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## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect of the General Offer, this Composite Document and/or the accompanying Form of Acceptance or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a 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 Composite Document and the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the General Offer contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their 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 Composite Document and the accompanying Form of Acceptance.

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**BLISS CHANCE  
GLOBAL LIMITED**  
**喜昌環球有限公司**

*(Incorporated in the British Virgin Islands with limited liability)*

**ROADSHOW  
HOLDINGS LIMITED**  
**路訊通控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 888)**

**COMPOSITE DOCUMENT IN RELATION TO  
UNCONDITIONAL MANDATORY CASH OFFER BY  
OPTIMA CAPITAL LIMITED  
FOR AND ON BEHALF OF BLISS CHANCE GLOBAL LIMITED  
FOR ALL THE ISSUED SHARES IN ROADSHOW HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED BY OR  
AGREED TO BE ACQUIRED BY BLISS CHANCE GLOBAL LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

**Financial Adviser to the Offeror**



**Independent Financial Adviser to the Independent Board Committee**



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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Optima Capital containing, among other things, the terms of the General Offer is set out on pages 6 to 21 of this Composite Document. A letter from the Board is set out on pages 22 to 27 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the General Offer to the Independent Shareholders is set out on pages 28 to 29 of this Composite Document. A letter from Somerley Capital containing its advice on the General Offer to the Independent Board Committee is set out on pages 30 to 50 of this Composite Document.

The procedures for acceptance and settlement of the General Offer and related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the General Offer should be received by the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event by no later than 4:00 p.m. on Tuesday, 12 December 2017 or such later time(s) and/or date(s) as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the section headed "Important Notice", sub-paragraph headed "Overseas Shareholders" under the paragraph headed "The General Offer" in the "Letter from Optima Capital" on page 9 of this Composite Document and the paragraph headed "8. Overseas Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the General Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the General Offer.

This Composite Document will remain on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.roadshow.com.hk>) as long as the General Offer remains open.

\* For identification purposes only

Hong Kong, 21 November 2017

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## EXPECTED TIMETABLE

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*The timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by the Offeror and the Company. Unless otherwise expressly stated, all time and date references contained in this Composite Document refer to Hong Kong time and dates.*

Despatch date of this Composite Document  
and the Form of Acceptance and  
commencement date of the General Offer (*Note 1*) . . . . . Tuesday, 21 November 2017

Latest time and date for acceptance  
of the General Offer (*Note 2*) . . . . . 4:00 p.m. on Tuesday,  
12 December 2017

Closing Date (*Note 2*) . . . . . Tuesday, 12 December 2017

Announcement of the results of the General Offer  
as at the Closing Date to be posted on the website  
of the Stock Exchange (*Note 2*) . . . . . no later than 7:00 p.m. on  
Tuesday, 12 December 2017

Latest date for posting of remittances in respect of valid  
acceptances received under the General Offer on or  
before 4:00 p.m. on the Closing Date (*Notes 3 & 4*) . . . . . Thursday, 21 December 2017

*Notes:*

1. The General Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is capable of acceptance on and from Tuesday, 21 November 2017 until the Closing Date. Acceptances of the General Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the paragraph headed “6. Right of withdrawal” in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the General Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The General Offer will be closed on the Closing Date. The latest time and date for acceptance of the General Offer is 4:00 p.m. on Tuesday, 12 December 2017 unless the Offeror revises or extends the General Offer in accordance with the Takeovers Code. An announcement will be issued through the Stock Exchange website by 7:00 p.m. on Tuesday, 12 December 2017 stating whether the General Offer has been revised or extended or has closed. In the event that the Offeror decides that the General Offer will remain open until further notice, at least 14 days’ notice by way of an announcement will be given before the General Offer is closed to those Offer Shareholders who have not accepted the General Offer.
3. Remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty) payable for the Offer Shares tendered under the General Offer will be posted to the Offer Shareholders accepting the General Offer by ordinary post at their own risk as soon as possible, but in any event within seven business days following the date of receipt by the Registrar of the duly completed Form of Acceptance together with all the valid requisite documents from the Offer Shareholders accepting the General Offer.

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## EXPECTED TIMETABLE

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4. If there is a tropical cyclone warning signal no. 8 or above, or a black rainstorm warning:
- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the General Offer or the latest date for posting of remittances for the amounts due under the General Offer in respect of valid acceptances, the latest time for acceptance of the General Offer or the posting of remittances will remain at 4:00 p.m. on the same business day; or
  - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the General Offer or the latest date for posting of remittances for the amounts due under the General Offer in respect of valid acceptances, the latest time for acceptance of the General Offer or the posting of remittances will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve in accordance with the Takeovers Code.

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## **IMPORTANT NOTICE**

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### **NOTICE TO SHAREHOLDERS OUTSIDE HONG KONG**

The making of the General Offer to persons outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions. Overseas Shareholders should observe any applicable legal requirements and, where necessary, seek independent legal advice. It is the responsibility of any such person who wishes to accept the General Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. The Offeror, the Company, Optima Capital, Somerley Capital, the Registrar, their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the General Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the sub-paragraph headed “Taxation advice” under the paragraph headed “The General Offer” set out in the “Letter from Optima Capital” in this Composite Document.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and the Company assume no obligation to correct or update the forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

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## DEFINITIONS

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*In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise.*

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associates”	has the meaning ascribed thereto under the Takeovers Code
“Bison Capital”	Bison Capital Financial Holdings Limited, a company incorporated in the British Virgin Islands and the holding company of the Offeror
“Bliss Chance Share Charge”	the share charge entered into between Bison Capital and Fruitful Worldwide in relation to the entire issued ordinary share capital of Bliss Chance held by Bison Capital
“Bliss Chance Security Documents”	<p>the following documents:</p> <ol style="list-style-type: none"><li>(1) Bliss Chance Share Charge;</li><li>(2) RoadShow Share Charge;</li><li>(3) deed of guarantee entered into by Mr. Xu, Mr. Xu’s spouse and two other companies controlled by Mr. Xu’s spouse as guarantors in favour of Fruitful Worldwide; and</li><li>(4) deed of guarantee entered into by Mr. Xu in favour of Fruitful Worldwide governed by the laws of the PRC</li></ol>
“Bliss Chance Transaction Documents”	<p>the following documents:</p> <ol style="list-style-type: none"><li>(1) Investment Agreement;</li><li>(2) fee letter entered into between China Huarong International Holdings Limited and Bison Capital Holding Company Limited;</li><li>(3) Bliss Chance Security Documents;</li><li>(4) the memorandum and articles of association of Bliss Chance from time to time; and</li><li>(5) such other documents designated by Bison Capital, Fruitful Worldwide and Bliss Chance</li></ol>
“Board”	the board of Directors from time to time

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## DEFINITIONS

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“business day(s)”	has the meaning ascribed thereto under the Takeovers Code
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“China Huarong”	China Huarong Asset Management Co., Ltd.
“Closing Date”	12 December 2017, being the closing date of the General Offer which is 21 days after the date on which this Composite Document is posted or any subsequent closing date(s) as may be determined and announced by the Offeror in accordance with the Takeovers Code
“Company”	RoadShow Holdings Limited (路訊通控股有限公司*), a company incorporated in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange (stock code: 888)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreement
“Composite Document”	this composite offer and response document dated 21 November 2017 jointly issued by the Offeror and the Company to the Shareholders in connection with the General Offer and in accordance with the Takeovers Code
“CSI”	China Securities (International) Brokerage Company Limited, the lender of the Facility
“Director(s)”	director(s) of the Company from time to time
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Facility”	a loan facility in the sum of HK\$270,000,000 made available by CSI to the Offeror
“Form of Acceptance”	the form of acceptance and transfer of Share(s) in respect of the General Offer accompanying this Composite Document
“Fruitful Worldwide”	Fruitful Worldwide Limited, an indirect wholly-owned subsidiary of China Huarong
“General Offer”	the unconditional mandatory cash offer being made by Optima Capital, for and on behalf of the Offeror, for all the Shares in issue (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it) at the Offer Price in accordance with the Takeovers Code

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## DEFINITIONS

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“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the board of directors of the Company comprising all the non-executive directors of the Company (except Dr. John CHAN Cho Chak, Ms. Winnie NG, Dr. Eric LI Ka Cheung, Mr. Allen FUNG Yuk Lun and Mr. LEE Luen Fai), namely Mr. YUNG Wing Chung, Dr. Carlye Wai-Ling TSUI, Professor Stephen CHEUNG Yan Leung, Dr. John YEUNG Hin Chung, Mr. MAK Chun Keung and Mr. John Anthony MILLER to advise the Independent Shareholders in respect of the General Offer
“Independent Financial Adviser” or “Somerley Capital”	Somerley Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee in relation to the General Offer
“Independent Shareholders”	holder of Shares, other than the Offeror, KMB Resources, TIH and parties acting in concert with each of them
“Investment Agreement”	an investment agreement dated 17 May 2017 entered into among Bison Capital, Fruitful Worldwide and the Offeror
“Joint Announcement”	the announcement dated 26 October 2017 jointly issued by the Offeror, TIH and the Company in relation to, among others, the Sale and Purchase Agreement and the possible General Offer
“KMB”	The Kowloon Motor Bus Company (1933) Limited
“KMB Resources”	KMB Resources Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of TIH
“Last Trading Day”	26 October 2017, being the date of the Joint Announcement
“Latest Practicable Date”	17 November 2017, being the latest practicable date prior to printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Xu”	Mr. XU Peixin, one of the directors of the Offeror and the ultimate beneficial owner of the Offeror



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## DEFINITIONS

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“Offer Period”	has the meaning ascribed thereto in the Takeovers Code, being the period commencing from the date of the Joint Announcement and ending on the Closing Date
“Offer Price”	HK\$1.093 per Offer Share
“Offer Share(s)”	all the issued Share(s) (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it)
“Offer Shareholder(s)”	the registered holder(s) of the Offer Share(s)
“Offeror” or “Bliss Chance”	Bliss Chance Global Limited, a company incorporated in the British Virgin Islands
“Optima Capital”	Optima Capital Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in relation to the General Offer
“Overseas Shareholder(s)”	Offer Shareholder(s) whose address(es) as shown on the register of members of the Company is(are) outside Hong Kong
“PRC”	the People’s Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	Computershare Hong Kong Investor Services Limited, being the Hong Kong branch share registrar and transfer office of the Company, whose address is at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Relevant Period”	the period commencing on the date falling six months preceding 26 October 2017, being the date of commencement of the Offer Period, and ending on the Latest Practicable Date
“RoadShow Share Charge”	the share charge entered into between Bliss Chance and Fruitful Worldwide in relation to the Sale Shares held by Bliss Chance
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between KMB Resources and the Offeror dated 26 October 2017 in relation to the sale and purchase of the Sale Shares

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## DEFINITIONS

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“Sale Shares”	728,127,410 Shares, representing approximately 73.01% of the total issued share capital of the Company as at the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	the ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“TIH”	Transport International Holdings Limited (載通國際控股有限公司*), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 62)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

\* *for identification purposes only*

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## LETTER FROM OPTIMA CAPITAL

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Suite 1501, 15th Floor  
Jardine House  
1 Connaught Place  
Central, Hong Kong

21 November 2017

To the Offer Shareholders,

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
OPTIMA CAPITAL LIMITED  
FOR AND ON BEHALF OF BLISS CHANCE GLOBAL LIMITED  
FOR ALL THE ISSUED SHARES IN ROADSHOW HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED BY OR  
AGREED TO BE ACQUIRED BY BLISS CHANCE GLOBAL LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

### INTRODUCTION

Reference is made to the announcements dated 26 October 2017 and 27 October 2017 jointly issued by the Offeror, TIH and the Company in relation to, among other things, the Sale and Purchase Agreement and the General Offer.

On 26 October 2017, the Offeror and KMB Resources, a wholly-owned subsidiary of TIH, entered into the Sale and Purchase Agreement, pursuant to which KMB Resources has agreed to sell and the Offeror has agreed to purchase the Sale Shares at the consideration of HK\$795,809,000 (equivalent to approximately HK\$1.093 per Sale Share). The Sale Shares represent approximately 73.01% of the entire issued share capital of the Company as at the date of the Joint Announcement. Completion of the Sale and Purchase Agreement took place on 27 October 2017 (after trading hours).

Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it own 728,127,410 Shares, representing approximately 73.01% of the entire issued share capital of the Company as at the respective date thereof. Under Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make the General Offer for all the issued Shares, other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it. The General Offer is unconditional in all respects.

This letter sets out, among other things, the details of the General Offer, information on the Offeror and the intention of the Offeror regarding the Group. The terms and procedures of acceptance of the General Offer are set out in this letter, Appendix I to this Composite Document, and the accompanying Form of Acceptance.

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## LETTER FROM OPTIMA CAPITAL

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The Offer Shareholders are strongly advised to consider carefully the information contained in the letter from the Board, the letter from the Independent Board Committee and the letter from Somerley Capital as set out in this Composite Document before reaching a decision as to whether or not to accept the General Offer.

### **THE GENERAL OFFER**

As at the Latest Practicable Date, there are 997,365,332 Shares in issue. There are no outstanding warrants, options, derivatives or convertibles which may confer upon the holder thereof any right to subscribe for, convert or exchange into Shares.

### **Principal terms of the General Offer**

Optima Capital, for and on behalf of the Offeror, hereby makes the General Offer on the following terms in accordance with Rule 26.1 of the Takeovers Code:

For each Offer Share . . . . . HK\$1.093 in cash

The Offer Price of HK\$1.093 per Offer Share is approximately equal to but not lower than the purchase price of approximately HK\$1.093 per Sale Share paid by the Offeror pursuant to the Sale and Purchase Agreement.

The General Offer is extended to all Offer Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the General Offer shall be fully paid and shall be acquired free from all liens, claims and encumbrances and together with all rights attaching to the Shares, including the right to receive all dividends and distribution declared, made or paid on or after the date of despatch of this Composite Document.

The General Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions.

### **Comparison of value**

The Offer Price of HK\$1.093 per Offer Share represents:

- (a) a premium of approximately 5.10% over the closing price of HK\$1.04 per Share as quoted on the Stock Exchange on the date of the Joint Announcement;
- (b) a premium of approximately 2.15% over the closing price of HK\$1.07 per Share as quoted on the Stock Exchange on the last trading day immediately preceding the date of the Joint Announcement;
- (c) a premium of approximately 6.12% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five trading days up to and including the date of the Joint Announcement, being approximately HK\$1.03 per Share;

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## LETTER FROM OPTIMA CAPITAL

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- (d) a premium of approximately 15.05% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 trading days up to and including the date of the Joint Announcement, being approximately HK\$0.95 per Share;
- (e) a premium of approximately 18.80% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 60 trading days up to and including the date of the Joint Announcement, being approximately HK\$0.92 per Share;
- (f) a discount of approximately 3.27% to the closing price of HK\$1.13 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (g) a premium of approximately 127.71% over the unaudited consolidated equity attributable to the Shareholders of approximately HK\$0.48 per Share as at 30 June 2017 (based on the unaudited consolidated equity attributable to the Shareholders of approximately HK\$481,229,000 as at 30 June 2017 as disclosed in the interim report of the Company for the six months ended 30 June 2017 and 997,365,332 Shares in issue as at 30 June 2017).

### **Total value of the General Offer**

Based on the Offer Price of HK\$1.093 per Offer Share and 997,365,332 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at approximately HK\$1,090.12 million.

Taking into account (i) 997,365,332 Shares in issue; and (ii) 728,127,410 Shares held by the Offeror immediately after Completion, and assuming that there is no change in the issued share capital of the Company prior to the close of the General Offer, there are a total of 269,237,922 Offer Shares. In the event that the General Offer is accepted in full and based on the Offer Price of HK\$1.093 per Offer Share, the maximum amount payable by the Offeror under the General Offer will be approximately HK\$294.28 million.

### **Confirmation of financial resources**

The consideration under the General Offer will be satisfied by the internal resources of the Offeror and the Facility made available by CSI to the Offeror. No security interests was created in favour of CSI under the agreement of the Facility. The Offeror does not intend that the payment of the interest on, repayment of or security for any liability (contingent or otherwise) under the Facility will depend to any significant extent on the business of the Company. Optima Capital, the financial adviser to the Offeror, is satisfied that sufficient resources are available to the Offeror to satisfy the consideration for full acceptances of the General Offer.

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## LETTER FROM OPTIMA CAPITAL

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### **Effect of accepting the General Offer**

The General Offer is unconditional in all respects. By accepting the General Offer, the Offer Shareholders will sell their Shares to the Offeror free from all liens, claims and encumbrances and together with all rights attaching to the Shares, including the right to receive all dividends and distribution declared, made or paid on or after the date of despatch of this Composite Document.

Acceptances of the General Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

### **Overseas Shareholders**

The making of the General Offer to the Offer Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. Such relevant Offer Shareholders may be prohibited or affected by laws of the relevant jurisdictions and it is the responsibility of each relevant Offer Shareholder who wishes to accept the General Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required in compliance with all necessary formalities or legal requirements and the payment of any transfer or other taxes due in such relevant jurisdictions.

**Any acceptance by any Offer Shareholder will be deemed to constitute a representation and warranty from such Offer Shareholder to the Offeror that the local laws and requirements have been complied with. The Offer Shareholders should consult their professional advisers if in doubt.**

### **Stamp duty**

Seller's ad valorem stamp duty arising in connection with acceptance of the General Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or, if higher, the value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) is payable by those accepting Offer Shareholders which will be deducted from the payment to be received by them. The Offeror will bear its own portion of buyer's ad valorem stamp duty under the General Offer at the rate of 0.1% of the amount payable in respect of relevant acceptances or, if higher, the value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) and will be responsible to account to the Stamp Office of Hong Kong for the stamp duty payable for the sale and purchase of the relevant Offer Shares pursuant to the acceptances of the General Offer.

### **Taxation advice**

The Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the General Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Optima

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## LETTER FROM OPTIMA CAPITAL

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Capital, Somerley Capital and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the General Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the General Offer.

### **Payment**

Payment in cash in respect of acceptance of the General Offer will be made as soon as possible but in any event within seven business days following the date on which the duly completed acceptance of the General Offer and the relevant documents of title in respect of such acceptance are received by or for the Offeror.

### **INFORMATION ON THE OFFEROR**

#### **Background**

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. It was set up by Bison Capital as a special purpose vehicle for the purpose of acquiring the Shares. The initial issued share capital of one ordinary share of the Offeror is owned by Bison Capital, which is an investment holding company incorporated in the British Virgin Islands with limited liability which is in turn beneficially wholly-owned by Mr. Xu.

