5,842,200, HK\$5,925,660 and HK\$6,009,120 for each respective year ending 31 July during the term from 1 August 2008 until 31 July 2012. The guaranteed amounts under the Bus Focus Bank Guarantee(s) represent 50% of the guaranteed minimum Royalty Fee payable by Bus Focus to KMB for the respective year during the term of the Licence Agreement and are the same as the guaranteed amounts under the JTL Bank Guarantee(s) provided by JTL to Bus Focus under the Service Agreement (details of which are set out in section (2)(ii)(c) below).

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## LETTER FROM QUAM CAPITAL

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The Bus Focus Bank Guarantee(s) shall also cover the period from 1 August 2012 to 31 October 2012, representing the three-month period after the expiry of the Licence Agreement on 31 July 2012 during which Bus Focus is required to satisfy its then outstanding financial obligations under the Licence Agreement. The guaranteed amount for the three-month period shall be in the sum of HK\$6,009,120, representing the same amount of the Bus Focus Bank Guarantee for the final year of the term of the Licence Agreement.

Given that the guaranteed amounts under the Bus Focus Bank Guarantee(s) are determined with reference to the JTL Bank Guarantee(s) and in particular, equivalent to the amount thereof, we consider that the Bus Focus Bank Guarantee(s) are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

(c) *Duration of the Licence Agreement*

*Background of and reasons for the long tenure of the Licence Agreement*

The initial term of the Licence Agreement shall commence as effective from 1 August 2008 until 31 July 2012. Upon the fulfilment of all financial obligations of Bus Focus under the Licence Agreement, the term of the Licence Agreement shall, conditional upon the approval by the then independent Shareholders as and if required by the Listing Rules, be extended for the Renewal Period commencing from 1 August 2012 until 30 June 2017. The extension of the tenure of the Licence Agreement shall be governed by the same terms and conditions thereof, insofar as they are applicable, and is subject to the mutual agreement between Bus Focus and KMB on the pricing basis whereby the Royalty Fee shall be determined with reference to the prevailing market rates of the Selected Bus Shelters and the guaranteed amounts under the Bus Focus Bank Guarantee(s) for the Renewal Period.

We have discussed with the management of the Company regarding the long tenure of the Licence Agreement. It is our understanding that as stated in the “Letter from the Board” of the Circular, the initial term of the Licence Agreement was determined by Bus Focus and KMB after arm’s length negotiation with reference to the four-year initial term of the 2001 Licence Agreement; while if extended for the entire Renewal Period, the Licence Agreement will expire on 30 June 2017, which is in line with the term of the Franchise granted to KMB.

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## LETTER FROM QUAM CAPITAL

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In addition, it is also our understanding that since the KMB Transaction is one of the core businesses of the Group, the long tenure of the 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.

*Comparison to other agreements of similar nature entered into by the Group and business agreements undertaken by other Hong Kong listed companies*

We have reviewed agreements of similar nature entered into by the Group with KMB and other independent franchised public bus operators in relation to the provision of MMOB advertising services on their buses and noted that the durations of such agreements are longer than three years.

Although no straight comparables can be identified for the Licence Agreement, in order to assess whether or not it is a normal business practice for contracts of similar business operation arrangements to be of a duration longer than three years, we have made references to, so far as we are aware of, the following transactions involving the establishment of long-term business operation arrangements as announced by other listed companies in Hong Kong since 1 January 2008.

	<b>Parties</b>	<b>Type of transaction</b>	<b>Term of agreement</b>
1.	Beijing K.P.I. Hi-24 Business Company Limited (北京中港 佳鄰商業有限公司) ("WFOE") (Note 1)	Grant of exclusive sub- contract agreement to operate chain convenience stores	20 years

and

Beijing K.P.I. Hi-24  
Convenience Stores  
Company Limited (北京  
港佳好鄰居連鎖便利店  
有限責任公司)

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## LETTER FROM QUAM CAPITAL

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	<b>Parties</b>	<b>Type of transaction</b>	<b>Term of agreement</b>
2.	New World Hotel Management (Macau) Limited (“NWHM”) <i>(Note 2)</i>	Provision of management services for a hotel	20 years
	and		
	Beijing Jing-Guang Centre Co. Ltd.		
3.	Lanson Place Hospitality Management Limited <i>(Note 3)</i>	Operation and management of service apartments	10 years
	and		
	Shanghai Jinlin Tiandi Serviced Apartment Management Co., Ltd.		
4.	Qingling Motors Co. Ltd. (Stock code: 1122)	Transfer of technology and provision of technical know-how	Estimated 10 years <i>(Note 4)</i>
	and	and grant of usage of trademark	
	Isuzu Motors Limited (“Isuzu”)		

