
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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CONTINUING CONNECTED TRANSACTIONS

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

ALTUS CAPITAL LIMITED

A letter from the board of directors of RoadShow Holdings Limited (the “**Company**”) is set out on pages 5 to 14 of this circular. A letter from the independent board committee of the Company is set out on pages 15 to 16 of this circular. A letter from Altus Capital Limited, the independent financial adviser to the independent board committee and the independent shareholders of the Company, is set out on pages 17 to 34 of this circular.

A notice convening the special general meeting of the Company to be held at Novotel Century Hong Kong, Plaza 4, Lower Lobby, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 31 December 2014 at 10:00 a.m. is set out on pages 39 to 40 of this circular. Whether or not you propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the principal office of the Company at 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting in person at the meeting or any adjournment thereof if you so desire.

* For identification purposes only

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DEFINITIONS

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

“Advertising Spaces”	such parts of the exterior and interior areas and spaces of the KMB Buses on which the Company may display advertisements pursuant to the Licence Agreement
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Bank Guarantee(s)”	the bank guarantee(s) issued by Bus Power to KMB under the Licence Agreement, further particulars of which are set out in the section headed “2. <i>The New Bus Exterior & Interior Advertising Licence Agreement — Bank guarantees</i> ” in the “Letter from the Board” of this circular
“Board”	the board of Directors
“Bus Power”	Bus Power Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“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
“Extended Term”	the period from 1 July 2017 to 30 June 2020 (both dates inclusive)
“GMLF”	an agreed guaranteed minimum monthly Licence Fee
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors, namely, Dr. Carlye Wai-Ling TSUI, Professor Stephen CHEUNG Yan Leung and Dr. John YEUNG Hin Chung, to advise the Independent Shareholders in respect of the Continuing Connected Transactions and the Proposed Annual Caps
“Independent Financial Adviser” or “Altus Capital”	Altus Capital Limited, a corporation licensed under SFO to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, 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 and Ms. Winnie Ng, and their respective associates
“Initial Term”	the period commencing on 1 November 2014 and ending on 30 June 2017 (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 Bus(es)”	the franchised public bus(es) operated by KMB under the franchise granted to KMB under the Public Bus Services Ordinance (Chapter 230 of the Laws of Hong Kong) (including any extension or renewal thereto)
“Latest Practicable Date”	9 December 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Licence Agreement”	the bus exterior and interior advertising licence agreement dated 31 October 2014 entered into between KMB and Bus Power, further particulars of which are set out in the section headed “2. <i>The New Bus Exterior & Interior Advertising Licence Agreement</i> ” in the “Letter from the Board” of this circular

DEFINITIONS

“Licence Fee(s)”	the licence fee(s) payable by Bus Power to KMB under the Licence Agreement, further particulars of which are set out in the section headed “2. <i>The New Bus Exterior & Interior Advertising Licence Agreement — Pricing and basis of consideration</i> ” in the “Letter from the Board” of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MMOB”	multi-media on-board
“Net Advertising Revenue”	the gross income derived by Bus Power from the relevant exterior and/or interior Advertising Spaces less any corresponding trade discounts and agency commissions or rebates to the advertisers if any, at such rates as shall be approved by KMB, without any allowance for any expense incurred by Bus Power
“Previous Licence Agreements”	the exterior advertising licence agreement and the interior advertising licence agreement both dated 28 August 2009 entered into between KMB and the Group whereby KMB granted to the Group exclusive licences to market, display and maintain advertisements at the external panels of the bodies of the KMB Buses and the interior panels and spaces inside the compartment of the KMB Buses respectively, both for a term commencing on 1 November 2009 and ended on 31 October 2014
“Proposed Annual Caps”	the proposed annual caps for the period from 1 November 2014 to 31 December 2014, the five years ending 31 December 2019 and the period from 1 January 2020 to 30 June 2020 in relation to the transactions under the Licence Agreement
“Service Period”	an agreed period of up to 12 months in each year as provided in the Licence Agreement
“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 39 to 40 of this circular
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stipulated Percentage”	an agreed fixed percentage
“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
“%”	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*

Mr. YUNG Wing Chung (*Deputy Chairman*)

Ms. Winnie NG (*Deputy Chairman*)

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

Dr. Carlye Wai-Ling TSUI[#]

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

Dr. Eric LI Ka Cheung[#]

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

Professor Stephen CHEUNG Yan Leung[#]

BBS, JP, FHKIoD

Dr. John YEUNG Hin Chung[#]

SBS, OBE, JP, FHKIoD

Mr. MO Tik Sang (*Managing Director*)

FHKIoD

Mr. MAK Chun Keung

Mr. John Anthony MILLER

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

Mr. Allen FUNG Yuk Lun

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Principal Office:

9 Po Lun Street
Lai Chi Kok
Kowloon
Hong Kong

[#] *Independent Non-Executive Director*

* *For identification purposes only*

LETTER FROM THE BOARD

12 December 2014

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

The Board refers to the announcement of the Company dated 31 October 2014 whereby it was announced that:

On 31 October 2014, KMB and Bus Power (a wholly-owned subsidiary of the Company) entered into the Licence Agreement pursuant to which KMB has conditionally granted an exclusive licence to Bus Power to market, install, display and maintain advertisements on or at the Advertising Spaces, for an initial term of 2 years and 8 months commencing on 1 November 2014 until 30 June 2017 (both dates inclusive), which may be extended for a further period of 3 years from 1 July 2017 to 30 June 2020 (both dates inclusive) at the option of KMB.