Mr. Xu, aged 46, has more than 10 years of corporate executive management and investment experience. From June 2005 to June 2012, Mr. Xu was a venture partner of New Enterprise Associates (Beijing), Ltd., one of the group companies of New Enterprise Associates, Inc., which is a venture capital firm. He was primarily involved in designing and executing investment strategies in the retail and healthcare industries. Mr. Xu also served as a director of AirMedia Group Inc., a NASDAQ Stock Market-listed company and a leading operator of out-of-home advertising platforms in the PRC, which operates digital TV screens in 37 airports and digital frames in 32 airports and providing advertisements on airline routes, as well as operating traditional media platforms such as billboards, lightboxes and LED screens, from September 2013 to December 2016. Mr. Xu founded Bison Capital Holding Company Limited, which is an investment holding company specialised in investments in the media and financial industries, and has been an executive director since December 2013. In May 2010, Mr. Xu was nominated as a chief committee member of the Expert Committee of the APEC E-Commerce Business Alliance.

#### **Shareholding Structure**

On 17 May 2017, Bison Capital, Fruitful Worldwide (an indirect wholly-owned subsidiary of China Huarong) and the Offeror entered into the Investment Agreement whereby:

- (a) Bison Capital agreed to subscribe for 159,999,999 ordinary shares of the Offeror at a consideration of HK\$159,999,999;
- (b) Fruitful Worldwide agreed to subscribe for 550,000,000 Class A preferred shares of the Offeror at a consideration of HK\$550,000,000; and

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## LETTER FROM OPTIMA CAPITAL

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- (c) Fruitful Worldwide agreed to subscribe for 100,000,000 Class B preferred shares of the Offeror at a consideration of HK\$100,000,000.

The subscription money shall only be applied by the Offeror to satisfy the consideration for the acquisition of the Shares. Completion of the Investment Agreement took place on 3 July 2017 and the aforesaid shares were issued to the respective subscribers on the same day.

As at the Latest Practicable Date, Bison Capital owns 160,000,000 ordinary shares of the Offeror which represent the entire issued ordinary share capital of the Offeror. Each ordinary share of the Offeror confers upon its holder the right to one vote at the general meetings or on any shareholders resolutions of the Offeror.

As at the Latest Practicable Date, Fruitful Worldwide holds 550,000,000 Class A preferred shares and 100,000,000 Class B preferred shares of the Offeror. Both Class A preferred shares and Class B preferred shares of the Offeror (i) are non-voting; (ii) are non-participating; (iii) the holder of which are entitled to quarterly fixed dividend; (iv) are transferrable, except during the period commencing from the date of the Sale and Purchase Agreement and ending on the earlier of (a) the date of any termination, repudiation or rescission by any party, cessation or lapse, of the Sale and Purchase Agreement; or (b) the date of any close, lapse or withdrawal of the General Offer (the “**Lock-up Period**”); and (v) are redeemable by the Offeror or the holder at any time after the date falling on the expiry of six months from the date of issue or after certain events of redemption.

The Class B preferred shares of the Offeror further confer upon the holder the right to convert the Class B preferred shares into ordinary shares of the Offeror on a one-to-one basis (subject to adjustment) at any time after the Lock-up Period. Accordingly, assuming that there is no change in the issued Class A preferred share capital and the ordinary share capital of the Offeror before the exercise of the conversion rights of the Class B preferred shares in full, a maximum of 100,000,000 ordinary shares of the Offeror may be issued, representing approximately 38.46% of the enlarged issued ordinary share capital of the Offeror.

The shareholding structure of the Offeror (i) as at the Latest Practicable Date and up to the close of the General Offer; and (ii) upon exercise of the conversion rights of the Class B preferred shares in full by Fruitful Worldwide (assuming that there is no change in the



## LETTER FROM OPTIMA CAPITAL

issued Class A preferred share capital and the ordinary share capital of the Offeror before the exercise of the conversion rights of the Class B preferred shares in full) are as follows:

	As at the Latest Practicable Date and up to the close of the General Offer					Upon exercise of the conversion rights of the Class B preferred shares in full by Fruitful Worldwide <sup>(Note 1)</sup>				
	ordinary shares of the Offeror (voting)	Class A preferred shares of the Offeror (non-voting) <sup>(Note 2)</sup>	% <sup>(Note 2)</sup>	Class B preferred shares of the Offeror (non-voting) <sup>(Note 2)</sup>	% <sup>(Note 2)</sup>	ordinary shares of the Offeror (voting)	Class A preferred shares of the Offeror (non-voting) <sup>(Note 2)</sup>	% <sup>(Note 2)</sup>	Class B preferred shares of the Offeror (non-voting) <sup>(Note 2)</sup>	% <sup>(Note 2)</sup>
Bison Capital	160,000,000	100	—	—	—	160,000,000	61.54	—	—	—
Fruitful Worldwide	—	—	550,000,000	100	100,000,000	100	100,000,000	38.46	550,000,000	100
<b>Total</b>	<b>160,000,000</b>	<b>100</b>	<b>550,000,000</b>	<b>100</b>	<b>100,000,000</b>	<b>100</b>	<b>260,000,000</b>	<b>100.00</b>	<b>550,000,000</b>	<b>100</b>

*Notes:*

- Holder of Class B preferred shares of the Offeror may exercise the conversion rights only after the Lock-up Period and Fruitful Worldwide shall not become holder of any ordinary share of the Offeror before the close of the General Offer.
- The percentage shareholding only refers to the shareholding of each shareholder in the stated class of shares of the Offeror.

As at the Latest Practicable Date, according to the Bliss Chance Share Charge, all ordinary shares of the Offeror held by Bison Capital had been charged in favour of Fruitful Worldwide. Fruitful Worldwide shall not be entitled to exercise the voting rights of the ordinary shares of the Offeror unless and until Fruitful Worldwide enforces all or any part of the share charge and takes possession of and holds all or any part of the ordinary shares of the Offeror held by Bison Capital when the share charge becomes enforceable. As at the Latest Practicable Date, the voting rights of all ordinary shares of the Offeror were controlled by Bison Capital. According to the RoadShow Share Charge, all Sale Shares held by the Offeror had been charged in favour of Fruitful Worldwide, which had been deposited in the securities account of CSI opened in the name of the Offeror. Fruitful Worldwide shall not be entitled to exercise the voting rights of the Sale Shares held by the Offeror unless and until Fruitful Worldwide enforces all or any part of the share charge and takes possession and holds all or any part of the Sale Shares held by the Offeror when the share charge becomes enforceable. As at the Latest Practicable Date, the voting rights of all Sale Shares were controlled by the Offeror.

If Fruitful Worldwide enforces the share charge under (i) the Bliss Chance Share Charge and becomes the legal and beneficial owner of all ordinary shares of the Offeror; or (ii) the RoadShow Share Charge and becomes the legal and beneficial owner of the Sale Shares, under Rule 26.1 of the Takeovers Code, Fruitful Worldwide shall be required to extend a mandatory offer to the Shareholders for all issued Shares.

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## LETTER FROM OPTIMA CAPITAL

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Pursuant to the Investment Agreement, the board of directors of the Offeror shall consist of two directors. Bison Capital shall have the right to appoint one director for so long as it continues to hold the ordinary shares of the Offeror whereas Fruitful Worldwide shall have the right to appoint one director for so long as it holds any Class A preferred share, Class B preferred share or ordinary share of the Offeror. Fruitful Worldwide is also entitled to designate a person to become an authorised co-signatory to all bank accounts and securities accounts of the Offeror to monitor the application of the subscription money.

The reserved matters of the Offeror which require the prior written consent of Fruitful Worldwide (such consent not to be withheld without the giving of any reason) are set out as follows:—

- (1) amendment of the memorandum and articles of association of the Offeror;
- (2) making or procuring or permitting any affiliate or advisor of the Offeror to conduct the General Offer;
- (3) material change to the nature of business activities of the Offeror;
- (4) incurring any capital expenditure by the Offeror;
- (5) winding up or liquidation, entering into administration or receivership of the Offeror, amalgamation, merger or restructuring of the Offeror, and appointment of receiver, manager or judicial manager in respect of the Offeror or any of its assets;
- (6) transferring any equity interest and material assets owned by the Offeror;
- (7) acquisition of any securities or new business or formation of joint venture by the Offeror;
- (8) issue or repurchase any equity securities, debt securities, convertible bonds or options, save for the issuance of ordinary share of the Offeror or grant of option to acquire ordinary share of the Offeror to Bison Capital for a consideration not exceeding HK\$900,000,000 to be applied towards financing (i) any payment to be made by the Offeror to Fruitful Worldwide in respect of the Class A preferred shares and Class B preferred shares; (ii) acquisition of the Sale Shares; and (iii) settlement of any costs or expenses incurred in relation to the Sale and Purchase Agreement, General Offer and the Bliss Chance Transaction Documents;
- (9) incurring indebtedness or assuming financial obligation or guarantee any liability of any person by the Offeror;
- (10) making a material decision in relation to any litigation involving the Offeror;
- (11) adoption of any share incentive plan;
- (12) declaration of dividend to the shareholders by the Offeror; and

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## LETTER FROM OPTIMA CAPITAL

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- (13) any change to the authorized signatory of any bank account or securities accounts of the Offeror.

Despite the above, Fruitful Worldwide is only a financial investor in the Offeror and has not been involved in the negotiation with KMB Resources in relation to the Sale and Purchase Agreement nor the usual operation and management of the Offeror. Neither Fruitful Worldwide nor China Huarong was involved directly or indirectly in the financing arrangement in relation to the Facility.

Fruitful Worldwide is a company incorporated in the British Virgin Islands and is an investment holding company. China Huarong is a joint stock company incorporated in the PRC with limited liability and whose shares are listed on the Stock Exchange with stock code 2799. The principal activities of the group companies of China Huarong comprise investment and securities dealing; financial bonds issuance, inter-bank borrowing and lending, commercial financing for other financial institutions; approved asset securitization business, financial institutions custody, closing and liquidation of business; consulting and advisory business on finance, investment, legal and risk management; assets and project evaluation; deposits taking from customers; lending to corporates and individuals; clearing and settlement services; financial leasing service; securities and future services; fund management and asset management services; trust services; real estate and industrial investments; acquiring and entrusting to manage, invest and dispose of both financial and non-financial institution distressed assets, including debt-to-equity swap assets; bankruptcy management and other businesses approved by the China Banking Regulatory Commission or other regulatory bodies. As at the date of the Joint Announcement and the Latest Practicable Date, the group companies of China Huarong did not own any Shares.

By reason of the Bliss Chance Transaction Documents, Fruitful Worldwide and China Huarong are parties acting in concert with the Offeror under the Takeovers Code.

### INFORMATION ON THE GROUP

Information on the Group is set out in the section headed “Information on the Group” in the letter from the Board contained in this Composite Document.

### DISCLOSURE OF INTERESTS AND DEALINGS

During the Relevant Period, save for the purchase of the Sale Shares at the consideration of HK\$795,809,000 (equivalent to approximately HK\$1.093 per Sale Share) pursuant to the Sale and Purchase Agreement, completion of which took place on 27 October 2017 (after trading hours), the Offeror, parties acting in concert with the Offeror and directors of the Offeror have not dealt in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

As at the Latest Practicable Date,

- (a) save for 728,127,410 Shares owned by the Offeror, none of the Offeror, parties acting in concert with the Offeror and directors of the Offeror had any interest in the relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code);

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## LETTER FROM OPTIMA CAPITAL

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- (b) the Offeror and parties acting in concert with it have not received any irrevocable commitment to accept or reject the General Offer;
- (c) there is no arrangement (whether by way of option, indemnity or otherwise) as referred to in Note 8 to Rule 22 of the Takeovers Code between the Offeror or parties acting in concert with it and any other persons;
- (d) neither the Offeror nor parties acting in concert with it had borrowed or lent any relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code); and
- (e) there was no agreement, arrangement or understanding which may result in the securities of the Company to be acquired in pursuance of the General Offer being transferred, charged or pledged to any other persons.

### **INTENTION OF THE OFFEROR IN RELATION TO THE GROUP**

The Offeror intends that the Group will continue to carry on its existing businesses and there is no intention of the Offeror for the Company to enter into any arrangement, agreement, understanding or negotiation to dispose of or downsize its existing businesses. The Offeror will, following the completion of the General Offer, conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group. In any event, in addition to the existing businesses of the Group, subject to availability of suitable investment or business opportunities, the Offeror is contemplating to diversify the business of the Group by way of acquisition, joint venture or investment, particularly into the financial services sector in which Mr. Xu (the ultimate beneficial owner of the Offeror and a proposed new executive Director) and Dr. Ma Weihua (a proposed new non-executive Director with his biographical details set out below) have substantial experience, with the view to broadening the source of income of the Group. Notwithstanding this, as at the Latest Practicable Date, the Offeror did not have any concrete plan to inject any particular business/asset into the Group. To this end, the Offeror tentatively had a couple of potential targets in sight which it may put forward for the Group's consideration. The aforesaid potential targets are engaged in the financial services sector. However, Shareholders are reminded that any future acquisition or investment by the Group will require approval by the Company and the Board and due compliance of the Listing Rules in terms of disclosures and shareholders' approval (if required). Save as disclosed herein, no arrangement, agreement, understanding or negotiation, formal or informal, in respect of the injection of any potential targets into the Group has been entered into, nor is there any timetable for any of the said asset injections or acquisitions. In the event that the Group decides to proceed with any acquisition or investment, it will comply with the relevant requirements under the Listing Rules as and when appropriate. The Offeror is confident that there will be continued business development in the Group under the management of the new Board which will generate and preserve value of the Company to the Shareholders in the long run.

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## LETTER FROM OPTIMA CAPITAL

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### PROPOSED CHANGE OF BOARD COMPOSITION

The Offeror intends to nominate five new Directors to the Board with effect after the despatch of this Composite Document.

The biographies of the five new Directors to be appointed are as follows:

#### Mr. Xu Peixin

Mr. Xu, aged 46, will be appointed as an executive Director. He has more than 10 years of corporate executive management and investment experience. From June 2005 to June 2012, Mr. Xu was a venture partner of New Enterprise Associates (Beijing), Ltd., one of the group companies of New Enterprise Associates, Inc. which is a venture capital firm. He was primarily involved in designing and executing investment strategies in the retail and healthcare industries. Mr. Xu also served as a director of AirMedia Group Inc., a NASDAQ Stock Market-listed company and a leading operator of out-of-home advertising platforms in the PRC, which operates digital TV screens in 37 airports and digital frames in 32 airports and providing advertisements on airline routes, as well as operating traditional media platforms such as billboards, lightboxes and LED screens, from September 2013 to December 2016. Mr. Xu founded Bison Capital Holding Company Limited, which is an investment holding company specialised in investments in the media and financial industries, and has been an executive director since December 2013. In May 2010, Mr. Xu was nominated as a chief committee member of the Expert Committee of the APEC E-Commerce Business Alliance.

#### Dr. Ma Weihua

Dr. Ma Weihua (“**Dr. Ma**”), aged 69, will be appointed as a non-executive Director. He was the former president of China Merchants Bank Co., Ltd from 2004 to 2013 and served as its executive director and chief executive officer from 1999 to 2013. Dr. Ma formerly served as the chairman of CIGNA & CMC Life Insurance Company Limited, and served as the chairman of Wing Lung Bank Limited from 2008 to 2015. He was an adjunct professor of the School of Economics and Management of Tsing Hua University, the PRC from 2006 to 2009. Dr. Ma is currently a member of the 12th National Committee of the Chinese People’s Political Consultative Conference (“**CPPCC**”). He was a deputy to the 10th National People’s Congress from 2003 to 2008 and a member of the 11th National Committee of the CPPCC from 2008 to 2013. In addition, he is currently the chairman of National Fund for Technology Transfer and Commercialisation.

Dr. Ma is currently a director of the following listed public companies:

Name of company	Stock exchange on which the company is listed	Position	Term of service
China Eastern Airlines Corporation Limited	The Stock Exchange (Stock code: 670)	Independent non-executive director	October 2013 to present
	The Shanghai Stock Exchange (Stock code: 600115)		

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**LETTER FROM OPTIMA CAPITAL**

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<b>Name of company</b>	<b>Stock exchange on which the company is listed</b>	<b>Position</b>	<b>Term of service</b>
Postal Savings Bank of China Co., Ltd.	The Stock Exchange (Stock code: 1658)	Independent non-executive director	December 2013 to present
Legend Holdings Corporation	The Stock Exchange (Stock code: 3396)	Independent non-executive director	June 2015 to present
China World Trade Center Co. Ltd.	The Shanghai Stock Exchange (Stock code: 600007)	Independent non-executive director	August 2014 to present

Dr. Ma was previously a director of the following listed public companies in the last three years:

<b>Name of company</b>	<b>Stock exchange on which the company is listed</b>	<b>Position</b>	<b>Term of service</b>
China Petroleum & Chemical Corporation	The Stock Exchange (Stock code: 386)	Independent non-executive director	May 2010 to May 2015
China Resources Land Limited	The Stock Exchange (Stock code: 1109)	Independent non-executive director	July 2013 to June 2017
Winox Holdings Limited	The Stock Exchange (Stock code: 6838)	Independent non-executive director	June 2011 to March 2015
Guotai Junan Securities Co., Ltd.	The Stock Exchange (Stock code: 2611)  The Shanghai Stock Exchange (Stock code: 601211)	Independent non-executive director	January 2013 to May 2016

**Mr. Chen Yigong**

Mr. Chen Yigong (“**Mr. Chen**”), aged 47, will be appointed as an independent non-executive Director. He is currently a partner in PacGate Law Group, a law firm in the PRC. He is also currently a director and president in NQ Mobile Inc., a global provider of mobile internet services whose shares are listed on the New York Stock Exchange. Mr. Chen obtained a bachelor degree in biochemistry in the Peking University, the PRC in 1992, and he obtained a degree of jurisdoctor in the University of Iowa, the United States of America in 1998.

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## LETTER FROM OPTIMA CAPITAL

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Mr. Chen is currently a director of the following listed public companies:

<b>Name of company</b>	<b>Stock exchange on which the company is listed</b>	<b>Position</b>	<b>Term of service</b>
Ambow Education Holding Ltd.	Over the counter markets of the United States of America (Symbol: AMBOY)	Independent director	March 2013 to present
NQ Mobile Inc.	New York Stock Exchange (American depository shares) (Symbol: NQ)	Director	February 2016 to present

Mr. Chen was previously a director of the following listed public companies in the last three years:

<b>Name of company</b>	<b>Stock exchange on which the company is listed</b>	<b>Position</b>	<b>Term of service</b>
NQ Mobile Inc.	New York Stock Exchange (American depository shares) (Symbol: NQ)	Independent director	July 2014 to February 2016

### **Mr. Feng Zhonghua**

Mr. Feng Zhonghua (“**Mr. Feng**”), aged 46, will be appointed as an independent non-executive Director. He was previously a director of AirMedia Group Inc. from May 2011 to December 2016, and served as chief operating officer with respect to certain affiliated entities of AirMedia Group Inc. from October 2005 to December 2016. Mr. Feng received an executive master of business association degree from Peking University, the PRC in 2009.