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## LETTER FROM QUAM CAPITAL

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	<b>Parties</b>	<b>Type of transaction</b>	<b>Term of agreement</b>
5.	NWHM and  Arc of Triumph Development Company Limited  and  Arc of Triumph Hotel Management Company Limited	Provision of management services for a hotel	10 years
6.	Winsor International Company Limited ("Winsor") ( <i>Note 5</i> )  and  Diadora S.P.A.	Grant of exclusive licence to use trademarks	5 years

*Source: The announcements and circulars of the respective Hong Kong listed companies published on the website of the Stock Exchange.*

*Notes:*

1. WFOE is a subsidiary of K.P.I. Company Limited (stock code: 605).
2. NWHM is a subsidiary of New World China Land Limited (stock code: 917).
3. Lanson Place Hospitality Management Limited is a subsidiary of USI Holdings Limited (stock code: 369).
4. The tenure of the agreement is for a period commencing upon the signing of the agreement until Isuzu shall cease to manufacture sample vehicles as defined under the agreement, or the expiry date of the term as prescribed under the relevant rules or regulations of China (being normally 10 years), whichever is the earlier.
5. Winsor is a subsidiary of Win Hanverky Holding Limited (stock code: 3322).

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## LETTER FROM QUAM CAPITAL

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In view of the above analysis, we are of the opinion that it is a normal business practice for two contracting parties to have ongoing business arrangements as part of their long-term co-operation with duration in excess of three years.

In light of the foregoing, we consider it justifiable for Bus Focus to enter into the Licence Agreement with a term of more than three years, as this is in line with the normal practice of agreements of similar nature of the Group and will ensure a smooth business co-operation between Bus Focus and KMB.

### (ii) The Service Agreement

#### (a) *The MGR and the Shortfall*

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

The MGR provided by JTL under the Service Agreement was derived by multiplying the target number of panels at the Selected Bus Shelters to be rented by the outside advertisers for the relevant year by the MGR per display panel for the relevant year. The management of the Company confirmed that as at the date of this letter, there is no change in the total number of display panels available for rental purposes as compared to that at the expiry of the 2001 Service Agreement on 31 July 2007 (which is equivalent to the target number of panels for 2007 thereunder). It is noted from the Service Agreement that the total number of display panels targeted for rental purposes is expected to remain the same during the term thereof. In addition, we are advised by the Company that the MGR per display panel for the years during the term of the Service Agreement have been determined with reference to (i) the guaranteed rental for the year ended 31 July 2007 as agreed in the 2001 Service Agreement, after taking into account for a slight increment for inflation for each year; and (ii) the price list for the display of advertisements on the panels at the Selected Bus Shelters which has been reviewed and approved by Bus Focus.

Pursuant to the 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, JTL shall pay to Bus Focus such difference, being the Shortfall.

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## LETTER FROM QUAM CAPITAL

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It should be noted that JTL was obligated to pay the Shortfall as required by the terms of the 2001 Service Agreement for each of the three years ended 31 December 2007 (representing the excess of the MGR stimulated under the 2001 Service Agreement over the total actual advertising rental for the relevant year), details of which are set out in the section (4)(b)(ii) below. We noted that notwithstanding the above, the Directors have adopted the relatively higher MGR for each of the three years ending 31 December 2010. In such regard, we have discussed with the management of the Company regarding the underlying reasons and bases that have been taken into account by the Directors in determining the relatively higher MGR for each of the three years ending 31 December 2010. We noted that the Directors have principally taken into account the natures of and the correlation between the KMB Transaction and the JTL Transaction, as well as the overall payment structure relating thereto.

Given the above, we are of the view that the MGR and the Shortfall are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

*(b) The Management Fee*

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

The aggregate amounts of the Shortfall and the Management Fee are subject to annual adjustments with reference to the annual statements of Bus Focus for the relevant years to be audited by an accountant jointly appointed by Bus Focus and JTL. Such annual statements will set out, among other things, the amount of the advertising rental and the Shortfall. If there is any difference between the figures or calculations as shown in the monthly unaudited statements agreed between Bus Focus and JTL and those shown in the annual audited statements, the annual audited statements shall be conclusive and the relevant party shall make the necessary adjustment by paying or returning the relevant amount of Shortfall or Management Fee to the other party.

