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ROADSHOW HOLDINGS LIMITED

路訊通控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 888)

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

On 31 October 2007, RoadVision and RoadShow Media, two wholly-owned subsidiaries of the Company, have respectively entered into the following contracts with the parties mentioned below:

- (1) the Acquisition Agreement between RoadVision and KMB, pursuant to which RoadVision has conditionally agreed to purchase 8% of the issued share capital of KM-Vision, a company owned as to 92% by RoadVision, from KMB;
- (2) the MMOB Licence Agreement between RoadShow Media and KMB, pursuant to which KMB has conditionally granted to RoadShow Media an exclusive licence to conduct MMOB Advertising on KMB Buses fitted with MMOB broadcasting system for a term commencing as effective on 1 August 2007 until 31 July 2012 (inclusive); and
- (3) the Addendum between RoadShow Media and KMBPBS, pursuant to which both parties have agreed to amend and supplement the Media Sales Management Services Agreement, which was entered into between the parties on 1 June 2001, for the principal purposes, among others, of determining the guaranteed minimum royalty in relation to the service fee payable by KMBPBS to RoadShow Media under the Media Sales Management Services Agreement for the forthcoming 2 years.

Both KMB and KMBPBS are wholly-owned subsidiaries of Transport International, the ultimate controlling shareholder of the Company, and are therefore connected persons of the Company within the meaning of the Listing Rules. The transaction contemplated by Acquisition Agreement constitutes a connected transaction subject to the announcement and reporting requirements under Chapter 14A of the Listing Rules for the Company. The transactions contemplated by the MMOB Licence Agreement and the Media Sales Management Services Agreement as amended and supplemented by the Addendum respectively constitute continuing connected transactions subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the Company.

* *For identification purposes only*

A circular containing, among other things, further details of the above transactions, the recommendation from the Independent Board Committee and the letter of advice from CIMB to the Independent Board Committee and the independent Shareholders, and a notice of the Special General Meeting to approve the Continuing Connected Transactions, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

1. ACQUISITION AGREEMENT

Date:

31 October 2007

Parties:

Vendor: KMB

Purchaser: RoadVision

Subject matter:

800 shares of HK\$1.00 each in the share capital of KM-Vision, representing 8% of the entire issued share capital of KM-Vision.

Consideration:

HK\$1,210,665 in cash for the 800 shares of HK\$1.00 each in the share capital of KM-Vision shall be payable on completion.

The consideration was determined after commercial negotiation between the parties at arm's length basis and with reference to the net asset value of KM-Vision being approximately HK\$15.1 million as recorded in its unaudited management accounts as at 31 July 2007.

Condition:

The Acquisition Agreement is conditional on the MMOB Licence Agreement becoming unconditional.

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

Completion:

Completion of the Acquisition Agreement shall take place within 3 business days immediately following the satisfaction of the above condition.

Information about KM-Vision:

KM-Vision is currently owned as to 92% by RoadVision and as to 8% by KMB.

Prior to the listing of the shares of the Company on the Stock Exchange on 28 June 2001, KM-Vision was established as the joint venture vehicle between RoadVision and KMB to carry on, among other matters, the MMOB Advertising on the transit vehicles owned and/or operated by KMB under the Franchise.

Pursuant to the request of the Transport Department of Hong Kong when the Franchise was renewed this year, KMB had conducted a public tender for the MMOB Advertising and RoadShow Media won in such a public tender. Since KMB and RoadShow Media have entered into the MMOB Licence Agreement, KM-Vision will not be able to continue to carry on the MMOB Advertising on the KMB Buses. Nor will KM-Vision be able to fulfill the original aim as a joint venture vehicle between RoadVision and KMB to carry on the MMOB Advertising on the KMB Buses.

2. MMOB LICENCE AGREEMENT**Date:**

31 October 2007

Parties:

Licensor: KMB

Licensee: RoadShow Media

Subject matter:

Subject to the terms and conditions of the MMOB Licence Agreement, KMB has granted to RoadShow Media an exclusive licence to conduct MMOB Advertising on KMB Buses fitted with MMOB broadcasting system.

Condition:

The MMOB Licence Agreement is conditional upon the obtaining of the approval of the independent Shareholders.