### **Dr. Qi Daqing**

Dr. Qi Daqing (“**Dr. Qi**”), aged 53, will be appointed as an independent non-executive Director.

Dr. Qi is a professor of accounting and former associate dean of Cheung Kong Graduate School of Business (“**CKGSB**”) in Beijing, the PRC. He began teaching in CKGSB in 2002 and was the founding director of the executive master of business association programme. His primary research interests are in financial accounting and reporting as well as profit manipulation by management of listed companies.

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## LETTER FROM OPTIMA CAPITAL

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Dr. Qi received his degree of doctor of philosophy in business administration from Michigan State University in 1996, master of business administration degree from the University of Hawaii at Manoa in 1992 and bachelor of science and arts degrees from Fudan University, the PRC in 1985 and 1987 respectively.

Dr. Qi is currently a director of the following listed public companies:

Name of company	Stock exchange on which the company is listed	Position	Term of service
Sohu.com Inc.	NASDAQ (Symbol: SOHU)	Independent director	2005 to present
iKang Healthcare Group, Inc.	NASDAQ (Symbol: KANG)	Independent director	2014 to present
Momo Inc.	NASDAQ (Symbol: MOMO)	Independent director	2014 to present
Honghua Group Limited	The Stock Exchange (Stock code: 196)	Independent non-executive director	January 2008 to present
SinoMedia Holding Limited	The Stock Exchange (Stock code: 623)	Independent non-executive director	May 2008 to present
Jutal Offshore Oil Services Limited	The Stock Exchange (Stock code: 3303)	Independent non-executive director	July 2015 to present
Yunfeng Financial Group Limited	The Stock Exchange (Stock code: 376)	Independent non-executive director	February 2016 to present

Dr. Qi was previously a director of the following listed public companies in the last three years:

Name of company	Stock exchange on which the company is listed	Position	Term of service
Dalian Wanda Commercial Properties Co., Ltd. (which was delisted in September 2016)	The Stock Exchange (Stock code: 3699)	Independent non-executive director	January 2016 to September 2016
Bona Film Group Limited (which was delisted in April 2016)	NASDAQ (Symbol: BONA)	Independent director	December 2010 to April 2016



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## LETTER FROM OPTIMA CAPITAL

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As Mr. Xu was previously a director of AirMedia Group Inc. which is a leading operator of out-of-home advertising platforms in the PRC, the Offeror believes that the new executive Director will have sufficient experience and expertise in running the existing businesses of the Group.

Further announcement will be made when the appointment of the new Directors becomes effective.

As disclosed in the Letter from the Board, the existing Directors intend to resign as Directors with effect from the earliest time permitted under the Takeovers Code. Notwithstanding the abovementioned, the Offeror has no intention to make significant changes to the employment of any employees of the Group or to dispose of or re-deploy the Group's assets (including fixed assets) which are not in the ordinary and usual course of business of the Group.

### COMPULSORY ACQUISITION

The Offeror does not intend to exercise any power of compulsory acquisition of any Offer Shares outstanding and not acquired under the General Offer after the close of the General Offer.

### MAINTAINING THE LISTING STATUS OF THE COMPANY

**The Stock Exchange has stated that if, at the close of the General Offer, less than 25% of the issued Shares are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.**

The Offeror intends the Company to remain listed on the Main Board of the Stock Exchange. The directors of the Offeror and the proposed new Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares as soon as possible following the close of the General Offer.

### ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

### GENERAL

To ensure equality of the treatment of all Offer Shareholders, those Offer Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the General Offer.

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## LETTER FROM OPTIMA CAPITAL

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All documents and remittance will be sent to the Offer Shareholders by ordinary post at their own risk. Such documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company or, in the case of joint Offer Shareholders, to the Offer Shareholder whose name appears first in the register of members of the Company, as applicable. None of the Company, the Offeror and parties acting in concert with it, Optima Capital, Somerley Capital, the Registrar, any of their respective directors or any persons involved in the General Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information regarding the General Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the letter from the Board, the letter from the Independent Board Committee and the letter from Somerley Capital contained in this Composite Document.

Yours faithfully,  
for and on behalf of  
**Optima Capital Limited**  
**Beatrice Lung**  
*Managing Director*

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## LETTER FROM THE BOARD

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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)

*Board of Directors:*

Dr. John CHAN Cho Chak<sup>#</sup> (Chairman)

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

Ms. Winnie NG<sup>#</sup> (Deputy Chairman)

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

Mr. YUNG Wing Chung<sup>#</sup> (Deputy Chairman)

Mr. LOH Chan Stephen<sup>†</sup> *BSocSc, EMBA*

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

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

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

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

Professor Stephen CHEUNG Yan Leung<sup>##</sup>

*BBS, JP, FHKIoD*

Dr. John YEUNG Hin Chung<sup>##</sup>

*SBS, OBE, JP, FHKIoD*

Mr. MAK Chun Keung<sup>#</sup>

Mr. John Anthony MILLER<sup>#</sup>

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

Mr. Allen FUNG Yuk Lun<sup>#</sup> *BA, Ph.D.*

Mr. LEE Luen Fai<sup>#</sup> *BA*

*Registered office:*

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Bermuda

*Hong Kong Principal Office:*

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Cheung Sha Wan Road  
Kowloon  
Hong Kong

<sup>†</sup> *Executive Director*

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

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

21 November 2017

*To the Independent Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
OPTIMA CAPITAL LIMITED  
FOR AND ON BEHALF OF BLISS CHANCE GLOBAL LIMITED  
FOR ALL THE ISSUED SHARES IN ROADSHOW HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED BY OR  
AGREED TO BE ACQUIRED BY BLISS CHANCE GLOBAL LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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### INTRODUCTION

Reference is made to the announcements dated 26 October 2017 and 27 October 2017 jointly issued by the Offeror, TIH and the Company in relation to, among other things, the Sale and Purchase Agreement and the General Offer.

On 26 October 2017, the Offeror and KMB Resources, a wholly-owned subsidiary of TIH, entered into the Sale and Purchase Agreement, pursuant to which KMB Resources has agreed to sell and the Offeror has agreed to purchase the Sale Shares at the consideration of HK\$795,809,000 (equivalent to approximately HK\$1.093 per Sale Share). The Sale Shares represent approximately 73.01% of the entire issued share capital of the Company as at the date of the Joint Announcement. Completion of the Sale and Purchase Agreement took place on 27 October 2017 (after trading hours).

Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it own 728,127,410 Shares, representing approximately 73.01% of the entire issued share capital of the Company as at the respective date thereof. Under Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make the General Offer for all the issued Shares, other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it. The General Offer is unconditional in all respects.

The purpose of this Composite Document is to provide you with, among other things, (i) the details of the General Offer (including the expected timetable and terms of the General Offer); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the General Offer; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the General Offer; and (iv) information relating to the Group and the Offeror, together with the Form of Acceptance.

### INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising three non-executive Directors namely, Mr. YUNG Wing Chung, Mr. MAK Chun Keung and Mr. John Anthony MILLER, and three independent non-executive Directors, namely, Dr. Carlye Wai-Ling TSUI, Professor Stephen CHEUNG Yan Leung and Dr. John YEUNG Hin Chung, was established to make recommendations to the Independent Shareholders on whether the terms of the General Offer are fair and reasonable and as to the acceptance of the General Offer.

Given that (i) Dr. John CHAN Cho Chak is a director of TIH who was involved in internal discussions among the directors of TIH in the transaction under the Sale and Purchase Agreement and participated in a preliminary meeting with representatives of Bliss Chance, and has a shareholding interest of 2,000 shares in TIH; (ii) Ms. Winnie NG is a director of TIH who was involved in internal discussions among the directors of TIH in the transaction under the Sale and Purchase Agreement, and has a shareholding interest of 23,150,701 shares in TIH; (iii) Dr. Eric LI Ka Cheung is a director of TIH who was involved in internal discussions among the directors of TIH in the transaction under the Sale and Purchase Agreement; (iv) Mr. Allen FUNG Yuk Lun is a director of TIH

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## LETTER FROM THE BOARD

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who was involved in internal discussions among the directors of TIH in the transaction under the Sale and Purchase Agreement and participated in a preliminary meeting with representatives of Bliss Chance; and (v) Mr. LEE Luen Fai has a shareholding interest of 30,000 shares in TIH through his spouse, the above non-executive Directors are considered as having an interest in the General Offer and therefore they are excluded from being the members of the Independent Board Committee.

Somerley Capital has been appointed as the Independent Financial Adviser to consider the terms of the General Offer and to advise the Independent Board Committee in respect of the General Offer.

You are advised to read the “Letter from the Independent Board Committee” addressed to the Independent Shareholders as set out on pages 28 to 29 of this Composite Document, the “Letter from Somerley Capital” as set out on pages 30 to 50 of this Composite Document and the additional information contained in the appendices to this Composite Document before taking any action in respect of the General Offer.

### **THE GENERAL OFFER**

As at the Latest Practicable Date, there are 997,365,332 Shares in issue. There are no outstanding warrants, options, derivatives or convertibles which may confer upon the holder thereof any right to subscribe for, convert or exchange into Shares.

#### **Principal terms of the General Offer**

Optima Capital, for and on behalf of the Offeror, hereby makes the General Offer on the following terms in accordance with Rule 26.1 of the Takeovers Code:

For each Offer Share . . . . . HK\$1.093 in cash

The Offer Price of HK\$1.093 per Offer Share is approximately equal to but not lower than the purchase price of approximately HK\$1.093 per Sale Share paid by the Offeror pursuant to the Sale and Purchase Agreement.

The General Offer is extended to all Offer Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the General Offer shall be fully paid and shall be acquired free from all liens, claims and encumbrances and together with all rights attaching to the Offer Shares, including the right to receive all dividends and distribution declared, made or paid on or after the date of despatch of this Composite Document.

The General Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions.

Further details regarding the General Offer, including the terms and procedures for acceptance of the General Offer are set out in the “Letter from Optima Capital” as set out on pages 6 to 21 of this Composite Document and “Further Terms and Procedures for Acceptance of the General Offer” as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE GROUP

The Company is incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the provision of media sales and design services and production of advertisements for transit vehicle exteriors and interiors, online portal, mobile apps, shelters and outdoor signages advertising businesses. The Group is also engaged in the provision of integrated marketing services covering these advertising platforms.

Your attention is drawn to the “Financial Information of the Group” and “General Information Pursuant to Schedule II of the Takeovers Code” as set out in Appendices II and IV respectively, to this Composite Document.

### SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date:

	<b>As at Latest Practicable Date</b>	
	Number of Shares	Approximate %
Bliss Chance and parties acting in concert with it	728,127,410	73.01
Others	<u>269,237,922</u>	<u>26.99</u>
Total	<u><u>997,365,332</u></u>	<u><u>100.00</u></u>

### INFORMATION ON THE OFFEROR AND INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the section headed “Information on the Offeror” and “Intention of the Offeror in relation to the Group” in the “Letter from Optima Capital” as set out on pages 6 to 21 of this Composite Document.

It is the intention of the Offeror that the Group will continue to carry on its existing businesses and there is no intention of the Offeror for the Company to enter into any arrangement, agreement, understanding or negotiation to dispose of or downsize its existing businesses. The Board is pleased to note the Offeror’s intention to continue the exiting principal businesses of the Group.

The Board (excluding Ms. Winnie NG, who has an interest of 1,123,743 Shares in the Company) is aware of the Offeror’s intentions in respect of the Group and is willing to co-operate with the Offeror and acts in the best interests of the Company and the Independent Shareholders as a whole.

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## LETTER FROM THE BOARD

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As disclosed in the “Letter from Optima Capital” to this Composite Document, the Offeror will conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group. In any event, in addition to the existing businesses of the Group, subject to availability of suitable investment or business opportunities, the Offeror is contemplating to diversify the business of the Group by way of acquisition, joint venture or investment, particularly into the financial services sector in which Mr. Xu (the ultimate beneficial owner of the Offeror and a proposed new executive Director) and Dr. Ma Weihua (a proposed new non-executive Director) have substantial experience in, with the view to broadening its source of income.

The Stock Exchange has stated that, if, at the close of the General Offer, less than 25% of the issued Shares are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

As disclosed in the “Letter from Optima Capital” to this Composite Document, the Offeror intends the Company to remain listed on the Main Board of the Stock Exchange. The directors of the Offeror and the proposed new Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares as soon as possible following the close of the General Offer.

### **PROPOSED CHANGE OF BOARD COMPOSITION**

Your attention is drawn to the section headed “Proposed Change of Board Composition” in the “Letter from Optima Capital” as set out on pages 6 to 21 of this Composite Document.

The existing Directors intend to resign as Directors with effect from the earliest time permitted under the Takeovers Code. Notwithstanding the abovementioned, the Offeror has indicated that it has no intention to make significant changes to the employment of any employees of the Group or to dispose of or re-deploy the Group’s assets (including fixed assets) which are not in the ordinary and usual course of business of the Group. The Board is pleased to note that the Offeror has no intention to make significant changes to the employment of any employees of the Group.

### **RECOMMENDATION**

Your attention is drawn to the “Letter from the Independent Board Committee” as set out on pages 28 to 29 of this Composite Document and the “Letter from Somerley Capital” as set out on pages 30 to 50 of this Composite Document, which contain, among other things, their advice in relation to the General Offer and the principal factors considered by them in arriving at their recommendation.

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## LETTER FROM THE BOARD

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Taking into account the terms of the General Offer and the advice from the Independent Board Committee, and the principal factors and reasons taken into account in arriving at its recommendations, the Board (excluding Ms. Winnie NG, who has an interest of 1,123,743 Shares in the Company) considers that the terms of the General Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Board (excluding Ms. Winnie NG, who has an interest of 1,123,743 Shares in the Company and therefore makes no recommendation to Independent Shareholders) recommends the Independent Shareholders to accept the General Offer.

The Independent Shareholders are urged to read those letters carefully before taking any action in respect of the General Offer.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully “Further Terms and Procedures for Acceptance of the General Offer” as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the General Offer.

In considering what action to take in connection with the General Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

Yours faithfully,  
By Order of the Board  
**RoadShow Holdings Limited**  
**John CHAN Cho Chak**  
*Chairman*



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the General Offer.*



### ROADSHOW HOLDINGS LIMITED

路訊通控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 888)**

21 November 2017

*To the Independent Shareholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
OPTIMA CAPITAL LIMITED  
FOR AND ON BEHALF OF BLISS CHANCE GLOBAL LIMITED  
FOR ALL THE ISSUED SHARES IN ROADSHOW HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED BY OR  
AGREED TO BE ACQUIRED BY BLISS CHANCE GLOBAL LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

#### **INTRODUCTION**

We refer to the Composite Document, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the General Offer and to advise you as to whether, in our opinion, the terms of the General Offer are fair and reasonable so far as the Independent Shareholders are concerned, and as to the acceptance of the General Offer. Somerley Capital has been appointed as the Independent Financial Adviser to advise us in this respect. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from Somerley Capital” on pages 30 to 50 of the Composite Document.

We also wish to draw your attention to the “Letter from the Board” as set out on pages 22 to 27 of the Composite Document, the “Letter from Optima Capital” as set out on pages 6 to 21 of the Composite Document and the additional information set out in the appendices to the Composite Document.

\* *For identification purposes only*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### RECOMMENDATION

Taking into account the terms of the General Offer and the advice from the Independent Financial Adviser, and the principal factors and reasons taken into account in arriving at its recommendation, we consider that the terms of the General Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the General Offer.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should closely monitor the market price and liquidity of the Shares during the period of the General Offer. Should the market price of the Shares exceed the Offer Price during the period of the General Offer, and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the General Offer, the Independent Shareholders may wish to consider selling their Shares in the open market instead of accepting the General Offer.

In any case, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for advice. Furthermore, the Independent Shareholders who wish to accept the General Offer are recommended to read carefully the procedures for accepting the General Offer as detailed in the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,

For and on behalf of the

**Independent Board Committee of RoadShow Holdings Limited**

<b>Carlye Wai-Ling TSUI</b>	<b>Stephen CHEUNG Yan Leung</b>	<b>John YEUNG Hin Chung</b>
<i>Independent Non-executive Director</i>	<i>Independent Non-executive Director</i>	<i>Independent Non-executive Director</i>

<b>YUNG Wing Chung</b>	<b>MAK Chun Keung</b>	<b>John Anthony MILLER</b>
<i>Non-executive Director</i>	<i>Non-executive Director</i>	<i>Non-executive Director</i>

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## LETTER FROM SOMERLEY CAPITAL

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



### SOMERLEY CAPITAL LIMITED

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

21 November 2017

*To: the Independent Board Committee*

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFER BY  
OPTIMA CAPITAL LIMITED  
FOR AND ON BEHALF OF BLISS CHANCE GLOBAL LIMITED  
FOR ALL THE ISSUED SHARES IN ROADSHOW HOLDINGS LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED BY OR  
AGREED TO BE ACQUIRED BY BLISS CHANCE GLOBAL LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)**

### INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in relation to the unconditional mandatory cash offer by Optima Capital on behalf of the Offeror to acquire all the issued Shares, other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it. Details of the General Offer are set out in the Composite Document dated 21 November 2017, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

As set out in the Joint Announcement, on 26 October 2017, the Offeror and KMB Resources, a wholly-owned subsidiary of TIH, entered into the Sale and Purchase Agreement, pursuant to which KMB Resources has agreed to sell and the Offeror has agreed to purchase the Sale Shares at the consideration of HK\$795,809,000 (equivalent to approximately HK\$1.093 per Sale Share). Further details of the Sale and Purchase Agreement are set out in the Joint Announcement. Completion of the Sale and Purchase Agreement took place on 27 October 2017 (after trading hours). Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it own 728,127,410 Shares, representing approximately 73.01% of the entire issued share capital of the Company as at the respective date thereof. Accordingly, upon Completion, the Offeror is required to make the General Offer for all the issued Shares, other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it.