The purpose of this circular is to provide you with:

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

LETTER FROM THE BOARD

2. THE NEW BUS EXTERIOR & INTERIOR ADVERTISING LICENCE AGREEMENT

Pursuant to the Previous Licence Agreements entered into between KMB and the Group in August 2009, KMB granted exclusive licences to the Group to market, display and maintain advertisement at the external panels of the bodies of the KMB Buses and the interior panels and spaces inside the compartment of the KMB Buses respectively, both for a term which expired on 31 October 2014. Following KMB's acceptance of the tender submitted by Bus Power, KMB and Bus Power entered into the Licence Agreement on 31 October 2014, the principal terms of which are summarised below:

Date

31 October 2014

Parties

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

Subject matter

KMB has conditionally granted to Bus Power an exclusive licence to market, install, display and maintain advertisements on or at the Advertising Spaces, together with such right of access to the Advertising Spaces as approved by KMB for the proper displaying, installation, maintenance, repairing and removing of advertisements.

Condition precedent

The Licence Agreement is conditional on the approval by the Independent Shareholders 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 Bus Power in writing), the Licence Agreement will lapse.

LETTER FROM THE BOARD

Term

Conditional on the approval by the Independent Shareholders referred to in the paragraph headed “*Condition precedent*” above, the Term of the Licence Agreement shall be for the Initial Term of 2 years and 8 months commencing on 1 November 2014 and ending on 30 June 2017 (both dates inclusive), and may be extended for the Extended Term of another 3 years from 1 July 2017 to 30 June 2020 (both dates inclusive) at the option of KMB.

Assuming that the Term is extended for the Extended Term as described above, the total duration of the Licence Agreement will be for 5 years and 8 months. Since the bus 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 exterior and interior advertising respectively, will be payable by Bus Power to KMB on a monthly basis within 10 days following the end of the month and calculated as follows:

Licence Fee = (the attributable Net Advertising Revenue) x (the Stipulated Percentage as pre-determined by Bus Power and accepted by KMB through the tender process),

provided that: the respective Licence Fee for each month in a Service Period shall not be lower than the GMLF, as determined by Bus Power 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 the GMLF applicable to each successive Service Period.

LETTER FROM THE BOARD

The Stipulated Percentages are 80% for bus exterior advertising and 85% for bus interior advertising under the Licence Agreement.

The GMLF payable under the Licence Agreement is between HK\$7,500,000 and HK\$10,000,000 for bus exterior advertising and between HK\$1,500,000 and HK\$2,400,000 for bus interior advertising. The incremental increases in the GMLF for bus exterior and interior advertising over each successive Service Period are in the range of 5% and 9%.

The calculation basis of the Licence Fee was determined by KMB in its tender invitation and is in line with the common market practice for bus advertising in Hong Kong, and the Stipulated Percentages and GMLF (including the incremental increase thereof) were determined by Bus Power with reference to tender experience in the past, and the estimated Net Advertising Revenue based on factors including the advertisement fees charged by the Group on independent third parties and renting rate of available KMB Buses. The increase in the Stipulated Percentages and GMLF over those in the past transactions under the Previous Licence Agreements, as well as the incremental increase in the GMLF over the Service Periods, were arrived at following the tender process, and are fair and reasonable given the fierce competition in the market, the importance of bus exterior and interior advertising business as a core business of the Group, and the collateral commercial benefits expected to be gained in maintaining the well-developed integrated bus media platform operated by the Group.

The Stipulated Percentages and the GMLF (including the incremental increase thereof) are extremely commercially sensitive information for the Company, the full disclosure of which would be detrimental to the interests of the Company and the Shareholders as a whole.

The Company had fully disclosed the figures of stipulated percentages and guaranteed minimum licence fees as additional information in its announcement and circular for the Previous Licence Agreements, but had since learnt that the Group's competitors may rely on such figures to precisely gauge the Group's capability and viable range of terms in making offers and thereby making the Group's tender submissions easier to be outbid by submitting competing offers on slightly or marginally better terms. As there is only a very limited number of participants in the market who have been granted licence for similar bus advertising business in Hong Kong in recent years, and the competition in the market is very fierce. Given that bus advertising is a core business of the Group, the loss of any potential business opportunities could have a substantial negative impact on the Group's business.

LETTER FROM THE BOARD

Bank guarantees

Bus Power 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 (the “**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 and the due performance by Bus Power of the terms of the Licence Agreement. The amount of each Bank Guarantee shall represent 6 times the average of the GMLF in respect of, respectively, (1) the Initial Term, and (2) (if the Term is extended for the Extended Term) the full Term.

