
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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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

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



SOMERLEY CAPITAL LIMITED

A letter from the board of directors of RoadShow Holdings Limited (the “**Company**”) is set out on pages 5 to 13 of this circular. A letter from the independent board committee of the Company is set out on pages 14 to 15 of this circular. A letter from Somerley Capital Limited, the independent financial adviser to the independent board committee and the independent shareholders of the Company, is set out on pages 16 to 31 of this circular.

A notice convening the special general meeting of the Company to be held at Studio 1-2, 7/F, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Friday, 30 June 2017 at 10:00 a.m. is set out on pages 36 to 37 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 Flat D, 2/F, HK Spinners Industrial Building, Phase 5, 760-762 Cheung Sha Wan Road, 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.

* For identification purposes only

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DEFINITIONS

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

“Accessory Equipment”	the equipment attached to the KMB Bus Shelters including, without limitation, route information panels, seating, power end boxes, vending machines, etc.
“Advertising Spaces”	the spaces on the KMB Bus Shelters which are used for the installation of Panel for advertising display, which shall not include spaces for Accessory Equipment or KMB Advanced Equipment
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business”	the media sales agency and management to be carried out by Leader Force in relation to the KMB Bus Shelters for the purpose of advertising, sponsorship or commercial promotion
“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 JCDecaux Cityscape Hong Kong Limited
“Company”	RoadShow Holdings Limited, a company incorporated in Bermuda, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 888)
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the Licence Agreement
“Director(s)”	the director(s) of the Company
“Existing 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, which is supplemented and amended by a supplemental licence agreement dated 3 July 2012 entered into between KMB and Bus Focus
“Extended Term”	the period from 1 July 2022 to 30 June 2027 (both dates inclusive)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the Board comprising Dr. Carlye Wai-Ling TSUI, Professor Stephen CHEUNG Yan Leung and Dr. John YEUNG Hin Chung, being independent non-executive Directors, to advise the Independent Shareholders in respect of the Continuing Connected Transactions and the Proposed Annual Caps
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed under SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, and being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and the Proposed Annual Caps
“Independent Shareholders”	the Shareholders other than KMB Resources Limited, certain subsidiaries of Sun Hung Kai Properties Limited and Ms. Winnie NG, and who are not required to abstain from voting the resolution for approving the Continuing Connected Transactions and the Proposed Annual Caps
“Initial Term”	the period commencing on 1 July 2017 and ending on 30 June 2022 (both dates inclusive)
“KMB”	The Kowloon Motor Bus Company (1933) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Transport International
“KMB Advanced Equipment”	the advanced equipment attached to KMB Bus Shelters including but not limited to LED/LCD information displays, public announcement systems, display panels for estimated bus arrival time or other electronic or technological devices and appliances that may facilitate wireless telecommunication and content conveyance and any cyber bus stops
“KMB Bus Shelters”	passenger weather shelters, including, inter alia, those incorporating rooftops and power end boxes owned by KMB as part of the provision of its public bus service under Public Bus Services Ordinance (Chapter 230 of the Laws of Hong Kong) from time to time which are specifically designated by KMB for bus shelter advertising business, the locations of which are set out in the Licence Agreement or as from time to time determined by KMB at its sole and absolute discretion but shall not include any KMB Advanced Equipment and Accessory Equipment

DEFINITIONS

“Leader Force”	Leader Force Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Latest Practicable Date”	9 June 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Licence Agreement”	the licence agreement dated 23 May 2017 entered into between KMB and Leader Force, further particulars of which are set out in the section headed “2. The Licence Agreement” in the “Letter from the Board” of this circular
“Licence Fee(s)”	the licence fee(s) payable by Leader Force to KMB under the Licence Agreement, further particulars of which are set out in the section headed “2. The Licence Agreement — Pricing and basis of consideration” in the “Letter from the Board” of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Advertising Revenue”	with respect to any month during the Term, the total amount of the gross advertising revenue during that month less any corresponding trade discounts (i.e. the discounts to the published price given to the advertisers) and agency commissions/rebates (i.e. referral commissions or fees paid to advertising agencies) (if any) at such rates as shall be approved from time to time by KMB in writing in advance but without any allowance for bad debts and/or other expenses of whatever nature incurred by Leader Force
“Panel(s)”	the exposed faces of lightboxes for display of advertisements or other materials in relation to the Business at KMB Bus Shelters but do not include the panels for Estimated Time for Arrival advertising
“Proposed Annual Caps”	the proposed annual caps for the period from 1 July 2017 to 31 December 2017, the nine years ending 31 December 2026 and the period from 1 January 2027 to 30 June 2027 in relation to the transactions under the Licence Agreement
“Service Year”	during the Term, each 12 month period from 1 July of a year to 30 June of the immediate succeeding year (both dates inclusive)
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong

DEFINITIONS

“SGM” or “Special General Meeting”	the special general meeting of the Company to be held to approve the Continuing Connected Transactions and the Proposed Annual Caps as mentioned in this circular
“SGM Notice”	the notice convening the SGM as set out on pages 36 to 37 of this circular
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	the Initial Term of the Licence Agreement and, if KMB exercises an option to extend the Term for the Extended Term, shall refer to the full term of the Initial Term plus the Extended Term
“Transport International”	Transport International Holdings Limited, a company incorporated in Bermuda and whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 62), which is the ultimate holding company of the Company
“Undeveloped Bus Shelters”	1,993 KMB Bus Shelters which are not yet developed for advertising
“%”	per cent.

LETTER FROM THE BOARD



ROADSHOW HOLDINGS LIMITED

路訊通控股有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock code: 888)

Board of Directors:

Dr. John CHAN Cho Chak[#] (Chairman)

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

Ms. Winnie NG[#] (Deputy Chairman)

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

Mr. YUNG Wing Chung[#] (Deputy Chairman)

Mr. LOH Chan Stephen⁺ BSocSc, EMBA

Dr. Carlye Wai-Ling TSUI^{##}

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

Dr. Eric LI Ka Cheung^{##}

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

Professor Stephen CHEUNG Yan Leung^{##}

BBS, JP, FHKIoD

Dr. John YEUNG Hin Chung^{##}

SBS, OBE, JP, FHKIoD

Mr. MAK Chun Keung[#]

Mr. John Anthony MILLER[#]

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

Mr. Allen FUNG Yuk Lun[#] BA, Ph.D.

Mr. LEE Luen Fai[#] BA

⁺ Executive Director

[#] Non-Executive Director

^{##} Independent Non-Executive Director

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Principal Office:

Flat D, 2/F
HK Spinners Industrial Building
Phase 5, 760-762
Cheung Sha Wan Road
Kowloon
Hong Kong

14 June 2017

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

As announced on 23 May 2017, following the tender awarded to Leader Force, KMB and Leader Force (a wholly-owned subsidiary of the Company) entered into the Licence Agreement pursuant to which KMB has conditionally granted an exclusive licence to

* For identification purposes only

LETTER FROM THE BOARD

Leader Force to conduct the Business at the KMB Bus Shelters and to place, display, install, remove, replace, maintain and/or repair advertisements at the Advertising Spaces.

The purpose of this circular is to provide you with:

- (i) further information regarding the Continuing Connected Transactions;
- (ii) the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Continuing Connected Transactions and the Proposed Annual Caps;
- (iii) the letter of recommendation of the Independent Board Committee after taking into consideration of the advice of Somerley in relation to the terms of the Continuing Connected Transactions and the Proposed Annual Caps; and
- (iv) the SGM Notice.