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

Term of the licence:

Conditional on the independent Shareholders' approval referred to in the paragraph headed "Condition" above, the term of the licence under the MMOB Licence Agreement shall commence as effective on 1 August 2007 until 31 July 2012 (inclusive). The term of licence shall, subject to satisfaction of the following conditions, be extended for a further term from the expiration of the initial 5 years term to 30 June 2017:

- (i) RoadShow Media has achieved the target aggregate amount of the net advertising revenue of not less than HK\$176.0 million for the period as effective from 1 August 2007 to 31 July 2012; and
- (ii) the satisfaction and determination between KMB and RoadShow Media of all the new terms and conditions, if any, of the MMOB Licence Agreement and the Bank Guarantee.

The Company will comply with the relevant requirements of the Listing Rules when the term of the licence under the MMOB Licence Agreement is extended as aforesaid for a further term from 1 August 2012 to 30 June 2017.

The Directors (excluding members of the Independent Board Committee whose view will be given in the circular to be despatched to the Shareholders after taking into account of the advice of the independent financial adviser) consider that the term of MMOB Licence Agreement, which is more than 3 years, is necessary for the purpose of matching and being aligned with the period for the renewed Franchise granted to KMB by the relevant authority this year.

Consideration:

The licence fee payable by RoadShow Media to KMB, to be determined on an annual basis, is equal to the stipulated percentage of the net advertising revenue or a guaranteed minimum royalty payment, whichever is the greater.

According to the MMOB Licence Agreement, the net advertising revenue means the total amount(s) set out in the invoices issued by the Licensees (excluding the agency commission rebate or trade discount and without any adjustment for bad or doubtful debts). The stipulated percentage of an annual net advertising revenue is 50% for an annual net advertising revenue of HK\$40.0 million, plus 40% for any excess of an annual net advertising revenue over HK\$40.0 million. The guaranteed minimum royalty payment for each of the 5 operation years ending 31 July during the initial term of the licence of 5 years commencing as effective on 1 August 2007 until 31 July 2012 are HK\$17.0 million, HK\$17.0 million, HK\$17.0 million, HK\$18.0 million and HK\$19.0 million respectively.

Further, RoadShow Media will pay KMB the following charges under the MMOB Licence Agreement:

- (i) a service charge to KMB for maintenance of the MMOB equipment, to be paid on an annual basis, with the exact annual amount to be agreed by both parties in accordance with the circumstances on reasonable basis; and

- (ii) a service charge to KMB for the rental of the additionally new MMOB broadcasting system, using the depreciation of capital invested by KMB in the LCD monitors and the associated installation costs as a basis for calculations.

The above licence fee and service charges were reached following arm's length negotiations between RoadShow Media and KMB by reference to market practice. During the term of the MMOB Licence Agreement, the above licence fee and service charges will continue to be determined in accordance with the mechanism disclosed above.

Proposed annual caps:

The proposed annual caps of the licence fees and the service charges payable by RoadShow Media under the MMOB Licence Agreement are as follows:

For the financial year ending 31 December 2007: HK\$14.0 million

For the financial year ending 31 December 2008: HK\$34.0 million

For the financial year ending 31 December 2009: HK\$41.0 million

The MMOB Licence Agreement, a result of the public tender required by the Transport Department, provides for a new operation model in which RoadShow Media is required to pay licence fees and service charges mentioned above to KMB. Such licence fees and service charges are not required to be paid by KM-Vision in the previous operation model in which KM-Vision operates as a joint venture between KMB and the Group to run the business of MMOB Advertising on the KMB Buses. Accordingly, there are no historical figures for the licence fees and the service charges payable by RoadShow Media under the MMOB Licence Agreement. The above annual caps of the licence fees and the service charges have been determined with reference to the mechanism for determination of the fees and charges provided in the MMOB Licence Agreement and with reference to the expected annual revenue derived from the actual revenue of the MMOB Advertising for the first 9 months of 2007.

The above annual caps are subject to the approval of the independent Shareholders.

Other major terms of the MMOB Licence Agreement:

On the day on which the MMOB Licence Agreement becomes unconditional, RoadShow Media shall provide KMB with the Bank Guarantee as security for the due payment of the licence fee and all other sums payable by RoadShow Media to KMB under the MMOB Licence Agreement and the due performance and observance by RoadShow Media of all terms and conditions in the MMOB Licence Agreement. The Bank Guarantee shall be in the sum of HK\$8.5 million for the first 3 operation years, and shall be increased to HK\$9.0 million for the 4th operation year and HK\$9.5 million for the 5th operation year.