Historical figures

The licence fees paid and/or payable by the Group to KMB under the Previous Licence Agreements for each of the period from 1 November 2009 to 31 December 2009, the four years ended 31 December 2013, and the period from 1 January 2014 to 31 October 2014 were approximately as follows:

Period	Historical transactions amount (HK\$)
From 1 November 2009 to 31 December 2009	10,666,000
From 1 January 2010 to 31 December 2010	64,630,000
From 1 January 2011 to 31 December 2011	68,500,000
From 1 January 2012 to 31 December 2012	72,000,000
From 1 January 2013 to 31 December 2013	72,667,000
From 1 January 2014 to 31 October 2014	63,333,000

LETTER FROM THE BOARD

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\$)
From 1 November 2014 to 31 December 2014	23,000,000
From 1 January 2015 to 31 December 2015	119,000,000
From 1 January 2016 to 31 December 2016	133,000,000
From 1 January 2017 to 31 December 2017	144,000,000
From 1 January 2018 to 31 December 2018	146,000,000
From 1 January 2019 to 31 December 2019	158,000,000
From 1 January 2020 to 30 June 2020	85,000,000

The Proposed Annual Caps were determined with reference to the estimated total amounts of Licence Fees payable for each Service Period pro-rated on an annual basis, based on the historical net advertising revenue under the Previous Licence Agreements and the expected growth rate of the Net Advertising Revenue. The progressive increase of each of the Proposed Annual Caps and the increase over the historical transaction amounts in respect of the Previous Licence Agreements are due to the expected increase in the amount of Licence Fees payable, with reference to the estimated growth in the Net Advertising Revenue based on the historical growth rate of Net Advertising Revenue, the Stipulated Percentages and the GMLF.

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

3. LISTING RULES IMPLICATIONS

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

LETTER FROM THE BOARD

As the applicable percentage ratios in respect of the Proposed Annual Caps 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 an ordinary resolution 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 about 5.2% of the total issued share capital of Transport International, and she has abstained from voting on the relevant Board resolution of the Company for the approval of the 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, Mr. John Anthony MILLER and Mr. Allen FUNG Yuk Lun do not have any material interest in the Continuing Connected Transactions, they had abstained from voting on the relevant Board resolution.

4. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The bus exterior and interior advertising business is a core business of the Group and the Licence Agreement was entered into, following a successful tender, in the ordinary and usual course of business of the Group. The Directors consider that the entering into of the Licence Agreement enables the synchronisation of bus exterior and interior advertising and the advertising broadcast with the MMOB broadcasting system on the KMB Buses, all of which are operated by the Group and thereby creating an integrated bus media platform to enhance the media-sales market penetration of the Group and to further strengthen the leading status of the Group in the out-of-home advertising segment.

5. SPECIAL GENERAL MEETING

Set out on pages 39 to 40 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.

LETTER FROM THE BOARD

KMB Resources Limited (a wholly-owned subsidiary of Transport International and the intermediate controlling Shareholder holding approximately 73.01% of the issued share capital of the Company as at the Latest Practicable Date) and Ms. Winnie NG (a director of both the Company and Transport International, who was interested in 5.2% of the issued share capital of Transport International and approximately 0.1% of the issued share capital of the Company as at the Latest Practicable Date) and their respective associates, will be required to abstain from voting 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.

6. 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 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 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.

7. 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 the Group's business 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.

LETTER FROM THE BOARD

Your attention is drawn to the letter from the Independent Board Committee set out on pages 15 to 16 of this circular which contains its recommendation to the Independent Shareholders, and the letter from the Independent Financial Adviser set out on pages 17 to 34 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

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

By Order of the Board
John CHAN Cho Chak
Chairman

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)

12 December 2014

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 12 December 2014 (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.

Altus 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 terms of the Licence Agreement 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 17 to 34 of the Circular.

Your attention is drawn to the letter from the Board set out on pages 5 to 14 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 Altus 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

* For identification purposes only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

and the Shareholders as a whole; and (ii) the transactions contemplated under the Licence Agreement are in the ordinary and usual course of the Group's business given the principal business 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 THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from 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, which has been prepared for the purpose of incorporation in this circular.

ALTUS CAPITAL LIMITED

21 Wing Wo Street
Central, Hong Kong

12 December 2014

*To the Independent Board Committee and
the Independent Shareholders*

RoadShow Holdings Limited

9 Po Lun Street
Lai Chi Kok
Kowloon
Hong Kong

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment 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 the Licence Agreement and the Proposed Annual Caps are set out in the “Letter from the Board” contained in the circular of the Company dated 12 December 2014 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 31 October 2014, KMB and Bus Power (a wholly-owned subsidiary of the Company) entered into the Licence Agreement pursuant to which KMB has conditionally granted an exclusive licence to Bus Power to market, install, display and maintain advertisements on or at the Advertising Spaces, for an initial term of 2 years and 8 months commencing on 1 November 2014 until 30 June 2017 (both dates inclusive), which may be extended for a further period of 3 years from 1 July 2017 to 30 June 2020 (both dates inclusive) at the option of KMB.

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

As the applicable percentage ratios 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 SGM will be convened at which resolution 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 about 5.2% of the total issued share capital of Transport International, and she has abstained from voting on the relevant Board resolution of the Company for the approval of the Licence Agreement and the Proposed Annual Caps. Save as disclosed above, no other Directors have a material interest in the Continuing Connected Transactions. Notwithstanding that Dr. John CHAN Cho Chak, Dr. Eric LI Ka Cheung, Mr. John Anthony MILLER and Mr. Allen FUNG Yuk Lun do not have any material interest in the Continuing Connected Transactions, they had abstained from voting on the relevant Board resolution.

KMB Resources Limited (a wholly-owned subsidiary of Transport International and the intermediate controlling Shareholder holding approximately 73.01% of the issued share capital of the Company as at the Latest Practicable Date) and Ms. Winnie NG (a director of both the Company and Transport International, who was interested in 5.2% of the issued share capital of Transport International and approximately 0.1% of the issued share capital of the Company as at the Latest Practicable Date) and their respective associates, will be required to abstain from voting in relation to the above-mentioned resolution at the SGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE

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 the Licence Agreement and the Proposed Annual Caps, and to give advice and recommendation to the Independent Shareholders as to whether the terms of the Licence Agreement and the Proposed Annual Caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole and on how to vote on the resolution to be proposed at the SGM.