2. THE LICENCE AGREEMENT

Date

23 May 2017

Parties

- (1) KMB (a wholly-owned subsidiary of Transport International); and
- (2) Leader Force (a wholly-owned subsidiary of the Company).

Subject matter

The grant by KMB to Leader Force of an exclusive licence to conduct the Business at the KMB Bus Shelters and to place, display, install, remove, replace, maintain and/or repair advertisements at the Advertising Spaces.

Condition precedent

The Licence Agreement is conditional on the approval by the Independent Shareholders having been obtained in accordance with 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 later date as may be agreed by KMB and Leader Force), the Licence Agreement will lapse.

LETTER FROM THE BOARD

Term

The Term of the Licence Agreement will be for the Initial Term of 5 years commencing on 1 July 2017 and ending on 30 June 2022 (both dates inclusive), and may be extended for the Extended Term of another 5 years from 1 July 2022 to 30 June 2027 (both dates inclusive), at the option of KMB, which is subject to the satisfactory performance of Leader Force's obligations (including payment obligations) during the Term under the Licence Agreement. The Term (including the Extended Term) was offered to all tender participants and is on normal commercial terms.

Assuming that the Term is extended for the Extended Term as described above, the total duration of the Licence Agreement will be for 10 years. Since the bus shelter advertising business is one of the core businesses of the Group and the longer term of the Licence Agreement will enable a stable source of revenue for the Group, the Directors consider that it is necessary for the term of the Licence Agreement to be of such duration (which is more than three years), and that it is the normal business practice for advertising licence agreements to be longer than three years, which is the case of typical advertising licence agreements with public bus companies in the market as far as the Company is aware. The advice given by the Independent Financial Adviser in this circular includes their advice in relation to the length of the Term pursuant to Rule 14A.52 of the Listing Rules.

Pricing and basis of consideration

The Licence Fee attributable to bus shelter advertising will be payable by Leader Force to KMB on a monthly basis and is calculated as follows:

Licence Fee = (the actual Net Advertising Revenue) x (a stipulated percentage of 65% as requested in the tender invitation issued by KMB to all tenderers in the tender process),

provided that: the Licence Fee for each month in a Service Year shall not be lower than an agreed minimum monthly Licence Fee, as determined by Leader Force and accepted by KMB through the tender process, which shall be paid in advance on the first day of each relevant month with incremental increase in such minimum fee applicable to each successive Service Year. The balance of Licence Fee for the relevant month shall be paid within 10 days from the end of that month. The minimum monthly Licence Fee for each Service Year is determined by Leader Force based on the Group's past tender experience of similar nature comparable bids, whether successful, with KMB and independent third parties which provides the Group with the relevant information to better gauge on what level of scale-down on the estimated Licence Fee payable (being 65% of the projected Net Advertising Revenue for that Service Year based on past transactions and projection of demand) would contribute to a successful tender.

LETTER FROM THE BOARD

The formula being the calculation basis of the Licence Fee (including the relevant stipulated percentage of 65%) was determined by KMB in its tender invitation and is in line with the common market practice in similar tenders for bus advertising in Hong Kong, and the agreed minimum monthly Licence Fee (including the incremental increase thereof) was determined by Leader Force with reference to tender experience in the past and the corresponding projected Net Advertising Revenue based on factors including the advertisement fees charged by the Group on independent third parties and renting rate of available KMB Bus Shelters. The incremental increases in the minimum fee for each successive Service Year were determined in line with the increases in the projected Net Advertising Revenue for each successive Service Year.

The Net Advertising Revenue, with respect to any month during the Term, represents the total amount of the gross advertising revenue during that month less any corresponding trade discounts (i.e. the discounts to the published price given to the advertisers) and agency commissions/rebates (i.e. referral commissions or fees paid to advertising agencies) (if any) at such rates as shall be approved from time to time by KMB in writing in advance but without any allowance for bad debts and/or other expenses of whatever nature incurred by Leader Force. In order to provide flexibility in soliciting Business, Leader Force has the discretion to offer such trade discounts and agency commissions/rebates up to the rates as approved by KMB, subject to the negotiation with customers on a case by case basis.

Bank guarantees

Leader Force will procure the issuance to KMB, and maintain throughout respectively (1) the Initial Term plus 3 months thereafter, and (2) (if the Term is extended for the Extended Term) the Extended Term plus 3 months thereafter, an irrevocable bank guarantee in respect of each said period issued in favour of KMB as security for the due payment of the Licence Fees and all other sums payable under the Licence Agreement and the due performance by Leader Force of the terms of the Licence Agreement. The amount of each bank guarantee shall represent 6 times (as stipulated in the tender invitation by KMB) the agreed minimum monthly Licence Fee for the relevant Service Year in respect of, respectively, (1) the Initial Term, and (2) (if the Term is extended for the Extended Term) the full Term.

Other major terms

Leader Force shall develop at least 100 Undeveloped Bus Shelters each Service Year during the Term for the purpose of carrying out the Business.

LETTER FROM THE BOARD

Historical figures

The historical amount of licence fees paid by the Group to KMB under the Existing Licence Agreement for the three years ended 31 December 2016 were approximately as follows:

Period	Historical transactions amount (HK\$)	Annual caps (HK\$)
From 1 January 2014 to 31 December 2014	23,997,000	24,000,000
From 1 January 2015 to 31 December 2015	18,121,000	25,000,000
From 1 January 2016 to 31 December 2016	19,727,000	26,000,000

Proposed annual caps and basis

The total amount payable under the Licence Agreement is not currently expected to exceed the following on an annual basis:

Period	Amount (HK\$)
For the period from 1 July 2017 to 31 December 2017	21,500,000
For the year ending 31 December 2018	47,000,000
For the year ending 31 December 2019	50,000,000
For the year ending 31 December 2020	60,000,000
For the year ending 31 December 2021	70,000,000
For the year ending 31 December 2022	80,000,000
For the year ending 31 December 2023	83,000,000
For the year ending 31 December 2024	90,000,000
For the year ending 31 December 2025	93,000,000
For the year ending 31 December 2026	100,000,000
For the period from 1 January 2027 to 30 June 2027	51,000,000

LETTER FROM THE BOARD

The Proposed Annual Caps were determined with reference to the estimated total amounts of Licence Fees payable for each Service Year pro-rated on an annual basis, based on the historical net advertising revenue under the Existing Licence Agreement and the expected growth rate of the Net Advertising Revenue.

The expected annual growth rate of the Net Advertising Revenue for each Service Year range from approximately 6% to 28% for the Initial Term and from approximately 3% to 10% for the Extended Term. Such growth in the Net Advertising Revenue was estimated with reference to (i) the Group's outlook in increase in demand for and revenue from advertisements in the relevant Service Years after considering the demand for advertising from different market segments and the Group's plan to develop the Undeveloped Bus Shelters with growth potential for the purpose of carrying out the Business; and (ii) the historical growth in the net advertising revenue from the Group's bus shelter advertising business.

The increase in annual caps for the Licence Fees from the historical annual caps under the Existing Licence Agreement was due to the difference in calculation of Net Advertising Revenue in the Licence Agreement, and as stated in the tender terms, which no longer includes operating expenses previously deductible in the calculation of the "net advertising rental" under the Existing Licence Agreement resulting in an increased Licence Fees estimate.