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## LETTER FROM QUAM CAPITAL

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In order to assess the reasonableness of the basis of determination of the Management Fee, we have reviewed the 2001 Service Agreement, and noted that the relevant monthly Management Fee payable by Bus Focus was calculated at approximately 28.7% of the aggregate of the monthly advertising rental and the Shortfall (if any). We were advised that the adoption of a higher Management Fee payable to JTL under the Service Agreement was determined based on mutual agreement between Bus Focus and JTL with reference to the management fee for similar services provided by the Group as contemplated under the Service Agreement. In such regard, we have reviewed an agreement entered into between a member of the Transport International Group and a subsidiary of the Company pursuant to which the subsidiary of the Company agreed to provide media sales management and administrative services for transit vehicle exterior advertising on KMB's buses. The rate of service fee payable by the Transport International Group to the Group under such agreement is comparable to the rate of Management Fee under the Service Agreement.

Due to the unique nature of the KMB Transaction and the JTL Transaction, no other Hong Kong listed companies conducting same business can be identified for comparison purpose. Nonetheless, we have reviewed the operating margin of other companies listed on the Stock Exchange that are principally engaged in the outdoor advertising sales business (the "Comparable Companies"), with details as follows:

<b>Comparable Companies</b>	<b>Principal business</b>	<b>Operating margin for the year ended 31 December 2007</b>
Dahe Media Company Limited (Stock code: 8243)	Provision of outdoor advertising services	11.8%
China Outdoor Media Group Limited (Stock code: 254) ( <i>Note</i> ):		
(i) L&L Partners' Limited	Provision of outdoor media advertising and advertising related consultation services	26.3%

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## LETTER FROM QUAM CAPITAL

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<b>Comparable Companies</b>	<b>Principal business</b>	<b>Operating margin for the year ended 31 December 2007</b>
(ii) Shanghai Winmedia Advertising Media Company Limited (上海贏城廣告傳媒有限公司)	Provision of outdoor media advertising services	37.4% (For the period from 25 May 2007 to 31 December 2007)

*Source:* Annual reports and circulars of the respective Hong Kong listed companies published on the website of the Stock Exchange.

*Note:* China Outdoor Media Group Limited, formerly known as eCyberChina Holdings Limited, is principally engaged in property investment and provision of media management and consultancy services. In April 2008, China Outdoor Media Group Limited agreed to acquire the entire issued share capital of L&L Partners' Limited which agreed to acquire the entire issued share capital of Shanghai Winmedia Advertising Media Company Limited (上海贏城廣告傳媒有限公司) in January 2008. Shanghai Winmedia Advertising Media Company Limited (上海贏城廣告傳媒有限公司) was incorporated on 25 May 2007.

It was confirmed by the Directors that Bus Focus's operating margin derived from the advertising sales business under the Licence Agreement and Service Agreement is expected to be approximately 34.4%, which is within the range of the operating margins of the Comparable Companies.

In light of the foregoing, we are of the view that the basis of determination of the Management Fee is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

(c) *The JTL Bank Guarantee(s)*

Pursuant to the Service Agreement, JTL shall provide Bus Focus with the JTL Bank Guarantee(s) as security for the due payment of the monthly Shortfall and all other sums payable by JTL to Bus Focus under the Service Agreement and the due performance and observance by JTL of all terms and conditions in the Service Agreement. The guaranteed amounts under the JTL Bank Guarantee(s) are HK\$5,758,740, HK\$5,842,200, HK\$5,925,660 and HK\$6,009,120 for each respective year ending 31 July during the term from 1 August 2008 until 31 July 2012. The guaranteed amounts under the JTL Bank Guarantee(s) represent half of the guaranteed minimum Royalty Fee payable by Bus Focus to KMB for the respective years of the term of the Licence Agreement and are the same as the guaranteed amounts under the Bus Focus Bank Guarantee(s).

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## LETTER FROM QUAM CAPITAL

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The JTL Bank Guarantee(s) shall also cover the period from 1 August 2012 to 31 October 2012, representing the three-month period after the expiry of the Service Agreement on 31 July 2012 and in line with the term of the Bus Focus Bank Guarantee(s). The guaranteed amount for the three-month period shall be in the sum of HK\$6,009,120, representing the same amount of the Bus Focus Bank Guarantee for the final year of the term of the Licence Agreement.