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## LETTER FROM SOMERLEY CAPITAL

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The Independent Board Committee comprising three non-executive Directors and three independent non-executive Directors, namely Mr. YUNG Wing Chung, Mr. MAK Chun Keung, Mr. John Anthony MILLER, Dr. Carlye Wai-Ling TSUI, Professor Stephen CHEUNG Yan Leung and Dr. John YEUNG Hin Chung, has been established to advise the Independent Shareholders on whether the terms of the General Offer are fair and reasonable and as to their acceptance of the General Offer. Dr. John CHAN Cho Chak, Ms. Winnie NG, Dr. Eric LI Ka Cheung, Mr. Allen FUNG Yuk Lun and Mr. LEE Luen Fai, the remaining non-executive Directors and independent non-executive Director, do not form part of the Independent Board Committee due to their respective interests in the General Offer as set out in the section headed “Independent Board Committee” in the “Letter from the Board” of the Composite Document. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to advise the Independent Board Committee in relation to the General Offer.

During the past two years, Somerley Capital Limited has acted as the independent financial adviser to the independent board committee and the independent shareholders of the Company in relation to continuing connected transactions as detailed in the Company’s circular dated 14 June 2017. The aforesaid past engagement was limited to providing independent advisory service to the independent board committee and the independent shareholders of the Company pursuant to the Listing Rules, for which Somerley Capital Limited received normal professional fees. Accordingly, we do not consider the past engagement gives rise to any conflict of interest for Somerley Capital Limited in acting as the Independent Financial Adviser.

We are not associated with the Company, TIH, the Offeror or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the General Offer. Apart from normal professional fees payable to us in connection with this appointment, and except as disclosed above, no arrangement exists whereby we will receive any fees or benefits from the Company, TIH, the Offeror or any party acting, or presumed to be acting, in concert with any of them.

### **BASIS OF OUR OPINION**

In formulating our opinion, we have reviewed, among other things, (i) the Composite Document; (ii) the annual report of the Company for the year ended 31 December 2016 and the interim report of the Company for the six months ended 30 June 2017; (iii) the announcements published by the Company on the website of the Stock Exchange since 1 July 2016; and (iv) the material change statement set out in Appendix II to the Composite Document. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed by them. We consider that the information we have received is sufficient for us to reach our opinion and recommendation as set out in this letter. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material facts have been omitted or withheld. We have, however, not conducted any independent investigation into the business and affairs of the Group or the Offeror, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Composite Document are true as at the Latest Practicable Date, and that the Independent Shareholders will be notified of any material changes to the Composite Document as soon as reasonably practicable during the Offer Period.

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## LETTER FROM SOMERLEY CAPITAL

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We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the General Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, consult their own professional advisers.

### PRINCIPAL TERMS OF THE GENERAL OFFER

Optima Capital, as the financial adviser, is making the General Offer for and on behalf of the Offeror on the following basis:

For each Offer Share . . . . . HK\$1.093 in cash

The Offer Price of HK\$1.093 per Offer Share is approximately equal to but not lower than the purchase price of approximately HK\$1.093 per Sale Share paid by the Offeror pursuant to the Sale and Purchase Agreement. Based on 997,365,332 Shares in issue and 728,127,410 Shares held by the Offeror as at the Latest Practicable Date, and assuming that there is no change in the issued share capital of the Company prior to the close of the General Offer, there will be a total of 269,237,922 Offer Shares.

The General Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions. Acceptances of the General Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations with regard to the General Offer, we have taken into account the following principal factors and reasons:

#### 1. Information and prospects of the Group

##### *(a) Background and information of the Group*

The Company is incorporated in Bermuda with limited liability, and the Company's Shares have been listed on the Main Board of the Stock Exchange since 2001. The Group is principally engaged in the provision of media sales and design services and production of advertisements for transit vehicle exteriors and interiors, online portal, mobile apps, shelters and outdoor signages advertising businesses. The Group is also engaged in the provision of integrated marketing services covering these advertising platforms.

##### *(b) Financial information of the Group*

###### *i. Financial performance*

The following is an extract of the financial results of the Group (a) for the two years ended 31 December 2015 and 2016 (both of 2015 and

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**LETTER FROM SOMERLEY CAPITAL**

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2016 annual results having been extracted from the Company's 2016 annual report); and (b) for the six months ended 30 June 2016 and 2017 (both of 2016 and 2017 interim results having been extracted from the Company's 2017 interim report).

	<b>For the six months ended 30 June</b>		<b>For the year ended 31 December</b>	
	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)
<b>Revenue</b>	163,389	191,293	407,511	411,946
Other revenue	3,364	8,578	17,125	23,793
Other net income/(loss)	<u>7,213</u>	<u>(1,993)</u>	<u>(9,940)</u>	<u>(5,818)</u>
<b>Total operating revenue</b>	<b>173,966</b>	<b>197,878</b>	<b>414,696</b>	<b>429,921</b>
<b>Operating expenses</b>				
Royalty, licence and management fees	(101,489)	(102,686)	(206,153)	(224,382)
Cost of production	(32,708)	(35,184)	(74,611)	(78,165)
Staff expenditure	(31,959)	(33,350)	(66,010)	(77,806)
Depreciation and amortisation	(2,321)	(7,767)	(15,241)	(16,014)
Cost of inventories sold	—	(5,070)	(9,844)	(11,996)
Repairs and maintenance	(3,111)	(3,340)	(5,926)	(6,143)
Impairment loss on accounts receivable	(1,812)	—	(2,422)	(13,137)
Impairment loss on intangible assets	—	—	(217)	(2,895)
Write-down of inventories	—	—	(4,101)	(296)
Impairment loss on property, plant and equipment	—	—	(22,910)	—
Provision for onerous contracts	—	—	(14,455)	—
Reversal of provision for onerous contracts, net	10,095	—	—	—
Other operating expenses	<u>(20,804)</u>	<u>(19,161)</u>	<u>(34,905)</u>	<u>(40,224)</u>
<b>Total operating expenses</b>	<b>(184,109)</b>	<b>(206,558)</b>	<b>(456,795)</b>	<b>(471,058)</b>
<b>Loss before taxation</b>	<b>(10,143)</b>	<b>(8,680)</b>	<b>(42,099)</b>	<b>(41,137)</b>
Income tax	<u>(1,834)</u>	<u>(1,356)</u>	<u>(25)</u>	<u>(4,892)</u>
<b>Loss for the period/ year</b>	<b><u>(11,977)</u></b>	<b><u>(10,036)</u></b>	<b><u>(42,124)</u></b>	<b><u>(46,029)</u></b>

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**LETTER FROM SOMERLEY CAPITAL**

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	<b>For the six months ended 30 June</b>		<b>For the year ended 31 December</b>	
	<b>2017</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)
<b>Attributable to:</b>				
Equity shareholders of the Company	(10,972)	(11,848)	(45,260)	(47,913)
Non-controlling interests	<u>(1,005)</u>	<u>1,812</u>	<u>3,136</u>	<u>1,884</u>
<b>Loss for the period/ year</b>	<b><u>(11,977)</u></b>	<b><u>(10,036)</u></b>	<b><u>(42,124)</u></b>	<b><u>(46,029)</u></b>
<b>Loss per share (in Hong Kong cents)</b>				
Basic and diluted	<u>(1.10)</u>	<u>(1.19)</u>	<u>(4.54)</u>	<u>(4.80)</u>

(1) Revenue

As set out above, the revenue of the Group decreased slightly by approximately 1.1% from approximately HK\$411.9 million for the year ended 31 December 2015 to approximately HK\$407.5 million for the year ended 31 December 2016. As stated in the Company's 2016 annual report, the slight decrease in revenue was a result of increasingly keen competition and the difficult conditions in the advertising market, which was impacted by the economic uncertainties in world markets and the local retail segment.

For the six months ended 30 June 2017, the revenue of the Group amounted to approximately HK\$163.4 million, representing a decrease of approximately 14.6% from approximately HK\$191.3 million for the six months ended 30 June 2016. As stated in the Company's 2017 interim report, during the first half of 2017, Hong Kong's advertising market continued to be adversely impacted by global and local economic uncertainties. The decrease in revenue was a result of keen competition from digital media and other out-of-home media vendors, the gradual scaling down of the BUS-TV business and the expiry of the licence relating to the billboard business.

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## LETTER FROM SOMERLEY CAPITAL

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(2) Loss attributable to equity shareholders of the Company

The Group recorded a loss attributable to equity shareholders of the Company of approximately HK\$45.3 million for the year ended 31 December 2016, representing a decrease of approximately 5.5% compared with approximately HK\$47.9 million for the year ended 31 December 2015. As stated in the Company's 2016 annual report, the loss for the year was mainly attributable to (a) the reduction in revenue as a result of continued sluggish demand in the market; (b) an exchange loss of approximately HK\$9.5 million due to the depreciation of the Renminbi; (c) recognition of an impairment loss on property, plant and equipment of approximately HK\$22.9 million; and (d) a provision for onerous contracts for BUS-TV business of approximately HK\$14.5 million.

For the six months ended 30 June 2017, the Group recorded a loss attributable to equity shareholders of the Company of approximately HK\$11.0 million, representing a decrease of approximately 7.4% from approximately HK\$11.8 million for the same period in 2016. As stated in the Company's 2017 interim report, the loss for the first half of 2017 was mainly attributable to the reduction in revenue by approximately HK\$27.9 million, which was mainly due to the gradual scaling down of the BUS-TV business approaching the expiry of the related licence agreement with KMB on 30 June 2017.

(3) Loss per share

Basic and diluted loss per share for the year ended 31 December 2015 and 2016 were approximately HK\$0.0480 and HK\$0.0454 respectively. For the six months ended 30 June 2016 and 2017, basic and diluted loss per share were approximately HK\$0.0119 and HK\$0.0110 respectively. The movements in the loss per share generally followed the movements of the Group's financial results.



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## LETTER FROM SOMERLEY CAPITAL

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ii. *Financial position*

Set out below is an extract of the financial position of the Group (a) as at 31 December 2015 and 2016 (both the 2015 and 2016 financial position having been extracted from the Company's 2016 annual report); and (b) as at 30 June 2017 (as extracted from the Company's 2017 interim report).

	<b>As at 30 June 2017 HK\$'000 (unaudited)</b>	<b>As at 31 December 2016 HK\$'000 (audited)</b>	<b>2015 HK\$'000 (audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	12,344	13,629	32,125
Intangible assets	—	—	189
Non-current prepayments and deposits	1,349	1,523	14,502
Deferred tax assets	8,901	10,393	4,775
	<b>22,594</b>	<b>25,545</b>	<b>51,591</b>
<b>Current assets</b>			
Inventories	—	—	6,716
Amount due from ultimate holding company	—	—	5,004
Amounts due from fellow subsidiaries	7,548	5,203	3,119
Accounts receivable	77,829	101,154	148,643
Other receivables and deposits	8,486	10,098	19,377
Current tax recoverable	222	400	3,458
Pledged bank deposits	79,343	78,343	79,691
Bank deposits and cash	380,548	397,954	369,755
	<b>553,976</b>	<b>593,152</b>	<b>635,763</b>
<b>Current liabilities</b>			
Accounts payable	911	1,977	5,071
Amount due to ultimate holding company	3	3	—
Amounts due to fellow subsidiaries	858	1,065	13,239
Other payables and accruals	79,951	99,165	119,412
Provision for onerous contracts	4,360	14,455	—
Current tax payable	1,038	1,060	3,842
	<b>87,121</b>	<b>117,725</b>	<b>141,564</b>
<b>Net current assets</b>	<b>466,855</b>	<b>475,427</b>	<b>494,199</b>
<b>Total assets less current liabilities</b>	<b>489,449</b>	<b>500,972</b>	<b>545,790</b>

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**LETTER FROM SOMERLEY CAPITAL**

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	<b>As at 30 June 2017 HK\$'000 (unaudited)</b>	<b>As at 31 December 2016 HK\$'000 (audited)</b>	<b>2015 HK\$'000 (audited)</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	5	138	217
<b>NET ASSETS</b>	<b><u>489,444</u></b>	<b><u>500,834</u></b>	<b><u>545,573</u></b>
<b>CAPITAL AND RESERVES</b>			
Share capital	99,737	99,737	99,737
Reserves	381,492	391,877	438,152
<b>Total equity attributable to equity shareholders of the Company</b>	<b><u>481,229</u></b>	<b><u>491,614</u></b>	<b><u>537,889</u></b>
<b>Non-controlling interests</b>	<b><u>8,215</u></b>	<b><u>9,220</u></b>	<b><u>7,684</u></b>
<b>TOTAL EQUITY</b>	<b><u>489,444</u></b>	<b><u>500,834</u></b>	<b><u>545,573</u></b>

As at 30 June 2017, the Group's total assets were approximately HK\$576.6 million. Assets of the Group mainly include (a) bank deposits and cash of approximately HK\$380.5 million; (b) pledged bank deposits of approximately HK\$79.3 million; and (c) accounts receivable of approximately HK\$77.8 million. As at 30 June 2017, the Group recorded total liabilities of approximately HK\$87.1 million, which mainly consisted of other payables and accruals of approximately HK\$80.0 million.

Net assets value attributable to equity shareholders of the Company amounted to approximately HK\$481.2 million as at 30 June 2017, with a value per ordinary share of approximately HK\$0.48, calculated based on 997,365,332 ordinary shares in issue as at 30 June 2017. The Offer Price of HK\$1.093 per Offer Share represents a premium of approximately 127.71% over the net assets value attributable to equity shareholders of the Company per ordinary share.

**(c) Prospects of the Group**

As stated in the Company's 2017 interim report, the Company's management expects that Hong Kong's advertising market and retail sector will continue to be impacted by global economic uncertainty. While adspend, especially on out-of-home advertising, is expected to remain stagnant in the second half of 2017, the Company's management believes that the Group will strive to maintain the competitiveness of its core operations and maximise cost efficiency by streamlining operations and implementing tighter cost controls. As set out in the section headed "Intention of the Offeror in relation to the Group" in the

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## LETTER FROM SOMERLEY CAPITAL

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“Letter from Optima Capital” of the Composite Document, subject to the result of the review of the business operations and financial position of the Group and should suitable investment or business opportunities arise, the Offeror may diversify the business of the Group, in particular as regards the financial services sector in which Mr. Xu (the ultimate beneficial owner of the Offeror and a proposed new executive Director) and Dr. Ma Weihua (a proposed new non-executive Director) have substantial experience, with the view to broadening the source of income of the Group. The Offeror is confident that there will be continued business development in the Group under the management of the new Board. Taking into account the above, the Company’s management considers that long term prospects of the Group remain positive and that despite current challenges, continued business development (including diversifying existing businesses) will benefit the Group in the long run. Further details on the intention of the Offeror are set out in the aforesaid section of the Composite Document.

### **2. Information on the Offeror and its intention for the Group**

As set out in the “Letter from Optima Capital” of the Composite Document, the Offeror is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. It was set up by Bison Capital as a special purpose vehicle for the purpose of acquiring the Shares. As at the Latest Practicable Date, Bison Capital owns 160,000,000 ordinary shares of the Offeror, and Fruitful Worldwide (an indirect wholly-owned subsidiary of China Huarong) holds 550,000,000 Class A preferred shares and 100,000,000 Class B preferred shares of the Offeror. Bison Capital is an investment holding company incorporated in the British Virgin Islands with limited liability which is in turn beneficially wholly-owned by Mr. Xu who has more than 10 years of corporate executive management and investment experience. Mr. Xu founded Bison Capital Holding Company Limited which is an investment holding company specialised in investments in the media and financial industries. Fruitful Worldwide is a company incorporated in the British Virgin Islands and is an investment holding company. China Huarong is a joint stock company incorporated in the PRC with limited liability and whose shares are listed on the Stock Exchange with stock code 2799. The principal activities of the group companies of China Huarong comprise, among other things, investment and securities dealing, financial bonds issuance, inter-bank borrowing and lending, and commercial financing for other financial institutions.

As at the Latest Practicable Date, according to the Bliss Chance Share Charge, all ordinary shares of the Offeror held by Bison Capital had been charged in favour of Fruitful Worldwide. According to the RoadShow Share Charge, all Sale Shares held by the Offeror had been charged in favour of Fruitful Worldwide, which had been deposited in the securities account of CSI opened in the name of the Offeror. If Fruitful Worldwide enforces the share charge under (i) the Bliss Chance Share Charge and becomes the legal and beneficial owner of all ordinary shares of the Offeror; or (ii) the RoadShow Share Charge and becomes the legal and beneficial owner of the Sale Shares, under Rule 26.1 of the Takeovers Code, Fruitful Worldwide shall be required to extend a mandatory offer to the Shareholders for all issued Shares.

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## LETTER FROM SOMERLEY CAPITAL

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Further details on the information of the Offeror (including details of its shareholding and the share charges), Mr. Xu, Fruitful Worldwide and China Huarong are set out in the section headed “Information on the Offeror” in the “Letter from Optima Capital” of the Composite Document.

As set out in the section headed “Intention of the Offeror in relation to the Group” in the “Letter from Optima Capital” of the Composite Document, the Offeror intends that the Group will continue to carry on its existing businesses and there is no intention of the Offeror for the Company to enter into any arrangement, agreement, understanding or negotiation to dispose of or downsize its existing businesses. The Offeror will, following the completion of the General Offer, conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group. In addition to the existing businesses of the Group, subject to availability of suitable investment or business opportunities, the Offeror is contemplating to diversify the business of the Group by way of acquisition, joint venture or investment, particularly into the financial services sector in which Mr. Xu (the ultimate beneficial owner of the Offeror and a proposed new executive Director) and Dr. Ma Weihua (a proposed new non-executive Director) have substantial experience, with the view to broadening the source of income of the Group. As at the Latest Practicable Date, the Offeror did not have any concrete plan to inject any particular business/asset into the Group. The Offeror is confident that there will be continued business development in the Group under the management of the new Board which will generate and preserve value of the Company to the Shareholders in the long run. Further details of the Offeror’s intention for the Group are set out in the aforesaid section in the “Letter from Optima Capital” of the Composite Document.

As stated in the section headed “Proposed change of Board composition” in the “Letter from Optima Capital” of the Composite Document, the Offeror intends to nominate five new Directors (including Mr. Xu as an executive Director and Dr. Ma Weihua as a non-executive Director) to the Board with effect after the despatch of the Composite Document. The Offeror believes that the new executive Director will have sufficient experience and expertise in running the existing businesses of the Company. The existing Directors intend to resign as Directors with effect from the earliest time permitted under the Takeovers Code. Apart from this, the Offeror has no intention to make significant changes to the employment of any employees of the Group or to dispose of or re-deploy the Group’s assets (including fixed assets) which are not in the ordinary and usual course of business of the Group. Further details of the proposed changes to the Board and the profile of the new Directors are set out in the aforesaid section in the “Letter from Optima Capital” of the Composite Document.