The Proposed Annual Caps are subject to the approval of the Independent Shareholders at the Special General Meeting.

Internal control measures

For all the tender invitations received regarding licensing to carry out advertising activities, the Board and the Group's management will, where the relevant aggregate consideration of the licence reaches the threshold as stated in the Group's internal control policy, meet to assess each of them. The Group has performed an assessment for the tender for the Licence Agreement on different areas, which include (a) details of the licencing terms as set out in the tender invitation; (b) the Group's capability to carry out the relevant advertising activities under the licence; (c) basis for determining the licence fee (including the stipulated percentage required); (d) potential bidding competition; (e) benefits to the Group to carry out the advertising activities under the licence; and (f) financial projection of estimated advertising revenue and licence fee. The Group's management has also taken into account the reasonableness of the basis for determining the licence fee for the Licence Agreement before making a bid by comparing the market rates for a similar arrangement, which are based on key factors including (i) stipulated percentage as stated in other tender invitations received; (ii) historical stipulated percentages of similar transactions of the Group; and/or (iii) market intelligence on the licence fee to be acceptable by other competitors.

The finance department and the company secretary office of the Group will closely monitor the utilization of the annual caps during the Term of the Licence Agreement. When it is foreseen that the licence fee payable for the Service Year will soon exceed the annual cap of the relevant Service Year, the responsible team in the finance department will immediately alert the Group's management for further action.

LETTER FROM THE BOARD

3. LISTING RULES IMPLICATIONS

Transport International is the ultimate controlling Shareholder indirectly holding approximately 73.01% of all issued Shares, as at the Latest Practicable Date, through KMB Resources Limited (a wholly-owned subsidiary of Transport International). KMB is a wholly-owned subsidiary and an associate of Transport International, and is therefore a connected person of the Company within the meaning of the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Proposed Annual Caps for the Continuing Connected Transactions exceed 5%, such transactions constitute continuing connected transactions of the Company which are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Special General Meeting will be convened at which resolution(s) will be proposed to seek the Independent Shareholders' approval of the Continuing Connected Transactions and the Proposed Annual Caps.

Ms. Winnie NG is regarded as having a material interest in the Continuing Connected Transactions as she is interested in approximately 5.4% of the total issued share capital of Transport International, and she has abstained from voting on the relevant Board resolutions of the Company for the approval of the Licence Agreement and the Proposed Annual Caps. Save as disclosed above, no other Directors had a material interest in the Continuing Connected Transactions. Notwithstanding that Dr. John CHAN Cho Chak, Dr. Eric LI Ka Cheung and Mr. Allen FUNG Yuk Lun do not have any material interest in the Continuing Connected Transactions, they have abstained from voting on the relevant Board resolutions.

4. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

As at the Latest Practicable Date, the Group is operating bus exterior and interior advertising, bus shelter advertising and the advertising broadcast with the multi-media on-board broadcasting system on the KMB buses. The existing bus shelter advertising business is one of the core businesses of the Group and the Licence Agreement was entered into, following successful tender, in the ordinary and usual course of business of the Group. The Directors consider that entering into the Licence Agreement enables the synchronization of bus exterior and interior advertising and thereby creates an integrated bus media platform which enhances the media sales market penetration of the Group and further strengthens the leading status of the Group in the out-of-home advertising segment.

5. GENERAL INFORMATION

Transport International and its subsidiaries 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 in Hong Kong and the People's Republic of China.

LETTER FROM THE BOARD

The Group is principally engaged in the provision of media sales and design services and production of advertisements for transit vehicles exteriors and interiors, online portal, mobile apps, shelters and outdoor signages advertising businesses. The Group is also engaged in the provision of integrated marketing services covering these advertising platforms.

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

Leader Force is principally engaged in the provision of media sales service for advertising on billboards.

6. SPECIAL GENERAL MEETING

Set out on pages 36 to 37 of this circular is the SGM Notice convening the Special General Meeting at which an ordinary resolution will be proposed, if thought fit, to approve the Continuing Connected Transactions and the Proposed Annual Caps as mentioned in this circular.

As at the Latest Practicable Date, KMB Resources Limited (a wholly-owned subsidiary of Transport International and the intermediate controlling Shareholder) holding approximately 73.01% of all issued Shares, certain subsidiaries of Sun Hung Kai Properties Limited (a controlling shareholder of Transport International) holding in aggregate approximately 1.3% of all issued Shares and Ms. Winnie NG (a director of both the Company and Transport International interested in approximately 5.4% of the issued share capital of Transport International and approximately 0.1% of all issued Shares) will, and any Shareholder with a material interest in the transaction is required to, abstain from voting in relation to the above-mentioned resolution at the Special General Meeting.

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

7. ACTION TO BE TAKEN

A proxy form for use at the Special General Meeting is enclosed herein. Whether or not you intend to attend the Special General Meeting, you are requested to complete the proxy form and return it to the principal office of the Company at Flat D, 2/F, HK Spinners Industrial Building, Phase 5, 760-762 Cheung Sha Wan Road, Kowloon, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the Special General Meeting. Delivery of a proxy form will not preclude you from attending and voting in person at the Special General Meeting if you so wish.

LETTER FROM THE BOARD

8. RECOMMENDATION

The Board (including the Independent Board Committee after taking into account of the advice of the Independent Financial Adviser) considers that (i) the terms of the Licence Agreement and the Proposed Annual Caps are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole; and (ii) the transactions contemplated under the Licence Agreement are in the ordinary and usual course of business of the Group given the principal business activities of the Group. Accordingly, the Board and the Independent Board Committee recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the Special General Meeting to approve the Continuing Connected Transactions and the Proposed Annual Caps.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 14 to 15 of this circular which contains its recommendation to the Independent Shareholders, and the letter from Independent Financial Adviser set out on pages 16 to 31 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

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

By Order of the Board
RoadShow Holdings Limited
John CHAN Cho Chak
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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



ROADSHOW HOLDINGS LIMITED

路訊通控股有限公司^{*}

(Incorporated in Bermuda with limited liability)

(Stock code: 888)

14 June 2017

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 14 June 2017 (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 Licence Agreement and the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

Somerley Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and the Proposed Annual Caps. Details of its advice, together with the principal factors taken into consideration in arriving at such, are set out in its letter on pages 16 to 31 of the Circular.

Your attention is drawn to the letter from the Board set out on pages 5 to 13 of the Circular and the general information set out in the Appendix to the Circular.

Having taken into account the terms of the Licence Agreement and the advice given by Somerley Capital Limited, we consider that (i) the terms of the Licence Agreement and the Proposed Annual Caps are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole; and (ii) the transactions contemplated under the Licence Agreement are in the ordinary and usual course of business of the Group given the principal business

^{*} For identification purposes only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

activities of the Group. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution approving the Continuing Connected Transactions and the Proposed Annual Caps to be proposed at the Special General Meeting.