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Licence Agreement and the Proposed Annual Caps are on normal commercial terms, 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) how the Independent Shareholders should vote in respect of the resolution to be proposed at the SGM.

BASIS OF OUR ADVICE

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. Background information

Information on the Group

The Group is principally engaged in the provision of media sales and design services and production of advertisements for MMOB, transit vehicles exteriors and interiors, online portal, mobile apps, shelter and outdoor signage advertising businesses. The Group is also engaged in the provision of integrated marketing services covering these advertising platforms. In particular, the bus exterior and interior advertising business on the Advertising Spaces is a core business of the Group.

According to the annual report of the Company for the year ended 31 December 2013, total revenue of the Group amounted to approximately HK\$371.5 million, HK\$421.2 million and HK\$462.0 million for the three years ended 31 December 2013 respectively. Out of these, the revenue and profit derived from the bus exterior and interior advertising business accounted for a relatively substantial portion. The improvements in the Group's financial performance during the financial year was mainly attributable to the Group's unique integration of media platforms and provision of effective one-stop integrated marketing services for both advertisers and agencies. For the continued development and growth of its overall bus media advertising business, the Group considers the bus exterior and interior advertising business as an integral part of its business strategy.

Business relationship with KMB

In particular, the Group has maintained close business relationships with KMB through the Previous Licence Agreements, as well as an agreement relating to the MMOB advertising business which is currently in effect. The bus interior advertising business and bus exterior advertising business have commenced since February 2009 and November 2009 respectively, while the MMOB advertising business has commenced since February 2001.

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2. The Previous Licence Agreements and the Licence Agreement

Under the Previous Licence Agreements, the Group has been providing to KMB bus interior and exterior advertising services for the KMB Buses. Details of the Previous Licence Agreements were set out in the circulars of the Company dated 24 February 2009 and 17 September 2009. In view of the expiration of the licences under the Previous Licence Agreements on 31 October 2014, KMB issued public tender invitations in respect of the exclusive licence to market, install, display and maintain advertisements on or at the Advertising Spaces. The Group's tender for such licence was accepted by KMB and the relevant parties entered into the Licence Agreement on 31 October 2014.

Pursuant to the Licence Agreement, KMB has conditionally granted Bus Power, a wholly-owned subsidiary of the Company, an exclusive licence to market, install, display and maintain advertisements on or at the Advertising Spaces, together with such right of access to the Advertising Spaces as approved by KMB for the proper displaying, installation, maintenance, repairing and removing of advertisements, during the Term (if extended by KMB).

We noted that the bus exterior and interior advertising business is a core business of the Group and the Licence Agreement was entered into in the ordinary and usual course of business of the Group. The licence under the Licence Agreement is secured by the Group through a transparent and competitive process which involved more than one tenderer, the terms of which are normally and commercially determined.

3. Benefits to the Group under the Licence Agreement

Apart from bus exterior and interior advertising business, the Group also conducts broadcast advertising business through the MMOB broadcasting systems which are installed on the KMB Buses, as well as bus shelters media sales business with KMB.

Based on our discussions with the Group's management, they consider that the entering into of the Licence Agreement will enable the synchronisation of all the Group's services with KMB, namely bus exterior and interior advertising, and broadcast advertising on the MMOB broadcasting system installed on the KMB Buses. These are currently operated by the Group for KMB under exclusive licences granted by KMB. By having such an integrated bus media platform, the Group's management believes it will enhance the media-sales market penetration of the Group. We concur with the Group's management that being able to manage the Advertising Spaces together with MMOB broadcasting system on an integrated basis

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can enable the Group to market them to its customers more effectively. In turn, it also facilitates the Group's customers, being advertisers and agencies, to better achieve their measurable marketing targets. The synchronisation also enables the Group to better manage advertisers' concerns of competition, for example, between advertisements placed on MMOB and those placed on the Advertising Spaces. This also allow greater availability and flexibility of the Group's advertising tools for advertisers where the Group can offer a complete bus advertising package which covers the Advertising Spaces and MMOB.

Based on the above, we concur with the Group's management that the entering into of the Licence Agreement can serve the purpose of the aforesaid synchronisation. This will in turn place the Group in a better position to develop its overall advertising business. It is also in line with the Group's strategy of further strengthening its leading position in the out-of-home media advertising market segment, which include bus interior and exterior, as well as bus shelter advertising. In addition, ancillary services which the Group undertakes such as advertisements production for placements at the Advertising Spaces and MMOB broadcasting systems can further enhance the profitability of the Group.

4. Duration of the Licence Agreement

Under the Licence Agreement, the Term shall be for the Initial Term of 2 years and 8 months commencing on 1 November 2014 and ending on 30 June 2017 (both dates inclusive), and may be extended for a further period of three years from 1 July 2017 to 30 June 2020 (both dates inclusive) at the option of KMB. Assuming that the Term is extended for the Extended Term, the total duration of the Licence Agreement will be for 5 years and 8 months, which is more than the 3 years stipulated under Rule 14A.52 of the Listing Rules.

Having considered the commercial nature of the Licence Agreement, and having made reference to similar advertising business arrangements of other companies which are listed on the Stock Exchange as further discussed below, we are of the view that the aforesaid possible longer duration of the Licence Agreement reflects normal business practice and commercial terms of such arrangements. The longer duration is justifiable and fair and reasonable as far as the Independent Shareholders are concerned. It is also in the interests of the Company and the Shareholders as a whole.