3. MEDIA SALES MANAGEMENT SERVICES AGREEMENT AS AMENDED AND SUPPLEMENTED BY THE ADDENDUM

Background:

As disclosed in the Company's announcement dated 24 November 2005 and circular dated 5 December 2005, the Media Sales Management Services Agreement was entered into between RoadShow Media and KMBPBS on 1 June 2001. The initial term of the Media Sales Management Services Agreement is for a period commencing on 1 January 2001 until 31 July 2007. Nevertheless, if the Franchise is renewed or the franchise period under the Franchise is extended for further period(s) by the relevant authority, the term of the Media Sales Management Services Agreement shall be automatically extended until the expiration of such further period(s). The Franchise was renewed by the relevant authority this year. The Addendum was entered into between the same parties on 31 October 2007 to, among other things, (i) make such extension of the term of the Media Sales Management Services Agreement subject to the approval of the independent Shareholders pursuant to the requirements of the Listing Rules and (ii) determine the guaranteed minimum royalty for the forthcoming 2 years.

Parties:

Service receiver: KMBPBS

Service provider: RoadShow Media

Subject Matter:

Under the Media Sales Management Services Agreement as amended and supplemented by the Addendum, KMBPBS has appointed RoadShow Media to exclusively provide media sales management and administrative services in relation to transit vehicle exterior advertising, which include the services in connection with an agreement dated 8 October 2004 made between a subsidiary of KMBPBS and an operator which is not a member of the Group (the "**Operator Agreement**").

Term:

The initial term of the Media Sales Management Services Agreement is for a period commencing on 1 January 2001 until 31 July 2007. Since the Franchise is renewed by the relevant authority this year, the term of the Media Sales Management Services Agreement as amended and supplemented by the Addendum shall, subject to the satisfaction of the condition mentioned below, be extended from 1 August 2007 for a period of approximately 10 years ending on 30 June 2017.

The Directors (excluding members of the Independent Board Committee whose view will be given in the circular to be despatched to the Shareholders after taking into account of the advice of the independent financial adviser) consider that such an extended term of the Media Sales Management Services Agreement as amended and supplemented by the Addendum, which is more than 3 years, is necessary for the purpose of matching and being aligned with the period for the renewed Franchise granted to KMB by the relevant authority this year.

Condition:

The above further term of the Media Sales Management Services Agreement as amended and supplemented by the Addendum is conditional upon approval by the independent Shareholders.

Consideration:

As disclosed in the Company's announcement dated 24 November 2005 and circular dated 5 December 2005, the service fee, calculated on an annual basis, which is payable monthly by KMBPBS to RoadShow Media is equal to the greater of the two sums calculated as follows:

(i) 18% of the net rental derived from the Advertising Spaces; or

(ii) $\frac{\text{the guaranteed minimum royalty}}{\text{"A"}} \times 18\%$

Where the guaranteed minimum royalty for each of the 2 annual periods ending on 31 October 2009 are approximately HK\$58.7 million and HK\$60.5 million respectively and "A" is 68%, being the stipulated profit sharing percentage set for KMBPBS and the operator under the Operator Agreement.

The above service fee was reached following arm's length negotiations between RoadShow Media and KMBPBS in the Media Sales Management Services Agreement, which was entered into by the parties on 1 June 2001, and with reference to the previous annual revenue in respect of the transit vehicle exterior advertising business. During the term of the Media Sales Management Services Agreement as amended and supplemented by the Addendum, the above service fee will continue to be determined in accordance with the mechanism disclosed above.