Yours faithfully,

Carlye Wai-Ling TSUI

Stephen CHEUNG Yan Leung

John YEUNG Hin Chung

Independent Board Committee

LETTER FROM SOMERLEY CAPITAL LIMITED

Set out below is the letter of advice from Somerley Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

14 June 2017

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Continuing Connected Transactions contemplated under the Licence Agreement and the respective Proposed Annual Caps for the period from 1 July 2017 to 31 December 2017, the nine years ending 31 December 2026 and the period from 1 January 2027 to 30 June 2027. Details of the Licence Agreement and the Proposed Annual Caps are set out in the “Letter from the Board” contained in the circular of the Company to the Shareholders dated 14 June 2017 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

Transport International is the ultimate controlling Shareholder indirectly holding approximately 73.01% of the issued share capital of the Company through KMB Resources Limited (a wholly-owned subsidiary of Transport International) as at the Latest Practicable Date. KMB is a wholly-owned subsidiary and an associate of Transport International, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Licence Agreement will constitute continuing connected transactions of the Company. As the applicable percentage ratios in respect of the Proposed Annual Caps exceed 5%, the Continuing Connected Transactions are subject to reporting, announcement, annual review and independent shareholders' approval requirements under the Listing Rules.

The Independent Board Committee, comprising three independent non-executive Directors, namely Dr. Carlye Wai-Ling TSUI, Professor Stephen CHEUNG Yan Leung and Dr. John YEUNG Hin Chung, has been established to consider and make a recommendation to the Independent Shareholders on whether (1) the Continuing Connected Transactions are in the ordinary and usual course of business of the Group; (2) the terms of the Licence Agreement are on normal commercial terms and are fair and reasonable so far as the Independent

LETTER FROM SOMERLEY CAPITAL LIMITED

Shareholders are concerned; (3) the entering into of the Licence Agreement is in the interests of the Company and the Shareholders as a whole; and (4) the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. Dr. Eric LI Ka Cheung, an independent non-executive Director, is also an independent non-executive director of, among others, Transport International and KMB, and therefore does not form part of the Independent Board Committee. We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the past two years, there have been no engagements between the Company and Somerley Capital Limited. As at the Latest Practicable Date, there were no relationships or interests between (a) Somerley Capital Limited; and (b) the Group and Transport International that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions pursuant to the Licence Agreement as detailed in the Circular.

In formulating our opinion, we have reviewed, among other things, (i) the 2016 annual report of the Company; (ii) the Licence Agreement; and (iii) the tender invitation documents of the Comparable Bids as further discussed below in the sub-section headed “Principal terms of the Licence Agreement”. We have further relied on the information and facts supplied, and the opinions expressed, by the executive Director and management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and up to the date of the SGM. We have also sought and received confirmation from the executive Director that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. We have no reason to believe that any material information has been withheld, nor to doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group and Transport International, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether (a) the terms of the Continuing Connected Transactions and the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned; (b) the Continuing Connected Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group; and (c) the entering into of the Licence Agreement is in the interests of the Company and the Shareholders as a whole, we have taken into account the principal factors and reasons set out below:

1. Background to and reasons for the Licence Agreement

The Group is principally engaged in the provision of media sales and design services and production of advertisements for transit vehicle exteriors and interiors, online portal, mobile apps, shelters and outdoor signages advertising businesses, as well as provision of integrated marketing services covering these advertising platforms. As

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advised by the management of the Group, the Group's bus shelter advertising business with revenue arising from transactions contemplated under the Existing Licence Agreement was one of the Group's top three revenue generating segments for each of 2016 and 2015. It is also stated in the Company's 2016 annual report that in 2016 the Group's bus shelter advertising business recorded an increase in both revenue and profitability. The Company's management considers that it is in the interests of the Group to continue to develop its bus shelter advertising business.

As advised by the Company's management, the Group's revenue from bus shelter advertising business for the two financial years ended 31 December 2015 and 2016 was generated from transactions falling under the Existing Licence Agreement, pursuant to which KMB agreed to grant an exclusive licence to the Group to conduct media sales agency and management business on selected bus shelters. Details of the Existing Licence Agreement are set out in the Company's circulars dated 28 November 2008 and 30 July 2012. The Existing Licence Agreement (as supplemented and amended by a supplemental licence agreement) will expire on 30 June 2017.

As set out in the Company's 2016 annual report, KMB is the largest supplier of the Group and the Group has maintained a long-term relationship with KMB. Having taken into account the key factors including (a) the increase in revenue and profitability from the Group's bus shelter advertising business in 2016; (b) the Group's plan to continue to develop its bus shelter advertising business; and (c) the long-term relationship between the Group and KMB, the Company's management considers it to be beneficial to the Group to continue the bus shelter advertising business with KMB. Accordingly, following KMB's acceptance of the tender submitted by Leader Force (a wholly-owned subsidiary of the Company), the Group has entered into the Licence Agreement to govern the transactions of media sales agency and management on bus shelters during the term of the Licence Agreement.

Based on the above and given that the transactions contemplated under the Licence Agreement will be conducted on normal commercial terms (as more particularly discussed in the sub-section headed "Principal terms of the Licence Agreement" below), we concur with the Company that the entering into of the Licence Agreement will benefit the Group and facilitate the development of its bus shelter advertising business.

2. Principal terms of the Licence Agreement

Details of the Licence Agreement are set out in the "Letter from the Board" contained in the Circular. Set out below is a summary of the principal terms of the Licence Agreement.

(i) Subject matter of the Licence Agreement

The Licence Agreement was entered into on 23 May 2017 between KMB and Leader Force, pursuant to which KMB has conditionally granted to Leader Force an exclusive licence to conduct the Business at the KMB Bus Shelters and to place, display, install, remove, replace, maintain and/or repair advertisements at the Advertising Spaces.

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(ii) Condition precedent

The Licence Agreement is conditional on the approval by the Independent Shareholders having been obtained in accordance with the requirements of the Listing Rules. If this condition is not fulfilled within three months after the date of the Licence Agreement (or such later date as may be agreed by KMB and Leader Force), the Licence Agreement will lapse.

(iii) Duration

The Term of the Licence Agreement will be for the Initial Term of 5 years commencing on 1 July 2017 and ending on 30 June 2022 (both dates inclusive), and may be extended for the Extended Term of another 5 years from 1 July 2022 to 30 June 2027 (both dates inclusive) at the option of KMB, which is subject to the satisfactory performance of Leader Force's obligations (including payment obligations) during the Term under the Licence Agreement.

We are advised by the Company's management and note from relevant KMB's tender invitation document that the details of the duration (including the Initial Term, the Extended Term and the extend conditions) have been set out in KMB's tender invitation document sent to all tender participants. In addition, we have reviewed the relevant agreements and tender invitation documents provided by the Company in relation to nine bids which include successful bids, unsuccessful bids and potential bids (collectively, the "**Comparable Bids**") of a similar nature to the Licence Agreement (i.e. licences to carry out advertising businesses involving public transportation) received by the Group since 2010 and up to the date of the Licence Agreement. Among the Comparable Bids, five bids relate to Transport International group (including KMB and another subsidiary of Transport International) and four bids relate to independent third parties. As all the Comparable Bids were made available to the tender participants under the same terms, we consider that all nine Comparable Bids (whether successful, unsuccessful or potential bids), which include all the bids received by the Group with nature similar to the Licence Agreement since 2010 and up to the date of the Licence Agreement, form a representative sample to reflect the current market practice of similar arrangements. We further note from the tender invitation documents of the Comparable Bids that an extend option was only offered in four Comparable Bids relating to Transport International group, where the term would be extended at the option of KMB or another subsidiary of Transport International. Having considered (a) the conditions of the extend option of the Licence Agreement are set out in the tender invitation document of KMB or apply to all tender participants; and (b) the term of the Comparable Bids with extend option would also be extended at the option of the transportation companies (being KMB or another subsidiary of Transport International), we consider the term of the extend option of the Licence Agreement to be in line with market practice for similar arrangements. Further details of the duration of the Licence Agreement are set out in the sub-section headed "Duration of the Licence Agreement" of this letter below.