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Background of and reasons for the long duration of the Licence Agreement

The bus exterior and interior advertising business on the Advertising Spaces is a core business of the Group. This is, for example, evidenced by the licence fee revenue from the transactions under the Previous Licence Agreements of more than HK\$72 million during the year ended 31 December 2013. The aforesaid possible longer duration will be beneficial to the Group as it allows the Group to plan the co-operation between Bus Power and KMB with a longer term view and resources devoted by the Group in this business can be more efficiently deployed over such longer period. This in turn enables a more stable operation and visibility of revenue source for the Group's bus exterior and interior advertising business. Importantly, as there are only a small number of public bus companies in Hong Kong and the arrangements under the Licence Agreement are exclusive in nature, the longer duration ensures the Group has access to at least one of such media platforms over the medium term. The Group currently does not have such similar arrangements with other public bus companies in Hong Kong.

Arrangements with other public bus companies and arrangements of similar nature undertaken by other listed companies on the Stock Exchange

According to the Group's management, it is normal business practice for advertising licence agreements to be longer than three years, and this applies also to typical advertising licence agreements with public bus companies in the market as far as the Company is aware.

While there is no direct comparable for the Licence Agreement, we have made reference to other agreements of similar advertising service nature previously entered into by the Group with KMB and other independent franchised public bus companies in Hong Kong. Based on our review of the agreements governing the Group's previous arrangements with KMB and other public bus companies in Hong Kong, each of their tenure was indeed longer than three years. These serve to show that it is a normal business practice for agreements of this nature to have duration of longer than three years.

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As further reference, we have also used our best endeavor to identify, based on public announcements of other listed companies on the Stock Exchange, transactions involving the establishment of long term advertising arrangements for transportation-related businesses. Details of our findings are as follows:

Company name and stock code	Date of announcement	Nature of transaction	Tenure of arrangement
Clear Media Limited (stock code: 100)	27 December 2013	Award of certain concession rights in relation to bus shelter advertising panels in Nanjing, the PRC	A term of 10 years commencing from 2014
China Eastern Airlines Corporation Limited (stock code: 670)	27 September 2013	Transfer of exclusive rights to use various media and advertising resources, including distribution channels for in-flight newspapers and magazines	A term of 15 years from 1 January 2014
China 33 Media Group Limited (stock code: 8087)	28 May 2013	Obtaining of the right of co-operation for the operation of a periodical magazine on passenger trains in the PRC by acting as the sole distributor, advertising agent and operator of associated products of the publisher	A term of 10 years from 1 June 2013
Innotech Holdings Limited (stock code: 8202)	21 July 2010	Obtaining the advertising rights on all single-decker buses operated by Shijiazhuang City General Public Transportation Company Limited in Shijiazhuang City, Hebei, PRC	A term of 7 years from 1 February 2008
SEEC Media Group Limited (stock code: 205)	17 December 2007	Obtaining the exclusive advertising agency rights in “Mingpai Shijie” 《名牌世界》 magazine and the Chinese version of Time Out Magazine	A term of 10 years from 14 December 2007

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We understand that the advertising arrangements for transportation-related businesses mentioned above are not an exhaustive list as we are not able to definitively cover an exhaustive list of companies listed on the Stock Exchange that have entered into similar advertising arrangements. We have compiled the above list to the best of our knowledge based on publicly available information. Notwithstanding this limitation, based on the fact that there exist at least five companies as mentioned above that had during 2007 to 2013 entered into a series of long term advertising arrangements, we are of the view that it sufficiently and fairly demonstrated that it is normal business practice for agreements of this type to be of duration of more than three years.

We also noted that the geographical coverage of the companies identified above is in the People's Republic of China while the Licence Agreement relates to Hong Kong. As the list serves to analyse the general nature of advertising arrangements, we are of the view that the assessment is not affected by the aforesaid geographical differences.

In summary, the above shows that it is common for arrangements similar to those contemplated under the Licence Agreement to have duration of more than three years.

5. Licence Fee under the Licence Agreement

The Licence Fee, attributable to bus exterior and interior advertising respectively, will be payable by Bus Power to KMB on a monthly basis within 10 days following the end of the month and calculated as follows:

Licence Fee = (the attributable Net Advertising Revenue) x (the Stipulated Percentage as pre-determined by Bus Power and accepted by KMB through the tender process),

provided that: the respective Licence Fee for each month in a Service Period shall not be lower than the GMLF, as determined by Bus Power 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 the GMLF applicable to each successive Service Period.

Licence Fee calculation mechanism

Based on our review of KMB's relevant tender invitation and tender documents, the aforesaid fee calculation mechanism was determined by KMB and was explicitly stipulated in such tender documents to each tender applicant (including Bus Power). The adherence to such pre-determined fee calculation mechanism was a pre-requisite,

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and the Group accepted this term having taken into consideration the fact that it is a common market practice for bus advertising industry in Hong Kong. It is noted that the same fee calculation mechanisms were applicable under the Previous Licence Agreements.

We have also reviewed other agreements of similar nature which were previously entered into by the Group with KMB, other independent franchised public bus companies as well as other public transportation companies in Hong Kong in relation to the provision of advertising services on their respective buses and vehicles. These arrangements were also secured by the Group by way of public tenders. It is noted that similar fee calculation mechanisms, being those involving parameters similar to the Net Advertising Revenue, the Stipulated Percentage and requirements of minimum monthly licence fees or royalties, were also applied. Similar requirements can also be found in tenders for advertising spaces in certain public bus companies which the Group participated but failed to secure.