Proposed annual caps:

The annual cap of the service fees receivable by RoadShow Media under the Media Sales Management Services Agreement for the year ended 31 December 2007 was set at HK\$20.0 million in the Company's circular dated 5 December 2005 and was approved by the Shareholders at the special general meeting of the Company held on 23 December 2005. The proposed annual caps of the service fees receivable by RoadShow Media for 2008 and 2009 under the Media Sales Management Services Agreement as amended and supplemented by the Addendum are as follows:

For the financial year ending 31 December 2008: HK\$20.0 million

For the financial year ending 31 December 2009: HK\$20.0 million

The above annual caps have been determined based on the terms of the Media Sales Management Services Agreement (as amended and supplemented by the Addendum) and the Operator Agreement and with reference to the previous annual revenue in respect of the transactions contemplated under the Media Sales Management Services Agreement. Since the annual revenue in this aspect is regular, the annual caps of HK\$20.0 million for each of 2008 and 2009 are the same as that was proposed in the Company's circular dated 5 December 2005 for each of 2005, 2006 and 2007. The annual service fees paid to RoadShow Media for each of the 3 years ended 31 December 2006 and the six-month period ended 30 June 2007 are approximately HK\$15.4 million, HK\$17.6 million, HK\$15.1 million and HK\$7.5 million respectively.

The above annual caps are subject to the approval of the independent Shareholders.

4. DESCRIPTION OF THE CONNECTED RELATIONSHIPS BETWEEN THE PARTIES IN THE CONNECTED TRANSACTION AND THE CONTINUING CONNECTED TRANSACTIONS

KMB:

KMB is principally engaged in the operation of franchised public bus services in Hong Kong and is a wholly-owned subsidiary of Transport International, which through its wholly-owned subsidiary, KMB Resources Limited, holds approximately 73% shareholding in the Company. Accordingly, KMB is a connected person of the Company within the meaning of the Listing Rules.

KMBPBS:

KMBPBS is principally engaged in investment holding and is a wholly-owned subsidiary of Transport International. Therefore, KMBPBS is a connected person of the Company within the meaning of the Listing Rules.

RoadVision:

RoadVision is a wholly-owned subsidiary of the Company.

RoadShow Media:

RoadShow Media is a wholly-owned subsidiary of the Company.

Connected transaction:

Due to the connected relationship mentioned above and based on the applicable ratios, the transaction contemplated by Acquisition Agreement constitutes a connected transaction for the Company and is subject to the announcement and reporting requirements under Chapter 14A of the Listing Rules.

Continuing connected transactions:

Due to the connected relationship mentioned above and based on the applicable ratios, the transactions contemplated respectively by the MMOB Licence Agreement and the Media Sales Management Services Agreement as amended and supplemented by the Addendum constitute non-exempt continuing connected transactions for the Company and are subject to the reporting, announcement and the independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

5. REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION AND THE CONTINUING CONNECTED TRANSACTIONS**Reasons for and benefits of entering into the Acquisition Agreement:**

As KMB and RoadShow Media have entered into the MMOB Licence Agreement, KM-Vision will no longer be able to fulfill the original aim as a joint venture vehicle between RoadVision and KMB to carry on the MMOB Advertising on the KMB Buses. The Directors (including the independent non-executive Directors) consider that it is in the interest of the Group to make KM-Vision a wholly-owned subsidiary of the Company.

The Directors (including the independent non-executive Directors) consider that the Acquisition Agreement is on normal commercial terms and its terms are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Reasons for and benefits of entering into the MMOB Licence Agreement:

MMOB Advertising is the core business of the Group. With the signing of the MMOB Licence Agreement with KMB, the Group is able to sustain its leading position in the out-of-home media market.

The continuing connected transaction contemplated by the MMOB Licence Agreement is conducted in the ordinary and normal course of business of the Group and on arm's length basis. The Directors (excluding members of the Independent Board Committee whose view will be given in the circular to be despatched to the Shareholders after taking into account of the advice of the independent financial adviser) consider that the term and conditions of the MMOB Licence Agreement are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

Reasons for and benefit of entering into the Media Sales Management Services Agreement as amended and supplemented by the Addendum:

The long term objective of the Group is to develop a diversified out-of-home media sales business. The transaction under the Media Sales Management Services Agreement as amended and supplemented by the Addendum provides a good opportunity for the Group to enhance its media sales business in relation to transit vehicle exterior advertising in Hong Kong and is able to generate additional revenue for the Group.