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(iv) Pricing and payment terms

The Licence Fee attributable to bus shelter advertising will be payable by Leader Force to KMB on a monthly basis and is calculated as follows:

Licence Fee = actual Net Advertising Revenue × stipulated percentage of 65%
(provided that the Licence Fee for each month in a Service Year shall not be lower than an agreed minimum monthly Licence Fee (the “**Minimum Monthly Licence Fee**”))

Notes:

- (a) The percentage of 65% was stipulated in the tender invitation document issued by KMB in the tender process.
- (b) The Minimum Monthly Licence Fee (with incremental increase in successive Service Years) was determined by Leader Force and accepted by KMB through the tender process.

As set out in the section headed “The Licence Agreement” in the “Letter from the Board” contained in the Circular, the calculation basis of the Licence Fee (including the relevant stipulated percentage of 65%) was determined by KMB in its tender invitation document. The Net Advertising Revenue, with respect to any month during the Term, represents the total amount of the gross advertising revenue during that month less any corresponding trade discounts (i.e. the discounts to the published price given to the advertisers) and agency commissions/ rebates (i.e. referral commissions or fees paid to advertising agencies) (if any) at such rates as shall be approved from time to time by KMB in writing in advance but without any allowance for bad debts and/or other expenses of whatever nature incurred by Leader Force. The Minimum Monthly Licence Fee (including the incremental increase) was determined by Leader Force with reference to the Group’s past tender experience of similar nature comparable bids (whether successful or not) with KMB and independent third parties and the estimated Net Advertising Revenue based on factors including the advertisement fees charged by the Group to independent third parties and the renting rate of available KMB Bus Shelters. The incremental increases in the Minimum Monthly Licence Fee are in line with the increase in the estimated Net Advertising Revenue for each Successive Service Year. Further details of the Group’s estimation of the Net Advertising Revenue are set out in the sub-section headed “The Proposed Annual Caps” of this letter below.

As set out in the Licence Agreement, the Minimum Monthly Licence Fee shall be paid in advance on the first day of each relevant month and the balance of Licence Fee for the relevant month shall be paid within 10 days from the end of that month.

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We have discussed with the management of the Company and understand that the basis for determining the Licence Fee, including the calculation formula with a stipulated percentage and the Minimum Monthly Licence Fee, and the payment term of the Licence Fee have been determined with reference to market practice as regards similar licencing arrangements. We are also advised by the Company's management and note from KMB's tender invitation document that the calculation basis of the Licence Fee (including the relevant stipulated percentage of 65% and an incremental increase in the Minimum Monthly Licence Fee) has been set out in KMB's tender invitation document sent to all tender participants. In addition, we have reviewed the relevant agreements and tender invitation documents provided by the Company in relation to the Comparable Bids and have compared the pricing and payment terms of the Licence Agreement to those of the Comparable Bids as follows:

Licence fee

We note from the tender invitation documents of all Comparable Bids that the licence fee in each case would be determined based on a formula involving the net advertising revenue, a stipulated percentage and a guaranteed minimum licence fee, which is the same basis as the formula to determine the Licence Fee under the Licence Agreement. We also note from the tender invitation documents of all Comparable Bids that the guaranteed minimum licence fee would have to be paid monthly in advance at the beginning of each month, which is in line with the requirement under the Licence Agreement. We further note from the tender invitation documents of the Comparable Bids that the timing for payment of the licence fee in excess of the guaranteed minimum amount varies (six out of nine have a less frequent payment period ranging from a three-month-period to a six-month-period). However, in view of (i) the reasons for entering into the Licence Agreement as set out in the sub-section headed "Background to and reasons for the Licence Agreement" of this letter above; (ii) such payment terms are being offered to all tender participants; and (iii) all other key terms of the Licence Agreement are with a mechanism in line with those of the Comparable Bids, we consider the payment terms under the Licence Agreement to be acceptable.

Net advertising revenue

We note from the tender invitation documents of all Comparable Bids that trade discounts and agency commissions/rebates would be deducted from the gross advertising revenue in calculating the licence fee, which is consistent with the calculation of the Net Advertising Revenue as set out in the Licence Agreement.

Stipulated percentage

We note that a stipulated percentage was stated in the tender invitation documents of four (out of nine) Comparable Bids. For those successful bids of the remaining five Comparable Bids, we have further reviewed the relevant underlying agreements and the relevant circular of the Company for information

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on the stipulated percentage. We note from these documents that the stipulated percentage of 65% as set out in the Licence Agreement is within the range of the stipulated percentage as required in the Comparable Bids (excluding two Comparable Bids with no information on stipulated percentage available).

Guaranteed minimum licence fee

We note from the tender invitation documents of all Comparable Bids that a guaranteed minimum licence fee would be required for each tender. The licence fee payable in a specific period as determined by the net advertising revenue and the stipulated percentage should not fall below the guaranteed minimum licence fee, and a similar mechanism is adopted in the Licence Agreement. As discussed with the Company's management, the Minimum Monthly Licence Fee was determined with reference to 65% (which is within the range of the stipulated percentage as required in the Comparable Bids (excluding two Comparable Bids with no information on stipulated percentage available) as set out in the paragraph above) of the estimated Net Advertising Revenue for each Service Year considering KMB's requirement in the tender invitation document. Further details of the Group's estimation of the Net Advertising Revenue are set out in the subsection headed "The Proposed Annual Caps" of this letter below.

Based on the above, after considering (1) the calculation basis of the Licence Fee has been determined by KMB and applies to all tender participants; (2) the licence fee for the Comparable Bids would be determined based on a similar mechanism involving the net advertising revenue, a stipulated percentage and guaranteed minimum licence fee; (3) the stipulated percentage of 65% as set out in the Licence Agreement is within the range of those of the Comparable Bids as mentioned above; and (4) the Minimum Monthly Licence Fee was determined with reference to 65% (which is the stipulated percentage as requested by KMB) of the estimated Net Advertising Revenue for each Service Year, we consider that pricing and payment terms of the Licence Agreement are in line with market practice for similar arrangements.

(v) Bank guarantee

Leader Force will procure the issuance to KMB, and maintain throughout respectively (1) the Initial Term plus 3 months thereafter, and (2) (if the Term is extended for the Extended Term) the Extended Term plus 3 months thereafter, an irrevocable bank guarantee in respect of each said period issued in favour of KMB as security for the due payment of the Licence Fees and all other sums payable under the Licence Agreement and the due performance by Leader Force of the terms of the Licence Agreement. The amount of each bank guarantee shall represent 6 times (as stipulated in KMB's tender invitation document) the agreed Minimum Monthly Licence Fee for the relevant Service Year in respect of, respectively, (1) the Initial Term, and (2) (if the Term is extended for the Extended Term) the full Term.

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We note from the tender invitation documents of all Comparable Bids that a bank guarantee would be required based on the guaranteed minimum licence fee and/or a fixed amount. We note from the tender invitation documents that a similar bank guarantee (i.e. guarantee with an amount of 6 times of the guaranteed minimum licence fee) would be required for each of the Comparable Bids (excluding one Comparable Bid which required only a fixed amount of bank guarantee). The abovementioned bank guarantee as set out in the Licence Agreement is in line with the market practice for similar arrangements.