### **3. Maintenance of the listing status of the Company**

As set out in the “Letter from Optima Capital” of the Composite Document, the Offeror does not intend to exercise any power of compulsory acquisition of any Offer Shares outstanding and not acquired under the General Offer after the close of the General Offer. The Offeror intends the Company to remain listed on the Main Board of the Stock Exchange. The directors of the Offeror and the proposed

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## LETTER FROM SOMERLEY CAPITAL

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new Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares as soon as possible following the close of the General Offer. The Stock Exchange has stated that if, at the close of the General Offer, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

### 4. Analysis of the Offer Price

#### (a) *Historical price performance of the Shares*

The chart below illustrates the daily closing price per Share for the period from 1 July 2016 up to and including the Latest Practicable Date.



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## LETTER FROM SOMERLEY CAPITAL

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day. The Shares closed at HK\$1.13 per Share on the Latest Practicable Date and the Offer Price of HK\$1.093 per Offer Share represents a discount of approximately 3.27% to the closing price on the Latest Practicable Date.

**(b) Offer Price comparisons**

The Offer Price of HK\$1.093 per Offer Share represents:

- (a) a premium of approximately 5.10% over the closing price of HK\$1.04 per Share as quoted on the Stock Exchange on the date of the Joint Announcement (i.e. the Last Trading Day);
- (b) a premium of approximately 2.15% over the closing price of HK\$1.07 per Share as quoted on the Stock Exchange on the last trading day immediately preceding the date of the Joint Announcement;
- (c) a premium of approximately 6.12% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five trading days up to and including the date of the Joint Announcement, being approximately HK\$1.03 per Share;
- (d) a premium of approximately 15.05% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 trading days up to and including the date of the Joint Announcement, being approximately HK\$0.95 per Share;
- (e) a premium of approximately 18.80% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 60 trading days up to and including the date of the Joint Announcement, being approximately HK\$0.92 per Share; and
- (f) a discount of approximately 3.27% to the closing price of HK\$1.13 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

As set out above, the Offer Price of HK\$1.093 per Offer Share represents a premium ranging from approximately 2.15% to 18.80% to the closing prices of the Shares on and before the date of the Joint Announcement (i.e. the Last Trading Day). As set out in the paragraph headed “Financial information of the Group” in the sub-section headed “Information and prospects of the Group” above of this letter, the Offer Price represents a premium of approximately 127.71% over the unaudited net assets value attributable to equity shareholders of the Company of approximately HK\$0.48 per Share as at 30 June 2017.

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**(c) Trading liquidity**

Set out in the table below are the monthly total trading volumes of the Company's Shares and the percentages of such monthly total trading volumes to the total issued share and the public float of the Company during the period from 1 July 2016 up to and including the Latest Practicable Date:

	<b>Monthly total trading volume of the Company's Shares (Note 1)</b>	<b>Percentage of the monthly total trading volume of the Company's Shares to the total issued Shares of the Company (Note 2)</b>	<b>Percentage of the monthly total trading volume of the Company's Shares to public float of the Company (Note 2 &amp; 3)</b>
<b>2016</b>			
July	2,746,268	0.3%	1.1%
August	9,240,468	0.9%	3.6%
September	4,572,957	0.5%	1.8%
October	4,696,266	0.5%	1.8%
November	17,428,200	1.7%	6.8%
December	19,604,800	2.0%	7.7%
<b>2017</b>			
January	83,092,989	8.3%	32.6%
February	52,591,350	5.3%	20.6%
March	66,296,458	6.6%	26.0%
April	45,646,129	4.6%	17.9%
May	41,655,066	4.2%	16.3%
June	22,227,753	2.2%	8.7%
July	14,211,200	1.4%	5.6%
August	71,010,928	7.1%	27.8%
September	31,042,566	3.1%	12.2%
October	197,274,821	19.8%	73.6%
From 1 November 2017 to the Latest Practicable Date	88,374,500	8.9%	33.0%

*Notes:*

1. Source: Bloomberg
2. The calculation is based on the monthly total trading volume of the Company's Shares divided by the total issued Shares of the Company or the total number of the Company's Shares in public hands at the end of each month (or at the Latest Practicable Date for November 2017).

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3. The total number of the Company's Shares in public hands is calculated based on the number of total issued Shares of the Company excluding the Company's Shares held by the substantial shareholders and director of the Company at the end of each month (or at the Latest Practicable Date for November 2017).

Based on the above table, the trading volume of the Company's Shares in 2016 has been consistently below 10%, ranging between approximately 0.3% to 2.0% of the total issued Shares, and between approximately 1.1% to 7.7% of the total issued Shares in public hands.

For the period from January to September 2017, the trading volume of the Company's Shares showed notable increase in general, ranging between approximately 1.4% to 8.3% of the total issued Shares, and between approximately 5.6% to 32.6% of the total issued Shares in public hands.

Prior to the publication of the Joint Announcement, the trading volume of the Company's Shares in October (from 3 October to 24 October) was approximately 4.4% of the total issued Shares, and approximately 17.2% of the total issued Shares in public hands, which approximates to an average daily trading volume of approximately 2.9 million shares. On 25 October 2017, being the trading day prior to the date of the Joint Announcement, trading volume of approximately 40 million shares was recorded, representing approximately 4.0% of the total issued Shares and approximately 15.8% of that in public hands. The Joint Announcement was published before trading hours on 27 October 2017. Trading volume of the Company's Shares spiked to approximately 48 million shares on the same day, representing approximately 4.8% of the total issued Shares and approximately 18.0% of that in public hands. Trading remained active after the Joint Announcement. In October, the trading volume reached approximately 19.8% of the total issued Shares of the Company, and approximately 73.6% of that in public hands. From 1 November 2017 to the Latest Practicable Date, trading volume of the Shares was approximately 88 million, representing an average daily trading volume of approximately 6.8 million. In our opinion, the higher trading volume after the publication of the Joint Announcement is likely to be due to the market reaction in response to the General Offer.

Given the above, Shareholders should note that if they wish to sell a significant number of the Shares within a short period in the market, it is possible that a downward pressure would be exerted on the market price of the Shares. The higher level of trading volume subsequent to the Joint Announcement may not be sustainable if the General Offer lapses. Therefore, the General Offer provides an opportunity for the Shareholders to dispose of their entire holdings at the Offer Price if they so wish. The Shareholders, who intend to dispose of their Shares, should accept the General Offer if they are not able to sell the Shares in the market at a price higher than the Offer Price.



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*(d) Peer comparison*

As mentioned in the sub-section headed “Information and prospects of the Group” above of this letter, the Group is principally engaged in the provision of media sales and design services and production of advertisements for transit vehicle exteriors and interiors, online portal, mobile apps, shelters and outdoor signages advertising businesses. The Group is also engaged in the provision of integrated marketing services covering these advertising platforms. Based on the closing Share price of HK\$1.04 and the number of issued Shares of 997,365,332 on the Last Trading Day, the market capitalisation of the Company was approximately HK\$1 billion. Accordingly, we have conducted a search on Bloomberg on a best effort basis for companies (the “**Comparable Companies**”) primarily listed on the Main Board of the Stock Exchange with closing market capitalisation as at the date immediately prior to the Latest Practicable Date over HK\$0.5 billion where, based on their latest published annual reports available as at the date immediately before the Latest Practicable Date, are principally engaged in, among other things, advertising business. The Comparable Companies set out in the table below represent an exhaustive list of companies comparable to the Company based on the above criteria.

As mentioned in the paragraph headed “Financial information of the Group” in the sub-section headed “Information and prospects of the Group” above of this letter, the Group recorded a loss attributable to equity shareholders of the Company of approximately HK\$11.0 million and HK\$45.3 million for the six months ended 30 June 2017 and for the year ended 31 December 2016 respectively. We consider that analysis of the Offer Price based on the 2016 annual results of the Company is not meaningful. Alternatively, we have performed an analysis of the Offer Price based on the historical price to book ratio (P/Bs) of the Company and the Comparable Companies. The results are as follows:

Comparable Companies	Closing market capitalisation as at the date immediately prior to the Latest Practicable Date <i>(HK\$'million)</i> <i>(Note 1)</i>	Closing share price as at the Latest Practicable Date <i>(HK\$)</i> <i>(Note 1)</i>	Net assets value attributable to shareholders per share <i>(HK\$)</i> <i>(Note 2)</i>	Historical P/B <i>(Approximate times)</i> <i>(Note 3)</i>
Clear Media Limited (stock code: 100)	4,696.5	8.67	4.87	1.78
Asiaray Media Group Limited (stock code: 1993)	1,188.0	2.71	1.21	2.24

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Comparable Companies	Closing market capitalisation as at the date immediately prior to the Latest Practicable Date  <i>(HK\$'million)</i> <i>(Note 1)</i>	Closing share price as at the Latest Practicable Date  <i>(HK\$)</i> <i>(Note 1)</i>	Net assets value attributable to shareholders per share  <i>(HK\$)</i> <i>(Note 2)</i>	Historical P/B  <i>(Approximate times)</i> <i>(Note 3)</i>
SinoMedia Holding Limited (stock code: 623)	952.3	1.83	3.38	0.54
KK Culture Holdings Limited (previously known as Cinderella Media Group Limited) (stock code: 550)	840.0	2.25	0.49	4.59
Beijing Media Corporation Limited (stock code: 1000)	627.4	3.13	7.01	0.45
Branding China Group Limited (stock code: 863)	548.9	2.18	1.03	2.12
			<b>Simple average</b>	1.95
			<b>Maximum</b>	4.59
			<b>Minimum</b>	0.45
			<b>The General Offer (Note 4)</b>	2.28

*Notes:*

1. Closing market capitalisation and share price of the Comparable Companies are sourced from Bloomberg.
2. Figures are calculated based on (i) the net assets value attributable to shareholders of the Comparable Companies as set out in their respective latest interim report available as at the date immediately before the Latest Practicable Date; and (ii) the number of issued shares as at the respective period end, where figures in Renminbi were translated at an exchange rate of HK\$1 = RMB0.84931.
3. The historical P/Bs of the Comparable Companies are calculated based on their respective net assets value attributable to shareholders per share as set out in note 2 above and their respective closing share price as at the Latest Practicable Date.
4. The implied P/B of the General Offer is calculated based on the Offer Price of HK\$1.093 per Offer Share and the net assets value attributable to equity shareholders of the Company of approximately HK\$0.48 per Share as at 30 June 2017.

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As set out in the table above, the historical P/Bs of the Comparable Companies range from approximately 0.45 time to 4.59 times, with an average of approximately 1.95 times. The implied P/B of the General Offer as discussed above of approximately 2.28 times is within the range and above the mean of the historical P/Bs of the Comparable Companies.

### 5. Mandatory general offers precedents

Based on the closing Share price of HK\$1.04, and the number of issued Shares of 997,365,332 on the Last Trading Day, the market capitalisation of the Company is approximately HK\$1 billion. We have compared the Offer Price to the offer prices of the Comparable Offers (as defined below) of all eleven companies which are listed on the Main Board of the Stock Exchange with their respective market capitalisations ranging between HK\$0.5 billion and HK\$2.0 billion as at the date immediately prior to the Latest Practicable Date, and announced a mandatory cash offer (the “**Comparable Offers**”) during the period from 1 January 2017 and up to the date immediately prior to the Latest Practicable Date. It should be noted that the subject companies involved in the Comparable Offers may have different principal activities, market capitalisations and financial positions as compared with those of the Company. Circumstances leading to the offeror to the subject companies to determine the offer prices may also be different from that of the Company. Accordingly, the Comparable Offers are set out for general reference only and do not form a basis for us to assess the fairness of the Offer Price. The table below illustrates the details of the Comparable Offers:

Date of announcement	Company (Stock code)	Market capitalisation as at the date immediately prior to the Latest Practicable Date <i>HK\$' million</i>	Offer price <i>HK\$</i>	Premium/(discount) of offer price over/to closing price or average closing share price prior to the announcement of the offer		
				Last trading day (the “LTD Price”) %	5 days average (the “5 Days Average Price”) %	30 days average (the “30 Days Average Price”) %
				(Note)	(Note)	(Note)
25 October 2017	Pegasus Entertainment Holdings Ltd (1326)	817.6	0.319	13.93	22.98	58.08
19 September 2017	Leap Holdings Group Ltd (1499)	1,283.9	0.1236	(54.22)	(58.24)	(46.03)
4 August 2017	Tic Tac International Holdings Company Ltd (1470)	888.0	0.9458	16.77	18.82	33.78

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Date of announcement	Company (Stock code)	Market capitalisation as at the date immediately prior to the Latest Practicable Date <i>HK\$' million</i>	Offer price <i>HK\$</i>	Premium/(discount) of offer price over/to closing price or average closing share price prior to the announcement of the offer		
				Last trading day (the "LTD Price") %	5 days average (the "5 Days Average Price") %	30 days average (the "30 Days Average Price") %
				(Note)	(Note)	(Note)
18 July 2017	Kenford Group Holdings Ltd (464)	668.5	1.6	9.60	6.80	6.30
8 May 2017	On Time Logistics Holdings Ltd (6123)	1,681.9	4.0698	5.16	7.38	14.64
15 February 2017	Runway Global Holdings Company Ltd (1520)	1,639.3	0.745	(6.88)	(7.11)	(4.65)
26 January 2017	ITC Corporation Ltd (372)	877.9	0.52	(7.14)	(0.12)	22.12
23 January 2017	China Shun Ke Long Holdings Ltd (974)	766.8	3.95	13.18	15.16	16.90
20 January 2017	Ping An Securities Group (Holding) Ltd (231)	1,568.3	0.096	5.49	7.87	18.52
16 January 2017	Clear Lift Holdings Ltd (1341)	720.0	0.79	(12.22)	(7.71)	(3.42)
12 January 2017	Advanced Card Systems Holdings Ltd (2086)	1,252.7	2.66	17.70	15.50	31.40
			<b>Simple average</b>	<b>0.12</b>	<b>1.94</b>	<b>13.42</b>
			<b>Maximum</b>	<b>17.70</b>	<b>22.98</b>	<b>58.08</b>
			<b>Minimum</b>	<b>(54.22)</b>	<b>(58.24)</b>	<b>(46.03)</b>
	<b>The Company</b>		<b>1.093</b>	<b>5.10</b>	<b>6.12</b>	<b>15.05</b>

*Source:* Bloomberg and relevant published announcements of the companies for the Comparable Offers

*Note:* The premium/discount are extracted from the relevant published announcements of the companies for the Comparable Offers and/or calculated based on the data from Bloomberg and the aforesaid announcements

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As shown in the table above, the premia and discounts of offer price over/to the LTD Price, the 5 Days Average Price and the 30 Days Average Price of the Comparable Offers show a wide range from the maximum premium of approximately 58.08% to the deepest discount of approximately 58.24%, with the average ranging from a premium of approximately 0.12% to approximately 13.42%. The Offer Price represents a premium ranging from approximately 5.1% to 15.05% over the LTD Price, the 5 Days Average Price and the 30 Days Average Price of the Company's Shares, which are within the range and more favourable than the average of the Comparable Offers.

### DISCUSSION

The Offeror is required by the Takeovers Code to make the General Offer as a result of its acquisition of approximately 73.01% of interests in the Company. The General Offer is being made to all Offer Shareholders at an Offer Price of HK\$1.093 per Offer Share which is approximately equal to but not lower than the price that the Offeror acquired the Company's controlling interest.

The Group is principally engaged in the provision of media sales and design services and production of advertisements, and is also engaged in the provision of integrated marketing services covering these advertising platforms. The Group has been making losses in the past two years of 2015 and 2016, and also in the first half of 2017. Keen competition from other media and scaling down of certain existing businesses also resulted in a decrease in revenue in the first half of 2017.

The Offeror is controlled by Bison Capital which is owned by Mr. Xu who is experienced in corporate executive management and investment. The intentions of the Offeror for the Group are summarised in the "Letter from Optima Capital" of the Composite Document. The Offeror intends to maintain the listing status of the Company after the close of the General Offer. No major changes are expected to the principal activities of the Group but a review of its business operations and financial position will be conducted. Subject to the review result and arising of business opportunities, the Group's business may be diversified, in particular, into the financial services sector. New Directors will be appointed by the Offeror and existing Directors will resign.

The Offer Price of HK\$1.093 per Offer Share is above the closing Share price in our review period from 1 July 2016 up to the Last Trading Day and generally represents premia of between 2.15% and 18.80% over market prices prevailing before the Last Trading Day. As the Group has been making losses over recent financial periods, it is not possible to calculate a price earnings ratio for the Company at the Offer Price. The implied P/B of the General Offer as represented by the Offer Price is approximately 2.28 times which is within the range and above the mean of the historical P/Bs of the Comparable Companies we have identified. As a general reference, we note from the precedents set out in the sub-section headed "Mandatory general offers precedents" of this letter that the premia of the Offer Price over trading prices prior to the Last Trading Day are within the range and more favourable than the average of the Comparable Offers. The Share price increased after publication of the Joint Announcement and is above the Offer Price as at the Latest Practicable Date. That the Offer Price is close to market is to be expected during

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## LETTER FROM SOMERLEY CAPITAL

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the currency of a mandatory cash offer and may not remain the case after the close of the General Offer. The volume of trading in the Shares from 1 July 2016 to the Last Trading Day has been variable, with a monthly minimum of approximately 1.1% to the public float of the Company. The General Offer provides an opportunity for Shareholders to dispose of their entire holdings at the Offer Price if they so wish.

The General Offer is made by the Offeror at a price based on its acquisition price of the controlling interest in the Company, which was agreed on an arm's length negotiations. We consider the Offer Price fair and reasonable so far as the Independent Shareholders are concerned. The recent increase in Share prices after publication of the Joint Announcement is likely to be due, at least in part, to the General Offer, and the price may not be sustained after the General Offer closes. Consequently, Independent Shareholders, particularly those who are risk averse, should carefully consider the opportunity to realise their investment at a fixed cash price. Independent Shareholders who are attracted by the long term prospects of the Group, together with a possible diversification of the Group's business following by a business and financial review to be conducted after completion of the General Offer, may consider keeping some or all of their Shares.

### OPINION AND RECOMMENDATIONS

#### (i) The General Offer

Based on the above principal factors and reasons and as summarised in the section headed "Discussion" above, we consider the terms of the General Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to accept the General Offer.