The continuing connected transaction contemplated by the Media Sales Management Services Agreement as amended and supplemented by the Addendum is conducted in the ordinary and normal course of business of the Group and on arm's length basis. The Directors (excluding members of the Independent Board Committee whose view will be given in the circular to be despatched to the Shareholders after taking into account of the advice of the independent financial adviser) consider that the term and conditions of the Media Sales Management Services Agreement as amended and supplemented by the Addendum are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

6. GENERAL

The Group is principally engaged in the provision of media sales and management services for the multi-media on-board business and the operation of media advertising management services through marketing advertising spaces on transit vehicle exteriors, shelters and outdoor signages.

A circular containing, among other things, further details of the transactions disclosed above, the recommendation from the Independent Board Committee, the letter of advice from CIMB to the Independent Board Committee and the independent Shareholders, and a notice of the Special General Meeting to approve the Continuing Connected Transactions, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

DEFINITIONS

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

“Acquisition Agreement”	the agreement made between KMB as vendor and RoadVision as purchaser dated 31 October 2007 for the sale and purchase of 800 shares of HK\$1.00 each in the share capital of KM-Vision
“Addendum”	the addendum dated 31 October 2007 entered into between KMBPBS and RoadShow Media to amend and supplement the Media Sales Management Services Agreement
“Advertising Spaces”	the exterior panels of the bus body of the KMB Buses to be used for advertising purpose
“Bank Guarantee”	an irrevocable bank guarantee of a licensed bank in Hong Kong in favour of KMB to be provided by RoadShow Media as security for the payment of the licence fees and all other sums payable by RoadShow Media to KMB under the MMOB Licence Agreement
“CIMB”	CIMB-GK Securities (HK) Limited, an investment adviser licensed and registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser to the Independent Board Committee and the independent Shareholders in respect of the Continuing Connected Transactions

“Company”	RoadShow Holdings Limited, a company incorporated in Bermuda, whose shares are listed on the Main Board of the Stock Exchange
“Continuing Connected Transactions”	the transaction contemplated by the MMOB Licence Agreement and the transaction contemplated by the Media Sales Management Services Agreement as amended and supplemented by the Addendum
“Director(s)”	the directors of the Company
“Franchise”	the franchise granted by the Government of Hong Kong to KMB to operate a public bus service in Hong Kong
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the committee of the board of the Directors, consisting of independent non-executive Directors, to advise the independent Shareholders in respect of the Continuing Connected Transactions
“KMB”	The Kowloon Motor Bus Company (1933) Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Transport International
“KMB Buses”	the buses operated by KMB pursuant to the Franchise
“KMBPBS”	KMB Public Bus Services Holdings Limited, a wholly-owned subsidiary of Transport International and the holding company of KMB
“KM-Vision”	KM-Vision Limited, a non-wholly owned subsidiary of the Company, which is currently owned as to 92% by RoadVision and as to 8% by KMB
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Media Sales Management Services Agreement”	the agreement dated 1 June 2001 entered into between KMBPBS and RoadShow Media
“MMOB”	Multi-media On-Board
“MMOB Advertising”	the advertising broadcast within the KMB Buses fitted with the MMOB broadcasting system
“MMOB Licence Agreement”	the agreement dated 31 October 2007 entered into between KMB and RoadShow Media whereby KMB has granted to RoadShow Media an exclusive licence to conduct MMOB Advertising
“RoadShow Media”	RoadShow Media Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“RoadVision”	RoadVision Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company

“Shareholders”	the holder(s) of shares of the Company
“Special General Meeting”	the special general meeting of the Company to be held to approve the Continuing Connected Transactions
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transport International”	Transport International Holdings Limited, a company incorporated in Bermuda and whose shares are listed on the Main Board of the Stock Exchange, which is the ultimate holding company of the Company

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

Hong Kong, 31 October 2007

As at the date of this announcement, the Board of Directors of the Company is comprised of Mr. John CHAN Cho Chak, GBS, JP as Chairman and Non-executive Director; Mr. Michael WONG Yick-kam as Deputy Chairman and Non-executive Director; Ms. Winnie J. NG as Group Managing Director; Mr. MAK Chun Keung, Mr. Anthony NG and Mr. Andrew SO Sing Tak as Non-executive Directors; Dr. Carlye Wai-Ling TSUI, BBS, MBE, JP, Mr. HUI Ki On, GBS, CBE, QPM, CPM and Dr. Eric LI Ka Cheung, GBS, OBE, JP as Independent Non-executive Directors.