(vi) Other major terms

Leader Force shall develop at least 100 Undeveloped Bus Shelters each Service Year during the Term for the purpose of carrying out the Business. We consider that this will provide an opportunity for the Group to further develop its bus shelter advertising business with an increase in number of KMB Bus Shelters for the purpose of advertising, sponsorship or commercial promotion.

In view of the above, including our discussions with the management of the Company and the documents reviewed, we consider that the terms of the Licence Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

3. Internal control measures regarding the Continuing Connected Transactions

We have discussed with the Company's management the Group's internal control measures regarding the Continuing Connected Transactions. As advised by the Company's management, for all the tender invitations received regarding licencing to carry out advertising activities, the Board and the Group's management will, where the relevant aggregate consideration of the licence reaches the threshold as stated in the Group's internal control policy, meet to assess each of them. Assessment will be made on different key areas for each tender invitation including (a) details of the licencing terms as set out in the tender invitation; (b) the Group's capability to carry out the relevant advertising activities under the licence; (c) basis for determining the licence fee (including the stipulated percentage required); (d) potential bidding competition; (e) benefits to the Group to carry out the advertising activities under the licence; and (f) financial projection of estimated advertising revenue and licence fee. We further understand from the Company's management that the Group will take into account the reasonableness of the basis for determining the licence fee before making a bid by comparing the market rates for a similar arrangement, which are based on key factors including (i) stipulated percentage as stated in other tender invitations received; (ii) historical stipulated percentages of similar transactions of the Group; and/or (iii) market intelligence on the licence fee to be acceptable by other competitors. We have reviewed a discussion paper from the Company dated 12 January 2017 regarding the tender for the Licence Agreement and note that the Group performed an assessment for the tender for the Licence Agreement in accordance with the above measures. Further details of the Group's internal control measures regarding the Continuing Connected Transactions are set out in the "Letter from the Board" contained in the Circular.

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We consider that the interests of the Independent Shareholders are safeguarded by the assessment of the tender invitations received with analysis on the reasonableness of the basis of the licence fee through a comparison to market rates.

4. Review of the continuing connected transactions by the auditors

The auditors of the Company have performed a review of the Group's continuing connected transactions which include transactions contemplated under the Existing Licence Agreement for the two financial years ended 31 December 2015 and 2016 (the "**Past Transactions**"). We noted from the 2015 and 2016 annual reports of the Company that the Company's auditors were engaged to report on the Group's continuing connected transactions (including the Past Transactions). As set out in the 2015 and 2016 annual reports of the Company, the Company's auditors have issued an unqualified letter in accordance with Rule 14A.56 of the Listing Rules which requires the auditors to confirm whether anything has come to their attention that causes them to believe that the continuing connected transactions: (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (c) were not entered into, in all material respects, in accordance with the relevant agreement(s) governing the continuing connected transactions; and (d) have exceeded the annual caps with respect to the continuing connected transactions. Taking into account the measures set out in the sub-section headed "Internal control measures regarding the Continuing Connected Transactions" of this letter above and the auditor's satisfactory review of the Past Transactions, we consider that the Continuing Connected Transactions have been and are being conducted on normal commercial terms.

5. The Proposed Annual Caps

The Continuing Connected Transactions are subject to the Proposed Annual Caps whereby for each of the financial year during the Term, the value of the transactions contemplated under the Licence Agreement will not exceed the applicable annual amounts stated in the "Letter from the Board" contained in the Circular. In assessing the reasonableness of the Proposed Annual Caps, we have discussed with the management of the Company the basis and underlying assumptions for setting the Proposed Annual Caps.

As advised by the Company's management, the Proposed Annual Caps have been estimated based on the calculation formula for the Licence Fee as set out in the Licence Agreement. Details of the calculation formula for the Licence Fee are set out above in the sub-section headed "Principal terms of the Licence Agreement". As set out in the Licence Agreement, the monthly Licence Fee payable by the Group to KMB will be calculated by multiplying the actual Net Advertising Revenue and a stipulated percentage of 65%. We have obtained from the Company a schedule estimating the Net Advertising Revenue (the "**Estimation Schedule**") for each month during the Term (both the Initial Term and the Extended Term). We note from the Estimation Schedule that the estimated Net Advertising Revenue during each of the five Service Years (commencing on 1 July of each calendar year and ending on 30 June of the successive calendar year) of the Initial Term showed a growth as compared to respective previous Service Year. We have discussed with the Company's management the basis

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for estimating the Net Advertising Revenue and understand that the monthly Net Advertising Revenue during the Initial Term was estimated with reference to key factors including (a) historical advertising revenue from the KMB bus shelters; (b) estimated demand for advertising on the KMB Bus Shelters after considering the demand for advertising from different market segments; (c) expected growth rate in the advertising revenue from the KMB Bus Shelters; and (d) the Group's obligation to develop the Undeveloped Bus Shelters for the purpose of carrying out the Business as set out in the Licence Agreement.

We note from the Estimation Schedule and understand from the Company's management that annual growth rates (comparing on a year to year basis between each Service Year) for each Service Year range from approximately 6% to 28% and have been applied to the Net Advertising Revenue in the Initial Term. Higher growth rates have been applied in two Service Years after considering the expected increase in demand for and revenue from advertisements of two market segments in the relevant Service Years. We have performed a comparison (based on information provided by the Company) of the net advertising revenue from bus shelters between the period from 1 July 2007 to 30 June 2012 (i.e. five years) and the period from 1 July 2012 to 30 April 2017 (i.e. four years and 10 months), and note that the aggregate net advertising revenue from 1 July 2012 to 30 April 2017 showed an increase of approximately 58% as compared to that from 1 July 2007 to 30 June 2012. Based on the above, including the basis for determining the Net Advertising Revenue and the historical growth of approximately 58% achieved by the Group as mentioned above, together with an expectation that the bus shelter advertising business will show a moderate growth in the Initial Term after the expansion in business scale of the Group's bus shelter advertising business in the past years, we consider that the growth rates of approximately 6% to 28% in the Net Advertising Revenue over the Initial Term are reasonable. As advised by the Company's management, the Net Advertising Revenue for each month of the Extended Term was also estimated with reference to the abovementioned factors, with an annual growth rate (comparing on a year to year basis between each Service Year) ranging from approximately 3% to 10%. Having considered, in particular, the Group's obligation to develop the Undeveloped Bus Shelters for the purpose of carrying out the Business as set out in the Licence Agreement and the growth in the Group's historical net advertising revenue as mentioned above, we consider it reasonable to adopt such growth rates in the Extended Term to cater for the organic growth of the Group's business.