Given that the guaranteed amounts under the JTL Bank Guarantee(s) covers 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 JTL Bank Guarantee(s) are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

*(d) Duration of the Service Agreement*

The term of the Service Agreement shall commence as effective from 1 August 2008 until 31 July 2012. Upon the fulfilment of all financial obligations of JTL under the Service Agreement, the term of the Service Agreement shall, conditional upon the approval by the then independent Shareholders as and if required by the Listing Rules, be extended for the Renewal Period commencing from 1 August 2012 until 30 June 2017. The extension of the tenure of the Service Agreement shall be governed by the same terms and conditions thereof, insofar as they are applicable subject to the mutual agreement between Bus Focus and JTL on the pricing basis whereby the Management Fee shall be determined with reference to the then prevailing market rates of the Selected Bus Shelters and the guaranteed amounts under the JTL Bank Guarantee(s) for the Renewal Period.

We are advised by the Company that the tenure of the Service Agreement is determined by Bus Focus and JTL after arm's length negotiation with an intention to align with the tenure of the Licence Agreement. We are of the view that the tenure of the Service Agreement being in line with the tenure of the Licence Agreement facilitates a smooth business co-operation among Bus Focus, KMB and JTL in operating the media sales business in respect of the Selected Bus Shelters, which will be beneficial to the Group.

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## LETTER FROM QUAM CAPITAL

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*(e) Other term of the Service Agreement*

For the purpose of upgrading the existing panels for the display of advertisements at the Selected Bus Shelters, JTL may install 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 JTL and the premier panels installed shall remain the property of JTL.

If the Service Agreement is not extended for the Renewal Period pursuant to the Service Agreement for any reason, Bus Focus shall compensate JTL for the capital investment of JTL at a maximum of 200 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 JTL within the term of the Service Agreement if the Service Agreement is not extended for the Renewal Period due to JTL has failed to fulfil its obligations under the Service Agreement.

We are advised by the Directors that the compensation of HK\$75,000 per new premier panel was determined with reference to the estimated costs of installation of the panels. We are further advised that JTL will not remove the new premier panels from the Selected Bus Shelters if the Service Agreement is not extended for the Renewal Period and Bus Focus has compensated JTL for the capital investment of installing the new premier panels. Upgrading the display 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. In light of the foregoing, we concur with the view of the Directors that the aforesaid compensation arrangement and the basis of determination of the compensation amount relating thereto are fair and reasonable.

In light of the foregoing, we are of the opinion that the respective terms of the Licence Agreement and the 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 its shareholders as a whole.

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## LETTER FROM QUAM CAPITAL

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### 3. Requirements of the Listing Rules

For each financial year of the Company during the terms of each of the Licence Agreement and the Service Agreement, the subject transactions will be subject to review by the independent non-executive Directors and the Company's auditors as required by Rules 14A.37 and 14A.38 of the Listing Rules respectively. The independent non-executive Directors must confirm in the annual report and accounts that the KMB Transaction and the JTL Transaction 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 agreements governing them on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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

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

Given the above, we are of the opinion that there will be sufficient procedures and arrangements in place to ensure that the KMB Transaction and the JTL Transaction will be conducted on terms that are fair and reasonable and on normal commercial terms as far as the Company and the Independent Shareholders are concerned.

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## LETTER FROM QUAM CAPITAL

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### 4. The Annual Caps

(i) **The Royalty Fee Caps and the annual caps in respect of the Management Fee for the three years ending 31 December 2010 (the “Management Fee Cap(s)”)**

(a) *The historical Royalty Fee Caps and Management Fee Caps*

Set out below are (i) the actual amounts of the Royalty Fee and Management Fee paid for each of the three financial years ended 31 December 2007 under the 2001 Licence Agreement and the 2001 Service Agreement respectively; and (ii) the comparison of the actual amounts of the Royalty Fee and Management Fee with the respective annual caps for the relevant period (the “Utilisation Rates”):

	<b>For the year ended 31 December</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Royalty Fee	7.0	7.7	8.0
<i>Annual cap:</i>	8.2	9.4	10.8
<i>Utilisation Rate:</i>	85.4%	81.9%	74.1%
Management Fee	10.7	11.8	12.5
<i>Annual cap:</i>	13.0	15.0	17.3
<i>Utilisation Rate:</i>	82.3%	78.7%	72.3%

As illustrated in the above table, there has been a steady annual growth of the Royalty Fee and Management Fee during the three years ended 31 December 2007. Royalty Fee for the seven months ended 31 July 2008 amounted to approximately HK\$4.7 million, equivalent to approximately 58.8% of the full year amount of 2007. Management Fee for the seven months ended 31 July 2008 amounted to approximately HK\$7.3 million, equivalent to approximately 58.4% of the full year amount of 2007. We are advised that the steady increase in the Royalty Fee during the three years ended 31 December 2007 was due to the increase in advertising rental derived from the display panels under the Selected Bus Shelters; while the steady increase in the Management Fee is in line with the increase in the MGR stipulated under the 2001 Service Agreement.