Based on the above, we are of the view that the fee calculation mechanism of making reference to parameters such as net advertising revenue, a stipulated percentage of sharing as well as a guaranteed minimum amount are normal commercial terms.

Net Advertising Revenue

Under the Licence Agreement, Net Advertising Revenue refers to the gross income derived by Bus Power from the relevant exterior or interior Advertising Spaces less any corresponding trade discounts and agency commissions or rebates to the advertisers if any, at such rates as shall be approved by KMB, without any allowance for any expense incurred by Bus Power. In other words, Net Advertising Revenue represents the net advertising income receivable by Bus Power from its customers. Bus Power will pay Licence Fees to KMB in proportion to the net advertising income it generates, subject to the minimum amounts under the GMLF.

Nevertheless, we understand from the Group's management that the reasonableness of the projected Net Advertising Revenue (which in turn is used to determine the GMLF) is one of the factors considered by KMB when awarding the licence under the Licence Agreement. In this regard, we have reviewed the management's basis when projecting the Net Advertising Revenue and are of the view that it has been reasonably determined as discussed below.

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The projected Net Advertising Revenue is estimated based on the expected growth rate of Net Advertising Revenue of an average of about 8% per annum over the Term, determined with reference to the historical growth rate of Net Advertising Revenue of an average of about 10% per annum during the terms of the Previous Licence Agreements. It was noted that the historical Net Advertising Revenue, underpinned by improving advertising rates charged for advertising on the Advertising Spaces, were generally on an increasing trend during the terms of the Previous Licence Agreements. As described above, the assumed growth rates for the projected Net Advertising Revenue during the Term are in line with the historical average growth rates of Net Advertising Revenue as well as the historical increase in advertising rates during the terms of the Previous Licence Agreements.

Stipulated Percentages

The Stipulated Percentage is one of the key factors for KMB in determining its tender acceptance and was arrived at following an open tender process. The Stipulated Percentages were determined and proposed by Bus Power with reference to its past tender experience gained from its other public tenders relating to advertising business on public transportations. These include both tenders with KMB as well as other independent public transportation companies in Hong Kong. The Group has also considered both successful and unsuccessful tender experiences to ensure the competitiveness of its tender application, with a view to maximising the probability of the Group being successful in the tender while maintaining reasonable level of profitability. The Group also took into account the estimated Net Advertising Revenue based on factors including advertisement fees charged by the Group to its customers, occupancy rate of available KMB Buses as well as estimated expenses to be incurred by Bus Power for undertaking this business.

Compared with the Group's aforesaid previous tender applications (the "**Previous Tender Applications**"), both successful and unsuccessful which we have reviewed, we noted that the Stipulated Percentages are slightly above the range of stipulated percentage of the Previous Tender Applications. Based on our review and discussion with the Group's management, the relatively higher Stipulated Percentages compared to the Previous Tender Applications and the arrangements under the Previous Licence Agreements are necessary having noted the fact that the Group had been unsuccessful in its recent tender applications despite having proposed a stipulated percentage at the upper end of the aforesaid range.

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We noted the importance of the bus exterior and interior advertising business to the Group as discussed above. We also understand from the Group's management the fact that a same group of advertising market players regularly participate in public tenders in which the Group takes part, likely including the Previous Tender Applications; and the Group's recent unsuccessful tenders provide a fair reference on the prevailing high level of market competition. Consequently, the higher Stipulated Percentages are necessary. The Group has considered its expected profitability of this business where its management expects, barring unforeseen circumstances, this business will remain to be profitable. Additionally, there are also benefits to be derived from having an integrated bus media platform for the Group's overall bus media advertising business. Having considered the above and the tender process, we concur with the Group's management that the Stipulated Percentages under the Licence Agreement, being 80% for bus exterior advertising and 85% for bus interior advertising, are fair and reasonable.

GMLF

Under the Licence Agreement, Bus Power undertakes to pay KMB a Licence Fee which is equal to the GMLF or the Stipulated Percentage of Net Advertising Revenue, whichever is greater, calculated on a monthly basis. In other words, if Bus Power is not able to generate sufficient net advertising income from its customers such that Net Advertising Revenue multiplied by the Stipulated Percentage is less than the GMLF, the Group would still have to pay KMB an amount equivalent to the GMLF.

According to the requirements for determining the GMLF in the tender documents of KMB, it was stipulated that (i) the GMLF for each subsequent Service Period shall be higher than that of the preceding Service Period; and (ii) the Stipulated Percentage multiplied by the projected Net Advertising Revenue per month shall not be less than the GMLF.