Independent Shareholders should note that the Offer Price of HK\$1.093 per Offer Share represents a slight discount of approximately 3.27% to the closing price of HK\$1.13 per Share as at the Latest Practicable Date. Following the publication of the Joint Announcement, the closing prices of the Shares have been in general slightly above the Offer Price. If the market price of the Shares continues to exceed the Offer Price, Independent Shareholders who are inclined to accept the General Offer should instead sell their Shares in the market if the sales proceeds, net of transaction costs, exceed HK\$1.093 per Share. Those Shareholders who are attracted to the prospects of the Group may consider retaining some or all of their Shares. Although the Offeror intends to maintain the listing of the Company, Independent Shareholders should bear in mind possibility of a temporary suspension in trading of the Shares following the close of the General Offer if the public float requirement of 25% is not met. As set out in the section headed "Maintaining the listing status of the Company" in the "Letter from Optima Capital" of the Composite Document, the directors of the Offeror and the proposed new Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the General Offer to ensure that sufficient public float exists in the Shares.

The Independent Shareholders are reminded to monitor carefully the market price and the liquidity of the Shares during and before the end of the Offer Period.

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**(ii) General**

The procedures for acceptance of the General Offer are set out in Appendix I to the Composite Document. The latest time and date for acceptance of the General Offer is 4:00 p.m. on Tuesday, 12 December 2017. Independent Shareholders are urged to read carefully the Composite Document and appendices and act according to the timetable if they wish to accept the General Offer. As stated above, they should also monitor the market prices and the liquidity of the Shares.

Yours faithfully,  
for and on behalf of  
**SOMERLEY CAPITAL LIMITED**  
**M. N. Sabine**  
*Chairman*

*Mr. M. N. Sabine is a licensed person registered with the SFC and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over thirty years' experience in the corporate finance industry.*

**1. PROCEDURES FOR ACCEPTANCE OF THE GENERAL OFFER**

To accept the General Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Offers.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the General Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept under the General Offer, to the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by post or by hand, marked "RoadShow Holdings Limited — General Offer" on the envelope in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the General Offer in respect of your Shares (whether in full or in part), you must either:
  - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept under the General Offer with the nominee company, or other nominee, with instructions authorising it to accept the General Offer on your behalf and requesting it to deliver it in an envelope marked "RoadShow Holdings Limited — General Offer" with the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "RoadShow Holdings Limited — General Offer" with the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or



- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the number of Shares in respect of which you intend to accept under the General Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
  - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominee Limited.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the General Offer in respect of your Shares (whether in full or in part), the Form of Acceptance should nevertheless be completed and delivered in an envelope marked "RoadShow Holdings Limited — General Offer" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the General Offer in respect of your Shares, you should nevertheless complete the signed Form of Acceptance and deliver it in an envelope marked "RoadShow Holdings Limited — General Offer" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Optima Capital and/or the Offeror or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it/they were delivered to the Registrar with the relevant Form of Acceptance.

- (e) Acceptance of the General Offer will be treated as valid only if the duly completed Form of Acceptance is received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, and the Registrar has recorded that the Form of Acceptance and any relevant documents required have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
  - (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
  - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (f) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the General Offer will be payable by relevant Offer Shareholders at the rate of 0.1% in respect of the relevant acceptance or, if higher, the value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) and will be deducted from the cash amount payable by the Offeror to the relevant Offer Shareholder accepting the General Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Offer Shareholders accepting the General Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the General Offer and the transfer of the Shares.
- (g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

**2. SETTLEMENT OF THE GENERAL OFFER**

- (a) Provided that the Form(s) of Acceptance and relevant share certificate(s) and/or transfer receipt(s) and/or any document(s) of title and/or any satisfactory indemnity or indemnities required in respect thereof are in complete and good order and have been received by the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount representing the cash consideration due to each accepting Offer Shareholder in respect of the Offer Shares tendered by him/her/it under the General Offer, less seller's ad valorem stamp duty payable by him/her/it, will be despatched to each accepting Offer Shareholder to the addresses specified on the Form of Acceptance by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) business days after the date on which all the relevant documents which render such acceptance complete and valid are received by the Registrar.
- (b) Settlement of the consideration to which any Offer Shareholder is entitled under the General Offer will be implemented in full in accordance with the terms of the General Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder.

**3. ACCEPTANCE PERIOD AND REVISIONS**

- (a) Unless the General Offer has previously been revised or extended with the consent of the Executive, all acceptances of the General Offer must be received by the Registrar by 4:00 p.m. on Tuesday, 12 December 2017, being the Closing Date. The General Offer is unconditional in all respect.
- (b) If the General Offer is extended or revised, the announcement of such extension or revision will state the next closing date and the General Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification of the extension or revision to the Offer Shareholders and, unless previously extended or revised, shall be closed on the subsequent closing date. If the Offeror revises the terms of the General Offer, all Offer Shareholders, whether or not they have already accepted the General Offer, will be entitled to accept the revised General Offer under the revised terms. The benefit of any revision of the General Offer will be available to any Offer Shareholder who has previously accepted the General Offer. The execution by or on behalf of any Offer Shareholder who has previously accepted the General Offer shall be deemed to constitute acceptance of the revised General Offer unless such holder becomes entitled to withdraw his/her/its acceptance and duly does so.

- (c) The Offeror may introduce new conditions to be attached to any revision to the terms of the General Offer, or any subsequent revision thereof, but only to the extent necessary to implement the revised General Offer and subject to the consent of the Executive.
- (d) In order to be valid, acceptances must be received by the Registrar in accordance with the instructions printed on the relevant Form of Acceptance by no later than 4:00 p.m. on the Closing Date unless the General Offer is extended or revised.
- (e) If the closing date of the General Offer is extended, any reference in this Composite Document and in the relevant Form of Acceptance to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the General Offer as so extended.

#### **4. NOMINEE REGISTRATION**

To ensure equality of treatment of all Offer Shareholders, those registered Offer Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the General Offer.

#### **5. ANNOUNCEMENTS**

- (a) By 6:00 p.m. on Tuesday, 12 December 2017 (or such later time and/or date as the Executive agrees) which is the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision or extension of the General Offer. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the General Offer and whether the General Offer has been revised or extended.

The announcement must state the total number of Shares and rights over Shares:

- (i) for which acceptances of the General Offer have been received;
- (ii) held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror or parties acting in concert with it.

The announcement must include details of any relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentage of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Offer Shares represented by acceptances, for announcement purposes, acceptances which are not in all respects in complete and good order or that are subject to verification may only be included where they could be counted towards fulfilling the acceptance condition under paragraph 1(e) of this Appendix according to the requirement under Rule 30.2 and its notes of the Takeovers Code.
- (c) As required under the Takeovers Code, all announcements in respect of the Company must be made in accordance with the requirements of the Listing Rules.

## **6. RIGHT OF WITHDRAWAL**

Acceptance of the General Offer tendered by the Offer Shareholders or by their respective agent(s) on their respective behalf shall be irrevocable and cannot be withdrawn, except in the circumstances below.

Set out in Rule 19.2 of the Takeovers Code, which provides that if the Offeror is unable to comply with any of the requirements of Rule 19 of the Takeovers Code, the Executive may require that the Offer Shareholders who have tendered acceptances to the General Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, upon the Offer Shareholders withdraw their acceptances, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the relevant Form of Acceptance to the Offer Shareholders.

## **7. TAXATION**

Offer Shareholders are recommended to consult their own professional advisors if they are in any doubt as to the taxation implications of their accepting of the General Offer. None of the Company, the Offeror, Optima Capital, Somerley Capital, the Registrar, any of their respective directors, and any persons involved in the General Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the General Offer.

This Composite Document does not include any information in respect of overseas taxation. Overseas Shareholders who may be subject to overseas tax are recommended to consult their tax advisers regarding the implications in the relevant jurisdiction of owning and disposing of the Shares.

**8. OVERSEAS SHAREHOLDERS**

The making of the General Offer to persons resident in any jurisdiction outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Shareholders who are so resident should inform themselves about and observe any applicable legal requirements. It is the responsibility of any person who is a citizen, resident or national of a jurisdiction outside Hong Kong and who wishes to accept the General Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consent, exchange control and any registration or filing which may be required in compliance with all necessary formalities, taxation, regulatory and/or legal requirements. Any such persons shall be fully responsible for the payment of any transfer or other taxes and duties imposed by whomsoever payable in respect of that jurisdiction. Acceptance of the General Offer by any such person will constitute a warranty by such person that such person is permitted under all applicable laws to accept the General Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws.

**9. GENERAL**

- (a) All communications, notices, Form of Acceptance, certificate(s) of Shares, transfer receipt(s), other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the General Offer to be delivered by or sent to or from the Offer Shareholders will be delivered by or sent to or from them, or their designated agents, at their own risk. None of the Company, the Offeror, Optima Capital, Somerley Capital, the Registrar, and any of their respective directors or other parties involved in the General Offer or any of their respective agents accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the General Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the General Offer are made will not invalidate the General Offer in any way.
- (d) The General Offer are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

- (e) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror, Optima Capital, the Registrar or such person or persons as the Offeror may direct to complete and execute any document on behalf of the person accepting the General Offer and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct, the Shares tendered for acceptance under the General Offer.
- (f) Acceptance of the General Offer by any person or persons holding the Shares will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Offer Shares acquired under the General Offer are fully paid and are sold by any such person or persons free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, declared, made or paid on or after the date on which the General Offer is made, being the date of despatch of this Composite Document. The settlement of the consideration to which any Offer Shareholder is entitled under the General Offer will be implemented in full in accordance with the terms of the General Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Shareholder.
- (g) Acceptance of the General Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who are accepting the General Offer.
- (h) References to the General Offer in this Composite Document and in the Form of Acceptance shall include any revision and/or extension thereof.
- (i) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese text in case of inconsistency.

## I. SUMMARY OF FINANCIAL INFORMATION

Set out below is a summary of certain consolidated financial results of the Group for the years ended 31 December 2014, 2015 and 2016 extracted from the 2015 and 2016 annual report of the Company and for the six months ended 30 June 2017 extracted from the 2017 interim report of the Company:

	For the six months ended 30 June		For the year ended 31 December	
	2017 (unaudited) (HK\$'000)	2016 (audited) (HK\$'000)	2015 (audited) (HK\$'000)	2014 (audited) (HK\$'000)
<b>Revenue</b>	163,389	407,511	411,946	459,462
Other revenue and other net income	10,577	7,185	17,975	15,756
<b>Total operating revenue</b>	<u>173,966</u>	<u>414,696</u>	<u>429,921</u>	<u>475,218</u>
<b>Operating expenses</b>				
Royalty, licence and management fees	(101,489)	(206,153)	(224,382)	(187,546)
Cost of production	(32,708)	(74,611)	(78,165)	(90,568)
Staff expenditure	(31,959)	(66,010)	(77,806)	(86,263)
Depreciation and amortisation	(2,321)	(15,241)	(16,014)	(14,292)
Cost of inventories sold	—	(9,844)	(11,996)	(7,018)
Repairs and maintenance	(3,111)	(5,926)	(6,143)	(6,656)
Impairment loss on accounts receivable	(1,812)	(2,422)	(13,137)	(364)
Impairment loss on intangible assets	—	(217)	(2,895)	—
Write-down of inventories	—	(4,101)	(296)	—
Impairment loss on property, plant and equipment	—	(22,910)	—	—
Reversal of provision/(provision) for onerous contracts, net	10,095	(14,455)	—	—
Other operating expenses	(20,804)	(34,905)	(40,224)	(34,424)
<b>Total operating expenses</b>	<u>(184,109)</u>	<u>(456,795)</u>	<u>(471,058)</u>	<u>(427,131)</u>
Gain on disposal of other financial assets	—	—	—	36,603
<b>(Loss)/profit before taxation</b>	(10,143)	(42,099)	(41,137)	84,690
Income tax	(1,834)	(25)	(4,892)	(8,008)
<b>(Loss)/profit for the period/year</b>	<u>(11,977)</u>	<u>(42,124)</u>	<u>(46,029)</u>	<u>76,682</u>
<b>Attributable to:</b>				
Equity shareholders of the Company	(10,972)	(45,260)	(47,913)	70,587
Non-controlling interests	(1,005)	3,136	1,884	6,095
<b>(Loss)/profit for the period/year</b>	<u>(11,977)</u>	<u>(42,124)</u>	<u>(46,029)</u>	<u>76,682</u>



	For the six months ended 30 June 2017 (unaudited) (HK\$'000)	For the year ended 31 December		
	2016 (audited) (HK\$'000)	2015 (audited) (HK\$'000)	2014 (audited) (HK\$'000)	
<b>(Loss)/earnings per share (in Hong Kong cents)</b>				
Basic and diluted	(1.10)	(4.54)	(4.80)	7.08
Dividends per share (in Hong Kong cents)	—	—	—	0.0795
<b>(Loss)/profit for the period/year</b>	(11,977)	(42,124)	(46,029)	76,682
<b>Other comprehensive income for the period/year (after tax and reclassification adjustments):</b>				
Items that may be reclassified subsequently to profit or loss:				
Available-for-sale debt securities: Changes in fair value recognised in the fair value reserve during the year, net of tax	—	—	(29)	253
Exchange differences on translation of the financial statements of operations outside Hong Kong, net of tax	587	(1,015)	(920)	(354)
<b>Total comprehensive income for the period/year</b>	(11,390)	(43,139)	(46,978)	76,581
<b>Attributable to:</b>				
Equity shareholders of the Company	(10,385)	(46,275)	(48,862)	70,486
Non-controlling interests	(1,005)	3,136	1,884	6,095
<b>Total comprehensive income for the period/year</b>	(11,390)	(43,139)	(46,978)	76,581

	<b>At 30 June</b>	<b>At 31 December</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	(unaudited)	(audited)	(audited)	(audited)
	(HK\$ '000)	(HK\$ '000)	(HK\$ '000)	(HK\$ '000)
<b>Non-current assets</b>	22,594	25,545	51,591	53,451
Current assets	553,976	593,152	635,763	736,554
Current liabilities	87,121	117,725	141,564	113,238
<b>Net current assets</b>	466,855	475,427	494,199	623,316
<b>Non-current liabilities</b>	5	138	217	125
<b>Net assets</b>	489,444	500,834	545,573	676,642
<b>Capital and reserves</b>				
Share capital	99,737	99,737	99,737	99,737
Reserves	381,492	391,877	438,152	566,305
<b>Total equity</b>	489,444	500,834	545,573	676,642

The auditors of the Company, KPMG, did not issue any qualified or modified opinion (including emphasis of matter, adverse opinion and disclaimer of opinion) on the respective financial statements of the Group for the three years ended 31 December 2014, 2015 and 2016, and nothing has come to their attention that causes them to believe that the interim financial report as at 30 June 2017 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting* and the Company had no items which are exceptional or extraordinary because of size, nature or incidence for the same financial years and financial period.

## II. AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2016

Set out below are the audited consolidated financial statements of the Group for the year ended 31 December 2016 which are contained in the Company's 2016 annual report published on 10 April 2017.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS***For the year ended 31 December 2016**(Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>2016</b> \$'000	<b>2015</b> \$'000
<b>Revenue</b>	2 & 3	407,511	411,946
Other revenue	4(a)	17,125	23,793
Other net loss	4(b)	<u>(9,940)</u>	<u>(5,818)</u>
Total operating revenue		----- 414,696	----- 429,921
<b>Operating expenses</b>			
Royalty, licence and management fees		(206,153)	(224,382)
Cost of production		(74,611)	(78,165)
Staff expenditure		(66,010)	(77,806)
Depreciation and amortisation		(15,241)	(16,014)
Cost of inventories sold	15	(9,844)	(11,996)
Repairs and maintenance		(5,926)	(6,143)
Impairment loss on accounts receivable	17(b)	(2,422)	(13,137)
Impairment loss on intangible assets	12	(217)	(2,895)
Write-down of inventories	15	(4,101)	(296)
Impairment loss on property, plant and equipment	11	(22,910)	—
Provision for onerous contracts	21	(14,455)	—
Other operating expenses		<u>(34,905)</u>	<u>(40,224)</u>
Total operating expenses		----- (456,795)	----- (471,058)
<b>Loss before taxation</b>	5	(42,099)	(41,137)
Income tax	6(a)	<u>(25)</u>	<u>(4,892)</u>
<b>Loss for the year</b>		<u><u>(42,124)</u></u>	<u><u>(46,029)</u></u>
<b>Attributable to:</b>			
Equity shareholders of the Company		(45,260)	(47,913)
Non-controlling interests		<u>3,136</u>	<u>1,884</u>
<b>Loss for the year</b>		<u><u>(42,124)</u></u>	<u><u>(46,029)</u></u>
<b>Loss per share (in Hong Kong cents)</b>	10		
Basic		<u><u>(4.54)</u></u>	<u><u>(4.80)</u></u>
Diluted		<u><u>N/A</u></u>	<u><u>N/A</u></u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2016*

*(Expressed in Hong Kong dollars)*

	<b>2016</b>	<b>2015</b>
	<i>\$'000</i>	<i>\$'000</i>
<b>Loss for the year</b>	(42,124)	(46,029)
<b>Other comprehensive income for the year (after tax and reclassification adjustments):</b>		
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale debt securities:		
Changes in fair value recognised in the fair value reserve during the year, net of tax	—	(29)
Exchange differences on translation of the financial statements of operations outside Hong Kong, net of tax	<u>(1,015)</u>	<u>(920)</u>
<b>Total comprehensive income for the year</b>	<u><u>(43,139)</u></u>	<u><u>(46,978)</u></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	<u>(46,275)</u>	<u>(48,862)</u>
Non-controlling interests	<u>3,136</u>	<u>1,884</u>
<b>Total comprehensive income for the year</b>	<u><u>(43,139)</u></u>	<u><u>(46,978)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

(Expressed in Hong Kong dollars)

	<i>Note</i>	<b>2016</b> \$'000	<b>2015</b> \$'000
<b>Non-current assets</b>			
Property, plant and equipment	<i>11</i>	13,629	32,125
Intangible assets	<i>12</i>	—	189
Non-current prepayments and deposits	<i>13</i>	1,523	14,502
Deferred tax assets	<i>22(b)</i>	10,393	4,775
		<u>25,545</u>	<u>51,591</u>
<b>Current assets</b>			
Inventories	<i>15</i>	—	6,716
Amount due from ultimate holding company	<i>16(a)</i>	—	5,004
Amounts due from fellow subsidiaries	<i>16(b)</i>	5,203	3,119
Accounts receivable	<i>17</i>	101,154	148,643
Other receivables and deposits		10,098	19,377
Current tax recoverable	<i>22(a)</i>	400	3,458
Pledged bank deposits	<i>18</i>	78,343	79,691
Bank deposits and cash	<i>19</i>	397,954	369,755
		<u>593,152</u>	<u>635,763</u>
<b>Current liabilities</b>			
Accounts payable	<i>20</i>	1,977	5,071
Amount due to ultimate holding company	<i>16(a)</i>	3	—
Amounts due to fellow subsidiaries	<i>16(b)</i>	1,065	13,239
Other payables and accruals		99,165	119,412
Provision for onerous contracts	<i>21</i>	14,455	—
Current tax payable	<i>22(a)</i>	1,060	3,842
		<u>117,725</u>	<u>141,564</u>
<b>Net current assets</b>		<u>475,427</u>	<u>494,199</u>
<b>Total assets less current liabilities</b>		500,972	545,790
<b>Non-current liabilities</b>			
Deferred tax liabilities	<i>22(b)</i>	138	217
<b>NET ASSETS</b>		<u>500,834</u>	<u>545,573</u>