We are of the view that the generally high Utilisation Rates are reflective of the market expertise of Bus Focus and JTL and their perceptive operation planning and sales projections related thereto.

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## LETTER FROM QUAM CAPITAL

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

As disclosed in the “Letter from the Board” of the Circular, the Royalty Fee Caps for the two years ending 31 December 2009 and 2010 have been determined based on the stipulated percentages of the presumed Net Advertising Rental for determining the Royalty Fee as discussed in the above section (2)(i)(a). The presumed Net Advertising Rental is the aggregate monthly MGR for the relevant year, less a sum equal to 50% of such annual guaranteed rentals being the presumed amount of deductible items. The proposed Royalty Fee Cap for the year ending 31 December 2008 comprises (i) the Royalty Fee payable by Bus Focus to KMB in respect of the period from 1 January 2008 to 31 July 2008 (being part of the Transitional Period), which was determined in accordance with the terms of the 2001 Licence Agreement; and (ii) the proposed Royalty Fee in respect of the period from 1 August 2008 to 31 December 2008, which has been determined in accordance with the Licence Agreement based on the stipulated percentages of the presumed Net Advertising Rental as mentioned above.

The Management Fee Caps for the two years ending 31 December 2009 and 2010 were determined with reference to the MGR provided by JTL under the Service Agreement. The Management Fee Cap for the year ending 31 December 2008 comprised (i) the Management Fee payable by Bus Focus to JTL in respect of the period from 1 January 2008 to 31 July 2008 (being part of the Transitional Period), which was determined according to the terms of the 2001 Service Agreement; and (ii) the proposed Management Fee in respect of the period from 1 August 2008 to 31 December 2008, which has been determined in accordance with the Service Agreement based on the MGR stipulated thereunder.

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## LETTER FROM QUAM CAPITAL

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The following table shows comparisons of (i) the Royalty Fee Caps and the Management Fee Caps against (ii) the minimum guaranteed Royalty Fee payable by Bus Focus under the Licence Agreement and the minimum Management Fee warranted to JTL based on the MGR under the Service Agreement (adjusted to align with the Royalty Fee Caps and the Management Fee Caps) for the three years ending 31 December 2010:

	<b>For the year ending 31 December</b>		
	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Royalty Fee Caps	11.5	15.0	15.0
Guaranteed minimum Royalty Fee <i>(Note 1)</i>	10.5	13.9	14.1
Management Fee Caps	15.5	18.0	18.0
Warranted minimum Management Fee <i>(Note 2)</i>	14.1	16.5	16.7

*Notes:*

1. Given that as advised by the management of the Company, there is minimal seasonal effect on the Group's advertising rental activities, the above amounts of guaranteed minimum Royalty Fee have been adjusted on a pro rata basis in order to be presented on a calendar year basis as in line with the Royalty Fee Caps. In particular, the guaranteed minimum Royalty Fee for the year ending 31 December 2008 comprised (i) the Royalty Fee payable by Bus Focus to KMB for the seven months ended 31 July 2008; and (ii) an amount equivalent to five months of the guaranteed minimum Royalty Fee for the year ending 31 July 2009 calculated on a pro rata basis.
  
2. Given that as advised by the management of the Company, there is minimal seasonal effect on the Group's advertising rental activities, the above amounts of warranted minimum Management Fee have been adjusted on a pro rata basis in order to be presented on a calendar year basis as in line with the Management Fee Caps. In particular, the warranted minimum Management Fee for the year ending 31 December 2008 comprised (i) the Management Fee payable by Bus Focus to JTL for the seven months ended 31 July 2008; and (ii) an amount equivalent to five months of the warranted minimum Management Fee for the year ending 31 July 2009 calculated on a pro rata basis.

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## LETTER FROM QUAM CAPITAL

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As noted from the above table, the Royalty Fee Caps and the Management Fee Caps were set generally in line with the minimum guaranteed Royalty Fee payable by Bus Focus under the Licence Agreement and the minimum Management Fee warranted to JTL based on the MGR under the Service Agreement. Further to the aforesaid, we are given to understand that, notwithstanding the track record of JTL not being able to meet the aggregate annual MGR under the Service Agreement for each of the three years ended 31 December 2007 (details of which are discussed in the section (4)(b)(ii) below), the Directors have adopted buffers for the Royalty Fee Caps and the Management Fee Caps to enable the Group to have greater degree of flexibility in conducting the KMB Transaction and the JTL Transaction so as to accommodate possible increase in advertising rentals.