We have reviewed the Group's basis of arriving at the GMLF and noted that the GMLF during the Term was principally determined by the Group, and accepted by KMB, after taking into consideration (i) the projected Net Advertising Revenue during the Term as discussed above; and (ii) the specific requirements on the determination of the GMLF stipulated in the tender documents of KMB. The GMLF payable under the Licence Agreement is between HK\$7,500,000 and HK\$10,000,000 for bus exterior advertising and between HK\$1,500,000 and HK\$2,400,000 for bus

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interior advertising. The incremental increases in the GMLF for bus exterior and interior advertising over each successive Service Period are in the range of 5% and 9%. We noted that the GMLF is lower than the projected average Net Advertising Revenue multiplied by the Stipulated Percentage during the Term. We have reviewed the Previous Tender Applications and noted that the requirement of certain level of minimum guaranteed licence fee can be found in these Previous Tender Applications. When considering the scope of our review, we note that tender documents are not generally available to the public. Meanwhile, we also note that the Previous Tender Applications encompass tenders for a variety of mediums such as bus interiors and exteriors, trams, bus shelters of a number of companies, including KMB as well as independent third parties. On this basis, we are of the view that the extent of our review is fair; and a minimum guaranteed licence fee is a common requirement and normal commercial term, and is fair and reasonable.

Payment terms

Under the Licence Agreement, the Licence Fee will be payable by Bus Power to KMB on a monthly basis within 10 days following the end of the month, with the GMLF payable in advance on the first day of each relevant month. Based on our review, the aforesaid payment terms are in line with those of the Previous Licence Agreements as well as some of the applications under the Previous Tender Applications. While we note that there are instances under the Previous Tender Applications where payment terms are slightly longer, such as within 30 days of the end of the month; we are of the view that the difference is not material. In any event, it is also noted that the aforesaid payment terms are specific requirements stipulated in the tender documents of KMB, and would be applicable to all tenderers.

Having considered each of the key parameters in determining the Licence Fee (including its calculation mechanism) under the Licence Agreement, we are of the view that its terms are fair and reasonable.

6. Bank guarantee requirement under the Licence Agreement

Under the Licence Agreement, Bus Power is to procure the issuance to KMB, and maintain throughout respectively (i) the Initial Term plus 3 months thereafter, and (ii) (if the Term is extended for the Extended Term) the Extended Term plus 3 months thereafter, the 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 and the due performance by Bus Power of the terms of the Licence Agreement. The amount of each Bank Guarantee shall represent six times the average of the agreed GMLF in respect of, respectively, (1) the Initial Term, and (2) (if the Term is extended for the Extended Term) the Term.

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The amount of Bank Guarantee is lower than the total GMLF for each of the year/period during the Term. The basis of determination of the amount of Bank Guarantee is also in line with that under the Previous Licence Agreements. We note from the Previous Tender Applications that the requirement of bank guarantee of not less than six times the minimum licence fees can be found in the Group's public tenders with other transportation companies. In addition, we have reviewed the Previous Tender Applications and noted that the requirement of bank guarantee arrangement can be found in these Previous Tender Applications. On this basis, we are of the view that this is a common requirement and normal commercial term. In any event, it is also noted that the Bank Guarantee is a specific requirement stipulated in the tender documents of KMB, and would be applicable to all tenderers.

7. The Proposed Annual Caps

Historical annual caps for licence fees payable under the Previous Licence Agreements

(a) Exterior advertising licence agreement

Set out below is the historical annual caps and the actual amount of licence fees in respect of bus exterior advertising business paid or payable by the Group to KMB during the 2 months ended 31 December 2009, the 4 years ended 31 December 2013 and the 10 months ended 31 October 2014 (the “**Previous Licence Period**”) under the exterior advertising licence agreement dated 28 August 2009 entered into between KMB and the Group:

	For the 2 months ended 31 December 2009 (HK\$'000)	2010 (HK\$'000)	For the year ended 31 December			For the 10 months ended 31 October 2014 (HK\$'000)
			2011 (HK\$'000)	2012 (HK\$'000)	2013 (HK\$'000)	
Actual licence fee paid and payable	9,166	55,330	57,500	60,000	60,500	52,500
Historical annual caps for licence fee	13,000	78,000	85,000	93,000	103,000	94,000
Utilisation rate (%)	70.5	70.9	67.6	64.5	58.7	55.9

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As shown above, the utilisation rate of the historical annual caps for bus exterior advertising licence fee ranged from approximately 56% to 71% during the Previous Licence Period. The aforesaid historical annual caps were previously determined based on the maximum Net Advertising Revenue for the Previous Licence Period; that is based on the presumption of 100% occupancy rate for available KMB Buses throughout the Previous Licence Period. Due partly to market conditions and void periods between changes of advertisements as well as down time for maintenance, lower actual occupancy was recorded.

(b) Interior advertising licence agreement

Set out below is the historical annual caps and the actual amount of licence fees in respect of bus interior advertising business paid or payable by the Group to KMB during the Previous Licence Period under the interior advertising licence agreement dated 28 August 2009 entered into between KMB and the Group:

	For the year ended 31 December				For the 10 months ended 31 October
	2010	2011	2012	2013	2014
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Actual licence fee paid and payable	9,300	11,000	12,000	12,167	10,833
Historical annual caps for licence fee	39,000	43,000	52,000	57,000	52,000
Utilisation rate (%)	23.8	25.6	23.1	21.3	20.8

As shown above, the utilisation rate of the historical annual caps in respect of bus interior advertising licence fee was relatively low at between 21% and 26% during the Previous Licence Period. Similar to those for bus exterior advertising, these historical annual caps were previously determined based on the maximum Net Advertising Revenue for the Previous Licence Period; that is based on the presumption of 100% occupancy rate for available KMB Buses throughout the Previous Licence Period.

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The actual occupancy rate recorded was below 30% over the Previous Licence Period, which consequently resulted in the relatively low utilisation rate of the historical annual caps. We have discussed with the Group's management and understand that the lower occupancy rate for bus interior advertising business as compared to that for bus exterior advertising business was mainly attributable to the fact that bus interior advertising is a relatively newer advertising platform and the acceptance level by advertisers and agencies remains lower than that for bus exterior advertising.

