

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**ROADSHOW HOLDINGS LIMITED**

路訊通控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 888)**

**CONTINUING CONNECTED TRANSACTIONS**

On 23 May 2017, 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 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, for an initial term of 5 years commencing on 1 July 2017 until 30 June 2022 (both dates inclusive), which may be extended for a further period of 5 years from 1 July 2022 to 30 June 2027 (both dates inclusive) at the option of KMB.

KMB is a wholly-owned subsidiary and an associate of Transport International, which is the ultimate controlling Shareholder. KMB is therefore a connected person of the Company within the meaning of the Listing Rules. The transactions contemplated under the Licence Agreement constitute continuing connected transactions of the Company and as the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the proposed annual caps for such transactions exceed 5%, they are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

A special general meeting will be convened at which resolution(s) will be proposed to seek the Independent Shareholders' approval of, among other things, the transactions contemplated under the Licence Agreement and the proposed annual caps.

A circular containing, among other things, further details of the Licence Agreement, the letter of recommendation from the Independent Board Committee, the letter of advice from the independent financial adviser to the Independent Board Committee and Independent Shareholders, and a notice of the special general meeting, is expected to be despatched to the Shareholders on or before 14 June 2017.

\* *For identification purposes only*

## **THE LICENCE AGREEMENT**

The Board is pleased to announce that KMB and Leader Force entered into the Licence Agreement on 23 May 2017, the principal terms of which are summarised below:

### **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**

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.

### **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 Leader Force in writing), the Licence Agreement will lapse.

### **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 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.

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 (excluding the members of the Independent Board Committee whose view will be given in the circular after taking into account the advice of the independent financial adviser) 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 to be given by the independent financial adviser in the circular will include 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:

$$\text{Licence Fee} = (\text{the attributable Net Advertising Revenue}) \times (\text{a stipulated percentage of 65\% as requested in the tender invitation issued by KMB to all tenderers in the tender process}),$$

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 with reference to 65% of the estimated Net Advertising Revenue for that Service Year.

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 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 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 Bus Shelters.

### **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 and the due performance by Leader Force under the terms of the Licence Agreement. The amount of each bank guarantee shall represent 6 times 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.

### **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:

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

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 proposed annual caps are subject to the approval of the Independent Shareholders at the special general meeting.

### **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 date of this announcement, 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 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 transactions contemplated under the Licence Agreement 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.

### **ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE**

An independent board committee comprising Dr. Carlye Wai-Ling TSUI, Professor Stephen CHEUNG Yan Leung and Dr. John YEUNG Hin Chung, being independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the transactions contemplated under the Licence Agreement and the proposed annual caps. Somerley Capital Limited has been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Licence Agreement and the proposed annual caps.

### **SPECIAL GENERAL MEETING**

A special general meeting will be convened at which resolution(s) will be proposed to seek the Independent Shareholders' approval of, among other things, the transactions contemplated under the Licence Agreement and the above proposed annual caps.

A circular containing, among other things, further details of the Licence Agreement, the letter of recommendation from the Independent Board Committee, the letter of advice from the independent financial adviser to the Independent Board Committee and Independent Shareholders, and a notice of the special general meeting, is expected to be despatched to the Shareholders on or before 14 June 2017.

### **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

As at the date of this announcement, the Group is operating bus exterior and interior advertising, bus shelters 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.

The Directors (excluding the members of the Independent Board Committee whose view will be given in the circular after taking into account the advice of the independent financial adviser) consider that the transactions contemplated under the Licence Agreement are on normal commercial terms, and are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## 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.

The Group is principally engaged in the provision of media sales and design services and production of advertisements for multi-media on-board, 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.

## DEFINITIONS

Unless the context otherwise requires, the following terms in this announcement shall have the meanings set out below:

“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)
“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
“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 transactions contemplated under the Licence Agreement and the proposed annual caps
“Independent Shareholders”	Shareholders other than the connected person(s) who is/are interested in the transactions contemplated under the Licence Agreement
“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

“Leader Force”	Leader Force Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“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 “ <i>The Licence Agreement</i> ” of this announcement
“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 “ <i>The Licence Agreement – Pricing and basis of consideration</i> ” of this announcement
“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 and agency commissions/rebates (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
“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)
“Shareholder(s)”	holder(s) of the share(s) of the Company
“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

By Order of the Board  
**RoadShow Holdings Limited**  
**LOH Chan Stephen**  
*Managing Director*

Hong Kong, 23 May 2017

*As at the date of this announcement, the Directors of the Company are Dr. John CHAN Cho Chak, GBS, JP as Chairman and Non-Executive Director; Mr. YUNG Wing Chung and Ms. Winnie NG as Deputy Chairmen and Non-Executive Directors; Dr. Carlye Wai-Ling TSUI, BBS, MBE, JP, Dr. Eric LI Ka Cheung, GBS, OBE, JP, Professor Stephen CHEUNG Yan Leung, BBS, JP and Dr. John YEUNG Hin Chung, SBS, OBE, JP as Independent Non-Executive Directors; Mr. LOH Chan Stephen as Managing Director and Executive Director; Mr. MAK Chun Keung, Mr. John Anthony MILLER, SBS, OBE, Mr. Allen FUNG Yuk Lun and Mr. LEE Luen Fai as Non-Executive Directors.*