We understood from the management of the Company that the rental rates of display panels at the Selected Bus Shelters have remained stable in previous years and are expected to continue to grow at a steady trend from 2008 to 2010. In addition, we noted from the Licence Agreement that the number of panels at the Selected Bus Shelters has been targeted to remain constant from 2008 to 2010.

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

**(ii) The annual caps in respect of the Shortfall for the three years ending 31 December 2010 (the “Shortfall Cap(s)”)**

Set out below are the Shortfall paid and/or payable by JTL to Bus Focus for the three financial years ended 31 December 2007 and the seven months ended 31 July 2008 under the 2001 Licence Agreement:

	<b>For the year ended 31 December</b>			<b>For the seven months ended</b>
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>31 July 2008</b>
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Shortfall	0.6	8.6	11.9	4.1

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## LETTER FROM QUAM CAPITAL

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Pursuant to the Service Agreement, JTL is required to pay to Bus Focus a monthly Shortfall if the actual advertising rental accrued by Bus Focus derived from the display panels in relation to the Advertising Contracts is less than the MGR in any calendar month. The Shortfall has increased significantly between 2005 and 2007. In this regard, we have discussed with the management of the Company and were advised that the increase in the Shortfall was due to keen competition in the outdoor advertising industry which arise from, in particular, the new special advertisements format and MMOB advertising introduced by MTR Corporation during the period.

The following table sets out the Shortfall Caps for the three years ending 31 December 2010:

	<b>For the year ending 31 December</b>		
	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Shortfall Caps	23.4	46.4	47.1

As disclosed in the “Letter from the Board” of the Circular, the Shortfall Caps for the two years ending 31 December 2009 and 2010 were determined on the assumption that no advertising rental would be derived from the display panels in relation to the Advertising Contracts and therefore JTL would have to pay the maximum amount of MGR to Bus Focus. The Shortfall Cap for the year ending 31 December 2008 comprised (i) the Shortfall payable by JTL to Bus Focus in respect of the period from 1 January 2008 to 31 July 2008 (being part of the Transitional Period), which was determined in accordance with the 2001 Service Agreement; and (ii) the Shortfall in respect of the period from 1 August 2008 to 31 December 2008, which has been determined in accordance with the Service Agreement based on the assumption that no advertising rental would be derived from the display panels and therefore JTL would have to pay the maximum amount of MGR in respect of such period.

The Shortfall Caps represent the maximum possible amount of the Shortfall payable by JTL to Bus Focus. 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 its shareholders as a whole.

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## LETTER FROM QUAM CAPITAL

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### RECOMMENDATION

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 co-operation 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 JTL Transaction allows the Group to leverage on JTL'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 and the Shortfall are fair and reasonable so far as the Company and the Independent Shareholders are concerned;
- the control and review procedures and arrangements in place to safeguard the interests of the Company and its shareholders in relation to the KMB Transaction and the JTL Transaction; and
- that the Royalty Fee Caps, the Management Fee Caps and the Shortfall Caps have been set by the Directors, after careful and due considerations, at a level which will be in the interests of both the Company and its shareholders,

we consider that the Licence Agreement and the 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 Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and its shareholders as a whole.

Accordingly, we advise the Independent Shareholders, and the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Licence Agreement and the Royalty Fee Caps.

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

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

### Directors and chief executive

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

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

Name of Director	The Company: ordinary shares of HK\$0.1 each				Total number of shares held	Approximate % of total issued shares
	Personal interests	Family interests	Corporate interests	Other interests		
Winnie NG <i>(Note 1)</i>	1,000,000	—	—	123,743	1,123,743	0.1%
Anthony NG <i>(Note 1)</i>	—	—	—	123,743	123,743	0.0%

**(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				Total number of shares held	Approximate % of total issued shares
	Personal interests	Family interests	Corporate interests	Other interests		
John CHAN Cho Chak	2,000	—	—	—	2,000	0.0%
Winnie NG (Note 3)	41,416	—	—	21,000,609	21,042,025	5.2%
Anthony NG (Note 3)	233,954	—	—	21,000,609	21,234,563	5.3%

*Notes:*

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

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

As at the Latest Practicable Date, none of the Directors or proposed Directors had any direct or indirect interest in any assets which had since 31 December 2007 (being the date which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement 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 each Director and the chief executive of the Company, as at the Latest Practicable Date, each of the following persons, other than a Director or chief executive of the Company, had an interest and/or short position in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was otherwise interested in 5% or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's/corporation's interest in such securities, together with particulars of any options in respect of such capital, were as follows:

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

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

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

### 3. EXPERT AND CONSENT

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

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

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

As at the Latest Practicable Date, Quam Capital did not have any direct or indirect interest in any assets which had since 31 December 2007 (being the date which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

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

### 4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2007, being the date to which the latest published audited financial statements of the Group were made up.