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**APPENDIX II****FINANCIAL INFORMATION OF THE GROUP**

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	<i>Note</i>	<b>2016</b> \$'000	<b>2015</b> \$'000
<b>CAPITAL AND RESERVES</b>			
Share capital	23(b)	99,737	99,737
Reserves		<u>391,877</u>	<u>438,152</u>
<b>Total equity attributable to equity shareholders of the Company</b>		491,614	537,889
<b>Non-controlling interests</b>		<u>9,220</u>	<u>7,684</u>
<b>TOTAL EQUITY</b>		<u><u>500,834</u></u>	<u><u>545,573</u></u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company										
	Note	Share capital	General reserve	Con-tributed surplus	Other reserve	Fair value reserve	Exchange reserve	Retained profits/(ac- losses)	Total	Non-controlling interests	Total equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2015</b>		99,737	602	531,569	(605)	29	14,266	20,444	666,042	10,600	676,642
<b>Changes in equity for 2015:</b>											
(Loss)/profit for the year		—	—	—	—	—	—	(47,913)	(47,913)	1,884	(46,029)
Other comprehensive income		—	—	—	—	(29)	(920)	—	(949)	—	(949)
Total comprehensive income		—	—	—	—	(29)	(920)	(47,913)	(48,862)	1,884	(46,978)
Dividend approved in respect of the previous year	9(b)	—	—	—	—	—	—	(79,291)	(79,291)	—	(79,291)
Dividend paid to non-controlling interests		—	—	—	—	—	—	—	—	(4,800)	(4,800)
<b>Balance at 31 December 2015 and 1 January 2016</b>		99,737	602	531,569	(605)	—	13,346	(106,760)	537,889	7,684	545,573
<b>Changes in equity for 2016:</b>											
(Loss)/profit for the year		—	—	—	—	—	—	(45,260)	(45,260)	3,136	(42,124)
Other comprehensive income		—	—	—	—	—	(1,015)	—	(1,015)	—	(1,015)
Total comprehensive income		—	—	—	—	—	(1,015)	(45,260)	(46,275)	3,136	(43,139)
Dividend paid to non-controlling interests		—	—	—	—	—	—	—	—	(1,600)	(1,600)
<b>Balance at 31 December 2016</b>		99,737	602	531,569	(605)	—	12,331	(152,020)	491,614	9,220	500,834

**CONSOLIDATED CASH FLOW STATEMENT***For the year ended 31 December 2016**(Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>2016</b> \$'000	<b>2015</b> \$'000
<b>Operating activities</b>			
Loss before taxation		(42,099)	(41,137)
Adjustments for:			
Depreciation and amortisation		15,241	16,014
Loss/(gain) on disposal of property, plant and equipment		432	(4,000)
Impairment loss on accounts receivable		2,422	13,137
Write-down of inventories		4,101	296
Impairment loss on intangible assets		217	2,895
Impairment loss on property, plant and equipment		22,910	—
Interest income		(4,918)	(4,998)
Provision for onerous contracts		14,455	—
Foreign exchange loss		11,585	11,666
		<u>24,346</u>	<u>(6,127)</u>
<b>Operating profit/(loss) before changes in working capital</b>		<b>24,346</b>	<b>(6,127)</b>
Decrease/(increase) in inventories		2,615	(5,292)
Decrease in amount due from ultimate holding company, net		5,007	—
(Increase)/decrease in amounts due from fellow subsidiaries		(2,084)	7,490
Decrease/(increase) in accounts receivable		45,067	(15,370)
Decrease/(increase) in other receivables and deposits		13,670	(5,217)
(Decrease)/increase in accounts payable		(3,094)	2,158
(Decrease)/increase in amounts due to fellow subsidiaries		(12,174)	6,937
(Decrease)/increase in other payables and accruals		(20,245)	17,034
		<u>53,108</u>	<u>1,613</u>
<b>Cash generated from operations</b>		<b>53,108</b>	<b>1,613</b>
Tax paid			
– Hong Kong Profits Tax (paid)/refunded		(4,885)	8,176
– The People's Republic of China ("PRC") income tax paid		(550)	(602)
		<u>(5,435)</u>	<u>(1,028)</u>
<b>Net cash generated from operating activities</b>		<b>47,673</b>	<b>9,187</b>



	<i>Note</i>	<b>2016</b> \$'000	<b>2015</b> \$'000
<b>Investing activities</b>			
Payment for the purchase of property, plant and equipment		(11,488)	(14,320)
Payment for the purchase of intangible assets		(90)	(1,418)
Proceeds from sale of property, plant and equipment		10	4,000
Repayment of other financial assets		—	40,668
Interest received		4,909	7,767
Decrease/(increase) in bank deposits with original maturities over three months		28,753	(63,612)
Decrease/(increase) in pledged bank deposits		<u>1,348</u>	<u>(18,291)</u>
<b>Net cash generated from/(used in) investing activities</b>		<u>23,442</u>	<u>(45,206)</u>
<b>Financing activities</b>			
Dividend paid		—	(79,291)
Dividend paid to non-controlling shareholders		<u>(1,600)</u>	<u>(4,800)</u>
<b>Net cash used in financing activities</b>		<u>(1,600)</u>	<u>(84,091)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		69,515	(120,110)
<b>Cash and cash equivalents at 1 January</b>		138,571	262,146
<b>Effect of foreign exchange rate changes</b>		<u>(3,465)</u>	<u>(3,465)</u>
<b>Cash and cash equivalents at 31 December</b>	<i>19</i>	<u><u>204,621</u></u>	<u><u>138,571</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**

*(Expressed in Hong Kong dollars unless otherwise indicated)*

**1. SIGNIFICANT ACCOUNTING POLICIES****(a) Statement of compliance**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (“the Listing Rules”). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

**(b) Basis of preparation of the financial statements**

The consolidated financial statements for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the “Group”).

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates made by management in the application of HKFRSs that have significant effect on the financial statements are discussed in note 29.

**(c) Changes in accounting policies**

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

**(d) Subsidiaries and non-controlling interests**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(i)).

**(e) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(i)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Audio and visual equipment	5 – 7 years
Billboards	Over the remaining lease term
Furniture and fixtures	7 years
Hardware and software	5 years
Leasehold improvements	Over the remaining lease term

Both the useful life of an asset and its residual value, if any, are reviewed annually.

**(f) Programming library**

Cost of programmes produced in-house is recognised as an expense in the period in which it is incurred.

**(g) Intangible assets and amortisation**

(i) Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete the development. Capitalised development costs are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(i)).

(ii) Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Website and mobile apps development costs capitalised are amortised over their estimated useful lives of five years from the date they are available for use. Both the period and method of amortisation are reviewed annually.

**(h) Accounts receivable and other receivables**

Accounts receivable and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 1(i)).

(i) **Impairment of assets**

(i) *Impairment of receivables*

Current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the assets' carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within accounts receivable, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that property, plant and equipment, intangible assets and investments in subsidiaries in the Company's statement of financial position may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) *Interim financial reporting and impairment*

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(i)(i) and (ii)).

**(j) Inventories**

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in-first-out costing method and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**(k) Accounts payable and other payables**

Accounts payable and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

**(l) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

**(m) Income tax**

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group or the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group or the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

**(n) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Provision for an onerous contract is recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil the contract.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.



**(o) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

- (i) Income from multi-media sales, bus interior and exterior advertising, and advertising on transit vehicle shelters, online portal, mobile apps and outdoor signages is recognised when the related advertisements are telecast or commercials appear before the public. Revenue is stated net of agency commission and rebate and is recognised by reference to the stage of telecast of the related advertisements at the end of the reporting period.
- (ii) Fee income from media sales management and administrative services, production of advertisements, and advertising agency services is recognised when the related services are rendered.
- (iii) Revenue from sale of merchandise is recognised when the merchandise is delivered at the customers' premises which is taken to be the point in time when the significant risks and rewards of ownership of the merchandise have been transferred to the customers. Revenue is stated net of trade discounts.
- (iv) Interest income is recognised as it accrues using the effective interest method.
- (v) Dividend income from unlisted investments is recognised when the shareholders' right to receive payment is established.

**(p) Leased assets and operating leases**

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

**(q) Employee benefits**

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

**(r) Translation of foreign currencies**

The functional currency of the Company and subsidiaries which operate in Hong Kong is Hong Kong dollar while that for subsidiaries which operate in Mainland China is Renminbi. The presentation currency of the Company is Hong Kong dollar.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of operations outside Hong Kong are translated into Hong Kong dollar at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollar at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised directly in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation outside Hong Kong, the cumulative amount of the exchange differences recognised in equity which relate to that operation is included in the calculation of the profit or loss on disposal.

**(s) Related parties**

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**(t) Segment reporting**

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

**2. SEGMENT REPORTING**

The Group manages its business by geographical areas. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following two reportable segments.

Hong Kong: Provision of media sales, design and management services and production of advertisements

Mainland China: Provision of media sales services and production of advertisements

There are no sales between the reportable segments.

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segment assets and liabilities include all current and non-current assets and liabilities, respectively, which are directly managed by the segments.

Information regarding the Group's reportable segments for the years ended 31 December 2016 and 2015 is set out below.

## (a) Reportable segment revenues, profit or loss, assets and liabilities:

	Hong Kong		Mainland China		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	407,511	411,946	—	—	407,511	411,946
Other revenue and other net loss	12,093	22,795	193	174	12,286	22,969
<b>Reportable segment revenue</b>	<b>419,604</b>	<b>434,741</b>	<b>193</b>	<b>174</b>	<b>419,797</b>	<b>434,915</b>
<b>Reportable segment (loss)/profit</b>	<b>(13,651)</b>	<b>(13,405)</b>	<b>53</b>	<b>(1)</b>	<b>(13,598)</b>	<b>(13,406)</b>
Depreciation and amortisation for the year	(13,018)	(14,038)	—	—	(13,018)	(14,038)
Impairment loss on accounts receivable	(2,422)	(13,137)	—	—	(2,422)	(13,137)
Impairment loss on intangible assets	(217)	(2,895)	—	—	(217)	(2,895)
Write-down of inventories	(4,101)	(296)	—	—	(4,101)	(296)
Impairment loss on property, plant and equipment	(22,910)	—	—	—	(22,910)	—
Provision for onerous contracts	(14,455)	—	—	—	(14,455)	—
<b>Reportable segment assets</b>	<b>460,803</b>	<b>519,978</b>	<b>153,233</b>	<b>160,659</b>	<b>614,036</b>	<b>680,637</b>
Additions to non-current segment assets during the year	11,578	15,738	—	—	11,578	15,738
<b>Reportable segment liabilities</b>	<b>117,334</b>	<b>141,332</b>	<b>529</b>	<b>449</b>	<b>117,863</b>	<b>141,781</b>

## (b) The Group's reportable segment liabilities are equal to consolidated total liabilities. Reconciliations of reportable segment revenue, profit or loss and assets are as follows:

	2016	2015
	\$'000	\$'000
<b>Revenue</b>		
Reportable segment revenue	419,797	434,915
Unallocated other revenue and other net loss	(5,101)	(4,994)
Consolidated total operating revenue	<b>414,696</b>	<b>429,921</b>

	2016 \$'000	2015 \$'000
<b>Profit or loss</b>		
Reportable segment loss	(13,598)	(13,406)
Unallocated other revenue and other net loss	(5,101)	(4,994)
Unallocated head office and corporate expenses	<u>(23,400)</u>	<u>(22,737)</u>
Consolidated loss before taxation	<u><u>(42,099)</u></u>	<u><u>(41,137)</u></u>
	2016 \$'000	2015 \$'000
<b>Assets</b>		
Reportable segment assets	614,036	680,637
Unallocated head office and corporate assets	<u>4,661</u>	<u>6,717</u>
Consolidated total assets	<u><u>618,697</u></u>	<u><u>687,354</u></u>

### 3. REVENUE

The Group is principally engaged in the provision of media sales and design services and production of advertisements for Multi-media On-board (“MMOB” or “BUS-TV”), transit vehicle 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.

Revenue represents income from media sales, design and management services and production of advertisements, net of commission and rebate.

### 4. OTHER REVENUE AND OTHER NET LOSS

#### (a) Other revenue

	2016 \$'000	2015 \$'000
Interest income from listed available-for-sale debt securities <i>(Note)</i>	—	218
Other interest income	<u>4,918</u>	<u>4,780</u>
Interest income from financial assets not at fair value through profit or loss	4,918	4,998
Sales of merchandise	12,117	18,643
Sundry revenue	<u>90</u>	<u>152</u>
	<u><u>17,125</u></u>	<u><u>23,793</u></u>

*Note:* The listed available-for-sale debt securities matured in September 2015.

**(b) Other net loss**

	<b>2016</b>	<b>2015</b>
	<i>\$'000</i>	<i>\$'000</i>
Exchange loss	(9,508)	(9,818)
(Loss)/gain on disposal of property, plant and equipment	(432)	4,000
	<u>(9,940)</u>	<u>(5,818)</u>

**5. LOSS BEFORE TAXATION**

Loss before taxation is arrived at after charging:

	<b>2016</b>	<b>2015</b>
	<i>\$'000</i>	<i>\$'000</i>
Auditor's remuneration	2,948	2,900
Contributions to defined contribution retirement schemes	1,701	1,993
Depreciation and amortisation	15,241	16,014
Operating lease charges		
– land and buildings	4,671	5,963
– audio and visual equipment	—	256
Provision for onerous contracts	14,455	—
	<u>14,455</u>	<u>—</u>

**6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS****(a) Taxation in the consolidated statement of profit or loss represents:**

	<b>2016</b>	<b>2015</b>
	<i>\$'000</i>	<i>\$'000</i>
<b>Current tax</b>		
Provision for Hong Kong Profits Tax for the current year	5,097	4,842
Over-provision in respect of prior years	(22)	(41)
	<u>5,075</u>	<u>4,801</u>
Provision for PRC income tax	621	406
Under-provision in respect of prior years	26	57
	<u>5,722</u>	<u>5,264</u>
<b>Deferred tax</b>		
Reversal and origination of temporary differences (see note 22(b))	(5,697)	(372)
	<u>25</u>	<u>4,892</u>

The provision for Hong Kong Profits Tax for the year is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the year. Taxation for subsidiaries in the PRC is charged at the appropriate current rates of taxation ruling in the PRC.

## (b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2016 \$'000	2015 \$'000
Loss before taxation	(42,099)	(41,137)
Notional tax on loss before taxation, calculated at the rates applicable to losses in the relevant tax jurisdictions	(6,735)	(6,645)
Tax effect of non-deductible expenses	1,695	1,653
Tax effect of non-taxable revenue	(436)	(455)
Tax effect of tax losses not recognised	5,460	8,043
Reversal of deferred tax assets recognised	—	1,719
Under-provision in prior years	4	16
Others	37	561
Actual tax expense	25	4,892

## 7. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2016				Total \$'000
	Directors' fees \$'000	Salaries, allowances and benefits in kind \$'000	Discretionary bonuses \$'000	Retirement scheme contributions \$'000	
<b>Non-Executive Directors</b>					
Dr John CHAN Cho Chak	154	—	—	—	154
Ms Winnie NG	231	—	—	—	231
Mr YUNG Wing Chung	275	—	—	—	275
Mr MAK Chun Keung	110	—	—	—	110
Mr John Anthony MILLER	132	—	—	—	132
Mr Allen FUNG Yuk Lun	132	—	—	—	132
Mr LEE Luen Fai	110	—	—	—	110
<b>Independent Non-Executive Directors</b>					
Dr Carlye Wai-Ling TSUI	284	—	—	—	284
Dr Eric LI Ka Cheung	279	—	—	—	279
Professor Stephen CHEUNG Yan Leung	315	—	—	—	315
Dr John YEUNG Hin Chung	110	—	—	—	110
	<u>2,132</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,132</u>

	2015				Total \$'000
	Directors' fees \$'000	Salaries, allowances and benefits in kind (Note 3) \$'000	Discretionary bonuses \$'000	Retirement scheme contributions \$'000	
<b>Executive Director</b>					
Mr Alex MO Tik Sang (Note 1)	75	1,981	—	18	2,074
<b>Non-Executive Directors</b>					
Dr John CHAN Cho Chak	154	—	—	—	154
Ms Winnie NG	231	—	—	—	231
Mr YUNG Wing Chung	264	—	—	—	264
Mr MAK Chun Keung	110	—	—	—	110
Mr John Anthony MILLER	132	—	—	—	132
Mr Allen FUNG Yuk Lun	132	—	—	—	132
Mr LEE Luen Fai (Note 2)	59	—	—	—	59
<b>Independent Non-Executive Directors</b>					
Dr Carlye Wai-Ling TSUI	268	—	—	—	268
Dr Eric LI Ka Cheung	279	—	—	—	279
Professor Stephen CHEUNG Yan Leung	304	—	—	—	304
Dr John YEUNG Hin Chung	110	—	—	—	110
	<u>2,118</u>	<u>1,981</u>	<u>—</u>	<u>18</u>	<u>4,117</u>

## Notes:

- Mr Alex MO Tik Sang resigned as a Director with effect from 7 September 2015.
- Mr LEE Luen Fai was appointed as a Director with effect from 18 June 2015.
- The benefits in kind are medical and personal accident insurance entitled by the Executive Director of the Group.

## 8. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one was a Director whose emoluments are disclosed in note 7 for the year ended 31 December 2015. The aggregate of the emoluments in respect of the five (2015: four) individuals are as follows:

	2016 \$'000	2015 \$'000
Salaries, allowances and other benefits	7,587	6,297
Retirement scheme contributions	90	72
	<u>7,677</u>	<u>6,369</u>



The emoluments of the five (2015: four) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2016	2015
\$1,000,001 - \$1,500,000	2	1
\$1,500,001 - \$2,000,000	3	3
	<u>5</u>	<u>4</u>

## 9. DIVIDENDS

### (a) Dividend payable to equity shareholders of the Company attributable to the year:

	2016 \$'000	2015 \$'000
Final dividend proposed after the end of the reporting period of nil cent per share (2015: nil cent per share)	—	—
	<u>—</u>	<u>—</u>

### (b) Dividends payable to equity shareholders of the Company attributable to the previous year, approved and paid during the year:

	2016 \$'000	2015 \$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of nil cent per share (2015: 3.85 cents per share)	—	38,399
Special dividend in respect of the previous financial year, approved and paid during the year, of nil cent per share (2015: 4.10 cents per share)	—	40,892
	<u>—</u>	<u>79,291</u>

## 10. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of \$45,260,000 (2015: \$47,913,000) and the weighted average of 997,365,332 ordinary shares (2015: 997,365,332 ordinary shares) in issue during the year.