The management, having considered the above experience, has adopted a more refined approach when determining the Proposed Annual Caps with a view to arrive at a better estimates of the Proposed Annual Caps. Details of the approach are discussed below.

Bases of determination of the Proposed Annual Caps

The Proposed Annual Caps have been prepared with reference to the estimated total amount of the Licence Fees payable for each Service Period and pro-rated as necessary. When determining the Proposed Annual Caps, the historical Net Advertising Revenue recorded under the Previous Licence Agreements and the expected growth rates of the Net Advertising Revenue during the Term have been considered. The following table sets out the Proposed Annual Caps over the Term:

Period	Amount (HK\$'000)
From 1 November 2014 to 31 December 2014	23,000
From 1 January 2015 to 31 December 2015	119,000
From 1 January 2016 to 31 December 2016	133,000
From 1 January 2017 to 31 December 2017	144,000
From 1 January 2018 to 31 December 2018	146,000
From 1 January 2019 to 31 December 2019	158,000
From 1 January 2020 to 30 June 2020	85,000

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To assess the reasonableness and fairness of the Proposed Annual Caps, we have obtained from the Group calculation workings regarding (i) the Group's projections of Net Advertising Revenue during the Term and the underlying bases as described below; (ii) the projections of the Licence Fee payable for each Service Period (pro-rated as necessary) based on the projected Net Advertising Revenue and the Stipulated Percentage in accordance with the calculation mechanism pursuant to the Licence Agreement; and (iii) the GMLF and the underlying bases.

Based on our review, we noted that the computation of projected Net Advertising Revenue during the Term assumes growth rates of an average of about 8% per annum over the Term, which are in line with the historical average growth rates of Net Advertising Revenue experienced during the terms of the Previous Licence Agreements of an average of about 10% per annum. Such growth rate also reflects expected inflation of advertising rates for the Advertising Spaces where increasing trend were indeed observed in the past few years based on our review of the Group's advertising rate cards (which contain prices and descriptions of the various advertisement placement options) for bus exteriors during the terms of the Previous Licence Agreements. The key parameters for calculating Net Advertising Revenue are occupancy rates and advertising rates. We also understand from the Group's management that it has also considered feedback from the Group's sales and marketing personnel, as well as the room for improvement in occupancy rates of the Advertising Spaces, especially in respect of bus interiors. The effects of expected higher advertising spending during certain events such as the Olympic Games have also been taken into account.

We believe the aforesaid assumptions used for determining the Proposed Annual Caps are appropriate and reasonable. On this basis, we are of the view that the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Shareholders and the Company as a whole.

8. Continuing connected transactions requirements under the Listing Rules

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors are required to review the Group's continuing connected transactions annually and confirm in the Company's annual report that they have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole. In compliance with the Listing Rules, the Company

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will engage auditors to report on the Continuing Connected Transactions. In view of the above, we consider that there exist appropriate procedures and arrangements to ensure that the Continuing Connected Transactions will be conducted on terms in compliance with the provisions of the Listing Rules.

RECOMMENDATIONS

Having considered the above principal factors, we are of the view 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 the Group's business given the principal business activities of the Group. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Continuing Connected Transactions and the Proposed Annual Caps.

Yours faithfully,
For and on behalf of
Altus Capital Limited
CHANG Sean Pey
Executive Director

Mr. CHANG Sean Pey ("Mr. CHANG") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. CHANG has over 15 years of experience in banking, corporate finance and advisory, and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.

Pursuant to Rule 13.84 of the Listing Rules, Altus Capital Limited is independent of the Company. In particular, Altus Capital Limited has not acted as an independent financial adviser of the Company's other transactions in the last two years from the date of the Circular.

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*

The Company: ordinary shares of HK\$0.1 each					Total	
Name of Director	Personal interests	Family interests	Corporate interests	Other interests	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*

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

Notes:

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

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company or any of their respective associates had any interest or short position in the shares, underlying shares and/or debentures 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 2013 (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, Mr. John Anthony MILLER 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
Altus Capital	a licensed corporation to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

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

As at the Latest Practicable Date, Altus Capital did not have any direct or indirect interest in any assets which had since 31 December 2013 (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, Altus 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, save as disclosed in the interim report of the Company for the six months ended 30 June 2014 published on 26 August 2014, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, 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 Previous Licence Agreements and the Licence Agreement will be available for inspection during normal business hours at the principal office of the Company at 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong 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 Novotel Century Hong Kong, Plaza 4, Lower Lobby, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 31 December 2014 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 and disclosed in the circular of the Company dated 12 December 2014 (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 Bus Power 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 November 2014 to 31 December 2014, the five years ending 31 December 2019 and the period from 1 January 2020 to 30 June 2020 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 Bus Power Limited be and are hereby authorised for and on behalf of the Company and/or Bus Power 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 and the proposed annual caps as disclosed in the Circular.”

By Order of the Board
MO Tik Sang
Managing Director

Hong Kong, 12 December 2014

* *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 proxy to attend and vote instead of him. On a poll, votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
- (2) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be lodged with the Company's principal office at 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the Special General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude a member of the Company from attending and voting in person at the Special General Meeting or any adjournment thereof and if such event, the authority of the proxy shall be deemed to be revoked.
- (3) Voting at the Special General Meeting will be taken on a poll.