### 5. SERVICE CONTRACTS

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

**6. COMPETING INTERESTS**

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

**7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the principal office of the Company at No. 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) Licence Agreement;
- (b) Service Agreement;
- (c) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 21 to 22 of this circular;
- (d) the letter issued by Quam Capital, the text of which is set out on pages 23 to 47 of this circular; and
- (e) the written consent of Quam Capital referred to in paragraph 3 in this Appendix I.

*The following are the particulars of the Directors proposed to be re-elected at the SGM.*

**Mo Tik Sang**

**Managing Director**, aged 43. Mr. Mo joined the Group on 15 April 2008. With more than twenty years of extensive experience in advertising, marketing and the media field, Mr. Mo possesses integrated experience in multiple disciplines of the communications industry having held management responsibilities in the past twelve years. Prior to joining the Group, Mr. Mo held a senior position in a leading media group for Greater China. Mr. Mo did not hold directorships in any listed public companies in the past three years.

Mr. Mo has not been appointed for a specific term but shall be subject to the relevant provisions of retirement and re-election at the general meetings of the Company in accordance with the Bye-laws of the Company and Appendix 14 of the Listing Rules. In accordance with the Bye-laws of the Company, he shall hold office only until the first general meeting after his appointment and shall then be eligible for re-election at that meeting. Subject to the Shareholders' approval for his re-election as a Director of the Company at the SGM, his period of service as Director of the Company in accordance with the Listing Rules will be for a term of three years.

There is a service contract entered into between the Company and Mr. Mo in respect of his appointment as Managing Director of the Company. In the capacity as Director of the Company, his emoluments also include director's fee which is determined by the Board with reference to his duties, responsibilities and the prevailing market practice and his contribution in the Company, and shall be subject to the Shareholders' approval at the annual general meeting of the Company. Mr. Mo is entitled to receive from the Company a director's fee of HK\$55,000 per annum. The Remuneration Committee and the Board have resolved that Mr. Mo's basic salary from 15 April 2008 shall be HK\$1,400,000 per annum. He may be paid a performance bonus up to HK\$600,000 per annum.

Mr. Mo has no relationship with any Directors, senior management or substantial or controlling Shareholders of the Company. He does not have any interests in shares of the Company, its holding company and other associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, there is no information to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules or any other matters concerning and Mr. Mo that need to be brought to the attention of the Shareholders of the Company.

**Edmond Ho Tat Man** *MA(Cantab), MBA, CMILT, MHKloD*

**Non-executive Director**, aged 46. Mr. Ho has been a Director of the Company since 13 October 2008. Mr. Ho has been a Director of Transport International and of KMB and Long Win Bus Company Limited (LWB), both wholly-owned subsidiaries of Transport International, since 1 January 2001. Mr. Ho joined KMB in September 1998 and served as Finance and Administration Director from January 1999 to April 2003. He was promoted to Deputy Managing Director of Transport International, KMB and LWB with effect from 10 January 2002. He has been appointed as Managing Director of KMB and LWB since 1 January 2007 and Managing Director of Transport International with effect from 8 April 2008. Positions previously held by him included Investment Director of a merchant bank and executive director of a number of transport infrastructure management and investment companies in Hong Kong and on the Mainland of China. Mr. Ho was formerly also a director of four Sino-foreign joint venture companies of an international leading soft drink brand. Mr. Ho holds a Master's degree in engineering from Cambridge University and an MBA degree from The University of Hong Kong. Save as disclosed above, Mr. Ho has not held other directorships in listed public companies in the last three years.

As at the Latest Practicable Date, there is no service contract entered into between the Company and Mr. Ho. He has no fixed length of service as a Director but shall be subject to the relevant provisions of retirement and re-election at the general meetings of the Company in accordance with the Bye-laws of the Company and Appendix 14 of the Listing Rules. In accordance with the Bye-laws of the Company, he shall hold office only until the first general meeting after his appointment and shall then be eligible for re-election at that meeting. Subject to the Shareholders' approval for his re-election as a Director of the Company at the SGM, his period of service as Director of the Company in accordance with the Listing Rules will be for a specific term of three years.