The management of the Company has applied the stipulated percentage of 65% to the estimated Net Advertising Revenue and compared to the Minimum Monthly Licence Fee when estimating the Licence Fee payable by the Group to KMB for each month during the Term. As set out in the Licence Agreement, the Licence Fee for each month in a Service Year shall not be lower than the Minimum Monthly Licence Fee. Accordingly, for the months where the licence fee as determined by multiplying the Net Advertising Revenue and the stipulated percentage of 65% is lower than the Minimum Monthly Licence Fee, the Company has adopted the Minimum Monthly Licence Fee as the amount payable to KMB. We have reviewed the Estimation Schedule and note that the Company has applied the aforesaid mechanism consistently when determining the Proposed Annual Caps during the Term. Based on the above and taking into account a buffer to cater for possible fluctuation in demand for advertisements, the management of

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the Company has determined the Proposed Annual Caps for each of the financial years during the Term. We concur with the Company's management that it is appropriate to include the buffer because demand may be affected by the overall economic situation and the buffer would provide flexibility for the Group to carry out advertising sales should the Company consider it to be in its interest. In addition, given that we consider the terms of the Licence Agreement fair and reasonable so far as the Independent Shareholders are concerned (as discussed in the sub-section headed "Principal terms of the Licence Agreement" of this letter above), we consider the inclusion of a buffer to be acceptable.

Taking into account the aforesaid factors, the Proposed Annual Caps for the transactions contemplated under the Licence Agreement are set as follows:

	Period	HK\$' million
Licence Fee	For the period from 1 July 2017 to 31 December 2017	21.5 (<i>Note</i>)
	For the year ending 31 December 2018	47
	For the year ending 31 December 2019	50
	For the year ending 31 December 2020	60
	For the year ending 31 December 2021	70
	For the year ending 31 December 2022	80
	For the year ending 31 December 2023	83
	For the year ending 31 December 2024	90
	For the year ending 31 December 2025	93
	For the year ending 31 December 2026	100
	For the period from 1 January 2027 to 30 June 2027	51 (<i>Note</i>)

Note: Proposed annual cap for six months

Having considered the basis on which the Proposed Annual Caps are determined as described above, we are of the view that the Proposed Annual Caps for the transactions contemplated under the Licence Agreement are fair and reasonable.

6. Conditions of the continuing connected transactions

In compliance with the Listing Rules, the Continuing Connected Transactions are subject to a number of conditions which include, among other things:

- (i) the Proposed Annual Caps for the Continuing Connected Transactions for each of the financial years during the Term will not be exceeded;
- (ii) the independent non-executive Directors must, in accordance with the Listing Rules, review annually the Continuing Connected Transactions and confirm in the Company's annual report whether the Continuing Connected Transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

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- (iii) the auditors of the Company must, in accordance with the Listing Rules, review annually the Continuing Connected Transactions and they must confirm in a letter to the Board (a copy of which letter will be provided to the Stock Exchange at least ten business days prior to the bulk printing of the annual report of the Company) whether anything has come to their attention that causes them to believe that the Continuing Connected Transactions: (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (c) were not entered into, in all material respects, in accordance with the relevant agreement(s) governing the Continuing Connected Transactions; and (d) have exceeded the Proposed Annual Caps;
- (iv) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or the auditors cannot confirm the matters as required;
- (v) the Company must allow, and ensure that KMB allows, the auditors of the Company sufficient access to their records of the Continuing Connected Transactions for the purpose of the auditors' reporting on the Continuing Connected Transactions. The Board must state in the annual report whether the auditors of the Company have confirmed the matters set out in Rule 14A.56 of the Listing Rules; and
- (vi) the Company must comply with the applicable provisions of the Listing Rules governing continuing connected transactions in the event that the total amount of the Continuing Connected Transactions exceeds the Proposed Annual Caps, or that there is any material amendment to the terms of the Licence Agreement.

In light of the conditions imposed on the Continuing Connected Transactions, in particular, (1) the limit of the value of the Continuing Connected Transactions by way of the relevant Proposed Annual Caps; (2) the on-going review by the independent non-executive Directors and auditors of the Company regarding the terms of the Licence Agreement; and (3) the on-going review by the auditors of the Company confirming the Proposed Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

7. Duration of the Licence Agreement

(i) Reasons for the duration of the Licence Agreement exceeding three years

Conditional on the approval by the Independent Shareholders, the Term of the Licence Agreement shall be for the Initial Term of 5 years commencing on 1 July 2017 and ending on 30 June 2022 (both dates inclusive), and may be extended for the Extended Term of another 5 years from 1 July 2022 to 30 June 2027 (both dates inclusive) at the option of KMB. The longest duration of the Term (i.e. the Initial Term and the Extended Term) will be 10 years. We have discussed with the Company's management the rationale for the duration of the Licence Agreement (including the Initial Term and the Extended Term).

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As mentioned in the sub-section headed “Background to and reasons for the Licence Agreement” of this letter above, bus shelter advertising business has been one of the Group’s top three revenue generating segments for each of 2016 and 2015. The Company’s management considers that it is beneficial to the Group to secure a stable source of revenue from bus shelter advertising business for the long term. In addition, as set out in the Licence Agreement, the Group has to develop at least 100 Undeveloped Bus Shelters each Service Year during the Term. The Company’s management is of the view that a long duration of the Licence Agreement will allow the Group more time to recoup its investment and a more stable basis for the development of its bus shelter advertising business.

Accordingly, we concur with the view of the Company’s management that a period of longer than three years is required for the Group to develop its bus shelter advertising business in a well-planned manner and safeguard a growing source of revenue for the long term.

(ii) Comparable agreements

(a) Arrangements between the Group with Transport International group and/or independent third parties

We have reviewed the duration of the advertising licencing arrangements of the Comparable Bids. We note from the tender invitation documents of the Comparable Bids that all the advertising licencing arrangements of the Comparable Bids have a duration exceeding three years, ranging from approximately 3.3 years to 10 years (taking into account the options to choose/extend for a longer duration). The longest Term of the Licence Agreement of 10 years (i.e. the Initial Term of 5 years and the Extended Term of 5 years), though at the higher end, is within the range of duration of the Comparable Bids.

(b) Arrangements of peer companies

As set out in the sub-section headed “Background to and reasons for the Licence Agreement” of this letter above, the Group is principally engaged in the provision of media sales and design services and production of advertisements for transit vehicle exteriors and interiors, online portal, mobile apps, shelters and outdoor signages advertising businesses, as well as provision of integrated marketing services covering these advertising platforms. We have identified on a best efforts basis from Bloomberg for companies listed on the Stock Exchange (the “**Peer Companies**”) which are also engaging in advertising businesses. We then reviewed the announcements of the Peer Companies published on the website of the Stock Exchange from 1 January 2013 up to the date immediately prior to the Latest Practicable Date to identify those agreements (the “**Comparable Agreements**”) involving advertising arrangements in transportation-related premises with nature similar to the Licence Agreement. The Comparable Agreements represent an exhaustive list of agreements based on the abovementioned selection criteria. Details of the Comparable Agreements are summarised below.