In the capacity as Director of the Company, his emoluments consist of director's fees which are determined by the Board with reference to his duties, responsibilities and the prevailing market practice and his contribution to the Company, and shall be subject to the Shareholders' approval at the annual general meeting of the Company. Mr. Ho will be entitled to receive from the Company a director's fee of HK\$55,000 per annum.

Mr. Ho has no relationship with any Directors, senior management or substantial or controlling Shareholders of the Company. He does not have any interests in the shares of the Company, its holding company and other associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, there is no information to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules or any other matters concerning Mr. Ho that need to be brought to the attention of the Shareholders of the Company.

**Yung Wing Chung**

**Deputy Chairman and Non-executive Director**, aged 61. Mr. Yung has been a Director of the Company since 20 November 2008. He is a Corporate Advisor of Sun Hung Kai Properties Limited. He also serves as a Non-Executive Director of SmarTone Telecommunications Holdings Limited, Director of YATA Limited, Hong Kong Business Aviation Centre Limited, River Trade Terminal Co. Ltd., Hung Kai Finance Company Limited and Airport Freight Forwarding Centre Company Limited, and as an Alternate Director of Transport International. Prior to his joining Sun Hung Kai Properties Limited in 1995, Mr. Yung had many years of working experience with a U.S. Bank in various managerial positions in Hong Kong and the United States. Save as disclosed above, Mr. Yung has not held other directorships in listed public companies in the last three years.

As at the Latest Practicable Date, there is no service contract entered into between the Company and Mr. Yung. He has no fixed length of service as a Director but shall be subject to the relevant provisions of retirement and re-election at the general meetings of the Company in accordance with the Bye-laws of the Company and Appendix 14 of the Listing Rules. In accordance with the Bye-laws of the Company, he shall hold office only until the first general meeting after his appointment and shall then be eligible for re-election at that meeting. Subject to the Shareholders' approval for his re-election as a Director of the Company at the SGM, his period of service as Director of the Company in accordance with the Listing Rules will be for a specific term of three years.

In the capacity as Director of the Company, his emoluments consist of director's fees which are determined by the Board with reference to his duties, responsibilities and the prevailing market practice and his contribution to the Company, and shall be subject to the Shareholders' approval at the annual general meeting of the Company. Mr. Yung will be entitled to receive from the Company a director's fee of HK\$55,000 per annum. Besides, the fees to be received by Mr. Yung for acting as (i) the member of Audit Committee of the Company will be HK\$5,500, (ii) the Chairman of the Remuneration Committee of the Company will be HK\$7,700 and (iii) the Chairman of the Nomination Committee of the Company will be HK\$7,700 for the year ending 31 December 2008.

Mr. Yung has no relationship with any Directors, senior management, or substantial or controlling Shareholders of the Company. He does not have any interests in the shares of the Company, its holding company and other associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, there is no information to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules or any other matters concerning Mr. Yung that need to be brought to the attention of the shareholders of the Company.

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NOTICE OF SPECIAL GENERAL MEETING

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**ROADSHOW HOLDINGS LIMITED**

**路訊通控股有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 888)**

**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 1, 8/F., Renaissance Harbour View Hotel, Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Monday, 15 December 2008 at 11:30 a.m. for the following purposes:

1. to consider and, if thought fit, pass (with or without modifications) the following resolution as ordinary resolution of the Company:-

**ORDINARY RESOLUTION**

“**THAT:**

- (a) the Licence Agreement as defined and described in the circular of the Company dated 28 November 2008 of which this resolution form part, (the “**Circular**”) (a copy of the 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 royalty fees in respect of the transactions contemplated by the Licence Agreement, as described in the Circular, be and are hereby approved; and
- (c) 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 or incidental to the Licence Agreement and the transactions contemplated thereunder, with any changes as such director(s) may consider necessary, desirable or expedient.”

\* For identification purposes only

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## NOTICE OF SPECIAL GENERAL MEETING

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2. to consider and approve the re-election of Mr. Mo Tik Sang, Mr. Edmond Ho Tat Man and Mr. Yung Wing Chung as directors of the Company.

By Order of the Board  
**Man Miu Sheung**  
*Company Secretary*

Hong Kong, 28 November 2008

*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 No. 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 form of proxy 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 resolution as set out above will be determined by way of poll.