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Peer Companies involved	Date of announcement	Details of the Comparable Agreement	Duration of the Comparable Agreement
Clear Media Limited (stock code: 100)	27 December 2013	Award of certain concession rights in relation to bus shelter advertising panels located in Nanjing, China	10 years
Asiaray Media Group Limited (stock code: 1993)	15 June 2015	Grant of the exclusive right to use and operate the advertising and media resources in Zhengzhou Airport Terminal 2 and the General Transportation Center	7 years with a conditional renewal option for a further term of 3 years
	10 July 2015	Grant of concession rights to operate exclusively the advertising media resources of the Hangzhou Xiaoshan International Airport	3 years
	10 August 2015	Grant of concession rights to the advertising spaces located at Beijing Metro Line 4 and Beijing Metro Daxing Line	5 years with a conditional renewal option of another 3 years
	14 December 2015	Award of advertising agency service contract for certain rail lines and buses in Hong Kong	3 years and extendable for further 3 years
	30 December 2016	Grant of rights to use and operate the advertising and media resources in the airports operated by Yunnan Airport Group Limited Liability Company and its subsidiaries	Approximately 8 years and renewable upon mutual agreement
	31 March 2017	Grant of exclusive rights to use and operate the advertising and media resources in two Tianjin Metro lines	10 years

LETTER FROM SOMERLEY CAPITAL LIMITED

Peer Companies involved	Date of announcement	Details of the Comparable Agreement	Duration of the Comparable Agreement
	1 June 2017	Grant of exclusive concession rights to operate the mainstream advertising media of two Hangzhou Metro lines	6 years with an option to extend for an additional 3 years

Source: Announcements of the Peer Companies

As set out in the table above, the duration (taking into account the option to extend) of the Comparable Agreements ranges from 3 years to 10 years (including one agreement with duration of approximately 8 years which is renewable upon mutual agreement). The longest Term of the Licence Agreement of 10 years (i.e. the Initial Term of 5 years and the Extended Term of 5 years), though at the higher end, is within the range of duration of the Comparable Agreements. We note that seven (out of eight) of the Comparable Agreements relate to advertising arrangements outside Hong Kong, however, on the basis that (1) all these Comparable Agreements relate to advertising arrangements involving advertising companies listed on the Stock Exchange; and (2) all these Comparable Agreements involve advertising arrangements in transportation-related premises, we consider that the Comparable Agreements form a fair and representative sample to illustrate the market practice of similar advertising arrangements to the Licence Agreement. Details of the Group's other similar advertising arrangements in Hong Kong are set out in the above paragraph headed "Arrangements between the Group with Transport International group and/or independent third parties".

In light of our analysis of the arrangements between the Group with Transport International group and/or independent third parties together with the Comparable Agreements as set out above, we are of the opinion that it is normal business practice for agreements in the nature of the Licence Agreement to have a duration of longer than three years.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (1) the transactions contemplated under the Licence Agreement are in the ordinary and usual course of business of the Group; (2) the terms of the Licence Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (3) the entering into of the Licence Agreement is in the interests of the Company and the Shareholders as a whole; and (4) the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM SOMERLEY CAPITAL LIMITED

In view of the Group's plan to further develop its bus shelter advertising business and the stable source of revenue to be generated from the Licence Agreement, we concur with the view of the Company's management that a longer period than three years is required for a licence to conduct the Business at the KMB Bus Shelters in an optimal manner. Based on our research into the Comparable Agreements summarised above, we consider that it is normal business practice for agreements of the nature of the Licence Agreement to have a duration of longer than three years.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Licence Agreement and the Proposed Annual Caps to be proposed at the SGM.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Stephanie Chow
Director

Ms. Stephanie Chow is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. She has over seven years' experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS**Directors and chief executive**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive or any such associate was taken or deemed to have under such provisions of the SFO); or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, were as follows:

(i) Interests in issued shares in the Company

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

(ii) *Interests in issued shares in Transport International (Note 2), an associated corporation of the Company*

Name of Director	Transport International: ordinary shares of HK\$1.0 each					Approximate % of total issued shares
	Personal interests	Family interests	Corporate interests	Other interests	Total number of shares held	
Dr. John CHAN Cho Chak	2,000	—	—	—	2,000	0.0%
Ms. Winnie NG (Note 3)	181,416	—	—	21,971,095	22,152,511	5.4%
Mr. LEE Luen Fai (Note 4)	—	30,000	—	—	30,000	0.0%

Notes:

1. Ms. Winnie NG has interest in 123,743 Shares as a beneficiary of certain private trusts which beneficially held the shares.
2. Transport International is the ultimate holding company of the Company.
3. Ms. Winnie NG has interest in 21,971,095 shares of Transport International as a beneficiary of certain private trusts which beneficially held the shares.
4. Mr. LEE Luen Fai has interest in 30,000 shares of Transport International which represented the interests held by his spouse.

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 of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest and short position which he/she was taken or deemed to have under such provisions of the SFO); or entered in the register of interests required to be kept by the Company pursuant to Section 352 of the SFO; or notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

None of the Directors has any direct or indirect interest in any assets which have since 31 December 2016 (being the date which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors is materially interested in any contract or arrangement entered subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

Dr. John CHAN Cho Chak, Ms. Winnie NG, Dr. Eric LI Ka Cheung and Mr. Allen FUNG Yuk Lun, who are Directors, are also directors of Transport International.

3. EXPERT AND CONSENT

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

Name	Qualification
Somerley Capital Limited	a corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities

Somerley has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear. The letter given by Somerley is given as at the date of this circular for incorporation herein.

As at the Latest Practicable Date, Somerley did not have any direct or indirect interest in any assets which had since 31 December 2016 (being the date which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, Somerley 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 2016, being the date to which the latest published audited financial statements of the Group were made up.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group which does not expire or is not terminable within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates, was interested in any business (apart from the Group's business) which competes or is likely to compete either directly or indirectly with the Group's business.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Existing Licence Agreement and the Licence Agreement will be available for inspection during normal business hours at the principal office of the Company at Flat D, 2/F, HK Spinners Industrial Building, Phase 5, 760-762 Cheung Sha Wan Road, Kowloon, Hong Kong from the date of this circular up to and including the date of the Special General Meeting (excluding Saturdays and public holidays).

NOTICE OF SPECIAL GENERAL MEETING



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 Studio 1-2, 7/F, W Hong Kong, 1 Austin Road West, Kowloon Station, Kowloon, Hong Kong on Friday, 30 June 2017 at 10:00 a.m. for the purposes of considering and, if thought fit, passing (with or without modifications) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the entering into of the Licence Agreement (as defined in the circular of the Company dated 14 June 2017 (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) by Leader Force Limited, a wholly-owned subsidiary of the Company, and all transactions contemplated thereunder and in connection therewith, be and are hereby approved, ratified and confirmed; and
- (b) the proposed annual caps for the period from 1 July 2017 to 31 December 2017, the nine years ending 31 December 2026 and the period from 1 January 2027 to 30 June 2027 in relation to the transactions under the Licence Agreement as disclosed in the Circular be and are hereby approved;

and that any director(s) of the Company and/or Leader Force Limited be and are hereby authorised for and on behalf of the Company and/or Leader Force Limited to execute all such documents and agreements and do such acts or things as they may in their discretion consider to be necessary, desirable or expedient to implement or give effect to or in connection with the Licence Agreement, and all other transactions contemplated thereunder including the proposed annual caps.”

By Order of the Board
RoadShow Holdings Limited
Christine MAK Lai Hung
Company Secretary

Hong Kong, 14 June 2017

* For identification purposes only

NOTICE OF SPECIAL GENERAL MEETING

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/her proxy to attend and vote instead of him/her. 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 Flat D, 2/F, HK Spinners Industrial Building, Phase 5, 760-762 Cheung Sha Wan Road, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the Special General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude a member of the Company from attending and voting in person at the Special General Meeting or any adjournment thereof and if such event, the authority of the proxy shall be deemed to be revoked.
- (3) The register of members of the Company will be closed from 27 June 2017 to 30 June 2017, both dates inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the Special General Meeting. In order to be eligible to attend and vote at the Special General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 26 June 2017.
- (4) Voting at the Special General Meeting will be taken by poll.