### (b) Diluted loss per share

There were no dilutive potential ordinary shares outstanding during the years ended 31 December 2016 and 2015.

## 11. PROPERTY, PLANT AND EQUIPMENT

	Audio and visual equipment \$'000	Hardware and software \$'000	Furniture and fixtures \$'000	Leasehold improvements \$'000	Billboards \$'000	Total \$'000
<b>Cost:</b>						
At 1 January 2015	137,407	10,958	3,401	4,918	4,962	161,646
Exchange adjustments	—	(17)	(33)	—	—	(50)
Additions	3,342	4,051	55	125	538	8,111
Disposal	—	—	—	—	(4,962)	(4,962)
At 31 December 2015	140,749	14,992	3,423	5,043	538	164,745
<b>Accumulated depreciation:</b>						
At 1 January 2015	109,412	5,362	1,861	2,564	3,192	122,391
Exchange adjustments	—	(15)	(33)	—	—	(48)
Charge for the year	8,615	2,143	321	2,043	2,117	15,239
Written back on disposal	—	—	—	—	(4,962)	(4,962)
At 31 December 2015	118,027	7,490	2,149	4,607	347	132,620
<b>Net book value:</b>						
At 31 December 2015	22,722	7,502	1,274	436	191	32,125
<b>Audio and visual equipment</b>						
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost:</b>						
At 1 January 2016	140,749	14,992	3,423	5,043	538	164,745
Exchange adjustments	—	(17)	(34)	—	—	(51)
Additions	10,576	257	167	9,038	—	20,038
Disposal	(1,643)	(1,843)	(1,399)	(4,642)	(458)	(9,985)
At 31 December 2016	149,682	13,389	2,157	9,439	80	174,747
<b>Accumulated depreciation and impairment losses:</b>						
At 1 January 2016	118,027	7,490	2,149	4,607	347	132,620
Exchange adjustments	—	(15)	(33)	—	—	(48)
Charge for the year	10,392	2,423	319	1,887	158	15,179
Written back on disposal	(1,614)	(1,808)	(1,021)	(4,642)	(458)	(9,543)
Impairment loss	22,877	—	—	—	33	22,910
At 31 December 2016	149,682	8,090	1,414	1,852	80	161,118
<b>Net book value:</b>						
At 31 December 2016	—	5,299	743	7,587	—	13,629

Audio and visual equipment is used in the BUS-TV business. Against the background that the Group has decided not to submit a tender for a new licence relating to the BUS-TV business which will succeed the current licence when it expires on 30 June 2017 (see note 21), management assessed that the carrying amount of the audio and visual equipment may not be recoverable through future cash flows to be generated from operations or from their disposal upon expiry of the related licences. Therefore, an impairment provision of \$22,877,000 (2015: \$Nil) is recognised to reduce the carrying amount of the audio and visual equipment to its estimated recoverable amount for the year ended 31 December 2016.

## 12. INTANGIBLE ASSETS

	<b>Website and mobile apps</b> \$'000
<b>Cost:</b>	
At 1 January 2015	2,930
Additions	1,418
	<u>4,348</u>
At 31 December 2015	4,348
	<u>4,348</u>
At 1 January 2016	4,348
Additions	90
Disposal	(1,200)
	<u>3,238</u>
At 31 December 2016	3,238
	<u>3,238</u>
<b>Accumulated amortisation and impairment losses:</b>	
At 1 January 2015	489
Charge for the year	775
Impairment loss	2,895
	<u>4,159</u>
At 31 December 2015	4,159
	<u>4,159</u>
At 1 January 2016	4,159
Charge for the year	62
Written back on disposal	(1,200)
Impairment loss	217
	<u>3,238</u>
At 31 December 2016	3,238
	<u>3,238</u>
<b>Net book value</b>	
At 31 December 2016	<u><u>—</u></u>
At 31 December 2015	<u><u>189</u></u>

During the year ended 31 December 2015, an impairment loss of \$2,895,000 was recognised. The main factor contributing to the impairment was the decrease in revenue of the Group's Digital and Mobile Business. The Group assessed that the recoverable amounts of the development costs of related website and mobile apps are not significant and as a result a full provision of impairment loss has been made on such intangible assets.

During the year ended 31 December 2016, an impairment loss of \$217,000 was recognised. The main factor contributing to the impairment was the expiry of a licence agreement on the sale of merchandises. The Group assessed that the recoverable amounts of the development costs of the website and mobile apps which are used in the sale of merchandises are not significant and as a result a full provision of impairment loss has been made on such intangible assets.

### 13. NON-CURRENT PREPAYMENTS AND DEPOSITS

Non-current prepayments and deposits comprise prepayments and deposits for purchase of property, plant and equipment, security for the due payment of licence fees and office rental. The amounts are neither past due nor impaired.

### 14. INVESTMENTS IN SUBSIDIARIES

The following list contains the particulars of subsidiaries. The class of shares held is ordinary unless otherwise stated.

All of these are controlled subsidiaries as defined under note 1(d) and have been consolidated into the Group's financial statements.

Name of company	Place of incorporation/ operation	Particulars of issued and paid up capital	Attributable equity interest (%)		Principal activity
			direct	indirect	
AdSociety Advertising Agency Limited	Hong Kong	2 shares	—	100	Investment holding
Bus Focus Limited	The British Virgin Islands/Hong Kong	US\$100	—	60	Provision of media sales service for advertising on transit vehicle shelters
Bus Power Limited	Hong Kong	1 share	—	100	Provision of media sales service for advertising on transit vehicle exteriors and interiors
Cyberstop Limited	The British Virgin Islands/ Hong Kong	US\$1	—	100	Holder of the registered design and patent in relation to cyber bus stops
KM-Vision Limited	Hong Kong	10,000 shares	—	100	Dormant
Leader Force Limited	Hong Kong	1 share	—	100	Provision of media sales service for advertising on billboards
LW-Vision Limited	Hong Kong	10,000 shares	—	100	Dormant
MB-Vision Limited	Hong Kong	2 shares	—	100	Dormant

**APPENDIX II**
**FINANCIAL INFORMATION OF THE GROUP**

Name of company	Place of incorporation/ operation	Particulars of issued and paid up capital	Attributable equity interest (%)		Principal activity
			direct	indirect	
Road Publications Limited	Hong Kong	2 shares	—	100	Trading of bus souvenirs
RoadShow Advertising (Beijing) Company Limited (limited liability company)	The PRC	US\$500,000	—	100	Provision of media advertising agency service and design and production of advertisements
RoadShow Creations Limited	Hong Kong	2 shares	—	100	Trading of bus souvenirs
RoadShow Media Holdings Limited	The British Virgin Islands/ Hong Kong	US\$1	—	100	Investment holding
RoadShow Media Limited	Hong Kong	2 shares	—	100	Provision of media sales & management services for BUS-TV business
RoadShow Productions Holdings Limited	The British Virgin Islands/ Hong Kong	US\$1	—	100	Investment holding
RoadShow Productions Limited	Hong Kong	2 shares	—	100	Events production and production of content for BUS-TV systems
RoadShow Resources Limited	The British Virgin Islands/ Hong Kong	US\$1	100	—	Investment holding
RoadVision Holdings (China) Limited	The British Virgin Islands/ Hong Kong	US\$1	—	100	Investment holding
RoadVision Holdings Limited	The British Virgin Islands/ Hong Kong	US\$2	—	100	Investment holding
RoadVision (Beijing) Limited	The British Virgin Islands/ Hong Kong	US\$1	—	100	Investment holding
RoadVision (Shanghai) Limited	The British Virgin Islands/ Hong Kong	US\$1	—	100	Investment holding
RSG Resources Limited	Hong Kong	2 shares	—	100	Provision of employment agency services
SB-Vision Limited	Hong Kong	10,000 shares	—	95	Dormant
Silver Sea Limited	Hong Kong	1 share	—	100	Provision of media sales service for online advertising

The following table lists out the information relating to Bus Focus Limited, the only subsidiary of the Group which has material non-controlling interest (“NCI”). The summarised financial information presented below represents the amounts before any inter-company elimination.

	<b>2016</b>	<b>2015</b>
	<i>\$'000</i>	<i>\$'000</i>
NCI percentage	40%	40%
Current assets	29,604	28,266
Current liabilities	6,553	9,055
Net assets	23,051	19,211
Carrying amount of NCI	9,220	7,684
Revenue	61,469	56,199
Profit for the year	7,840	4,711
Total comprehensive income	7,840	4,711
Profit allocated to NCI	3,136	1,884
Dividend paid to NCI	1,600	4,800
Cash flows from operating activities	9,257	4,314
Cash flows from financing activities	(4,000)	(12,000)
	<u>          </u>	<u>          </u>

#### 15. INVENTORIES

All of the inventories are finished goods of merchandise.

The amount of inventories recognised as an expense is as follows:

	<b>2016</b>	<b>2015</b>
	<i>\$'000</i>	<i>\$'000</i>
Carrying amount of inventories sold	9,844	11,996
Write-down of inventories	<u>4,101</u>	<u>296</u>
	<u>13,945</u>	<u>12,292</u>

Due to the expiry of the licence agreement on the sale of certain merchandises during the year ended 31 December 2016, inventories of \$4,101,000 (2015: \$296,000) were written down to its net realisable value at 31 December 2016.

**16. AMOUNTS DUE FROM/(TO) GROUP COMPANIES**

- (a) The amount due from/(to) ultimate holding company is unsecured, interest-free and has no fixed terms of repayment. The amount due from ultimate holding company is neither past due nor impaired.
- (b) The amounts due from/(to) fellow subsidiaries are unsecured, interest-free, repayable on demand and represent normal trade receivables and payables. The amounts due from fellow subsidiaries are neither past due nor impaired.

**17. ACCOUNTS RECEIVABLE****(a) Ageing analysis**

Details of the ageing analysis of accounts receivable that are neither individually nor collectively considered to be impaired at the end of the reporting period are as follows:

	<b>2016</b>	<b>2015</b>
	<i>\$'000</i>	<i>\$'000</i>
Neither past due nor impaired	52,161	78,258
Within one month past due	21,662	24,918
Over one month but within two months past due	6,616	12,860
Over two months but within three months past due	3,449	8,726
Over three months but within one year past due	14,697	20,746
Over one year past due	2,569	3,135
	<u>101,154</u>	<u>148,643</u>

According to the Group's credit policy, credit period granted to customers is generally within 90 days. Therefore, all the balances which are not past due as disclosed above are within three months from the invoice date.

All of the accounts receivable are expected to be recovered within one year.

**(b) Impairment of accounts receivable**

Impairment losses in respect of accounts receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against accounts receivable directly.

The movement in the allowance for doubtful debts during the year is as follows:

	<b>2016</b>	<b>2015</b>
	<i>\$'000</i>	<i>\$'000</i>
At 1 January	13,501	364
Impairment loss recognised	2,422	13,137
Uncollectible amounts written off	(9,589)	—
	<u>6,334</u>	<u>13,501</u>

At 31 December 2016, the Group's accounts receivable of \$6,334,000 was individually determined to be impaired (2015: \$13,501,000). The individually impaired receivables related to customers with long overdue balances and management assessed that the receivables are not expected to be recovered. Consequently, an impairment loss is provided for. The Group does not hold any collateral over such balances.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

#### 18. PLEDGED BANK DEPOSITS

Pursuant to certain licence agreements between subsidiaries of the Company and fellow subsidiaries and between subsidiaries of the Company and independent third parties, bank guarantees have been provided to the fellow subsidiaries and the third parties in respect of the subsidiaries' due performance and payment under the respective licence agreements. The Company has pledged bank deposits of \$78,343,000 (2015: \$79,691,000) to banks for the bank guarantees issued.

#### 19. BANK DEPOSITS AND CASH

	<b>2016</b> \$'000	<b>2015</b> \$'000
Cash at bank and in hand	105,558	126,740
Bank deposits with original maturities within three months	<u>99,063</u>	<u>11,831</u>
Cash and cash equivalents for the purpose of the consolidated cash flow statement	204,621	138,571
Bank deposits with original maturities over three months	<u>193,333</u>	<u>231,184</u>
	<u><u>397,954</u></u>	<u><u>369,755</u></u>

#### 20. ACCOUNTS PAYABLE

Details of the ageing analysis of accounts payable at the end of the reporting period are as follows:

	<b>2016</b> \$'000	<b>2015</b> \$'000
Due within one month	<u><u>1,977</u></u>	<u><u>5,071</u></u>

Credit period granted to the Group by suppliers is generally within 90 days. Above balances are all within three months from the invoice date.

All of the accounts payable are expected to be settled within one year.



**21. PROVISION FOR ONEROUS CONTRACTS**

Given the increasingly keen price and market competition in the media advertising sector and having considered the terms included in the tender invitation issued by The Kowloon Motor Bus Company (1933) Limited (“KMB”) for a new licence relating to the BUS-TV business, the Group has decided not to submit a tender for this new licence which will succeed the current licence when it expires on 30 June 2017. The Group assessed that the unavoidable costs of meeting the obligations under related licences and other contracts, which are all non-cancellable, may exceed the economic benefits expected to be received therefrom and, therefore, considered that these licences and other contracts were onerous contracts. Consequently, a provision for onerous contracts of \$14,455,000 was recognised for the year ended 31 December 2016.

**22. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION****(a) Current taxation in the consolidated statement of financial position represents:**

	<b>2016</b> \$'000	<b>2015</b> \$'000
Provision for Hong Kong Profits Tax for the year	5,097	4,842
Provisional Profits Tax paid	<u>(4,878)</u>	<u>(4,813)</u>
	219	29
PRC income tax payable	<u>441</u>	<u>355</u>
	<u>660</u>	<u>384</u>

***Reconciliation to consolidated statement of financial position:***

	<b>2016</b> \$'000	<b>2015</b> \$'000
Current tax recoverable recognised in the consolidated statement of financial position	(400)	(3,458)
Current tax payable recognised in the consolidated statement of financial position	<u>1,060</u>	<u>3,842</u>
	<u>660</u>	<u>384</u>

**(b) Deferred tax assets/(liabilities) recognised:**

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	<b>Depreciation allowances in excess of related accelerated depreciation</b>	<b>Tax losses</b>	<b>Onerous contracts</b>	<b>Total</b>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
At 1 January 2015	(4,706)	8,892	—	4,186
Credited/(charged) to profit or loss	<u>1,288</u>	<u>(916)</u>	<u>—</u>	<u>372</u>
At 31 December 2015	<u><u>(3,418)</u></u>	<u><u>7,976</u></u>	<u><u>—</u></u>	<u><u>4,558</u></u>
At 1 January 2016	(3,418)	7,976	—	4,558
Credited/(charged) to profit or loss	<u>4,137</u>	<u>(825)</u>	<u>2,385</u>	<u>5,697</u>
At 31 December 2016	<u><u>719</u></u>	<u><u>7,151</u></u>	<u><u>2,385</u></u>	<u><u>10,255</u></u>

Amounts recognised in the consolidated statement of financial position:

	<b>2016</b>	<b>2015</b>
	<i>\$'000</i>	<i>\$'000</i>
Net deferred tax assets	10,393	4,775
Net deferred tax liabilities	<u>(138)</u>	<u>(217)</u>
	<u><u>10,255</u></u>	<u><u>4,558</u></u>

**(c) Deferred tax assets not recognised:**

In accordance with the accounting policy set out in note 1(m), the Group has not recognised deferred tax assets of \$25,194,000 (2015: \$19,734,000) in respect of cumulative tax losses of \$152,692,000 (2015: \$119,602,000), where it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities. At 31 December 2016 and 2015, the tax losses do not expire under the current tax legislation.

**(d) Deferred tax liabilities not recognised:**

At 31 December 2016, temporary differences relating to the undistributed profits of a subsidiary amounted to \$8,991,000 (2015: \$7,693,000). Deferred tax liabilities of \$899,000 (2015: \$769,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of this subsidiary and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

## 23. CAPITAL AND RESERVES

## (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

**The Company**

	Share capital \$'000	Contributed surplus \$'000	Accumulated losses \$'000	Total \$'000
<b>Balance at 1 January 2015</b>	99,737	594,404	(295,366)	398,775
<b>Changes in equity for 2015:</b>				
Profit and total comprehensive income for the year	—	—	33,941	33,941
Dividend approved in respect of the previous year	—	—	(79,291)	(79,291)
	<u>—</u>	<u>—</u>	<u>(79,291)</u>	<u>(79,291)</u>
<b>Balance at 31 December 2015 and 1 January 2016</b>	99,737	594,404	(340,716)	353,425
<b>Changes in equity for 2016:</b>				
Profit and total comprehensive income for the year	—	—	1,114	1,114
	<u>—</u>	<u>—</u>	<u>1,114</u>	<u>1,114</u>
<b>Balance at 31 December 2016</b>	<u>99,737</u>	<u>594,404</u>	<u>(339,602)</u>	<u>354,539</u>

## (b) Share capital

	2016 Number of shares '000	\$'000	2015 Number of shares '000	\$'000
<b>Authorised:</b>				
Ordinary shares of \$0.1 each	<u>10,000,000</u>	<u>1,000,000</u>	<u>10,000,000</u>	<u>1,000,000</u>
<b>Issued and fully paid:</b>				
At 31 December	<u>997,365</u>	<u>99,737</u>	<u>997,365</u>	<u>99,737</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(c) **Nature and purpose of reserves**

(i) ***Share premium***

The application of the share premium account is governed by the Company's By-laws and the Bermuda Companies Act 1981.

(ii) ***General reserve***

General reserve is provided by each of the Group's PRC subsidiaries at 10% of their net profit after tax, based on the relevant subsidiary's PRC statutory financial statements.

The general reserve can be used to set off any accumulated losses or converted into paid-up capital of the relevant subsidiary.

(iii) ***Contributed surplus***

Pursuant to a group reorganisation in 2001, the Company became the holding company of the Group. The excess of the consolidated net assets represented by the shares acquired over the nominal value of the shares issued by the Company in exchange under the reorganisation in 2001 was transferred to contributed surplus. Under the Bermuda Companies Act 1981, contributed surplus is available for distribution to shareholders.

(iv) ***Other reserve***

In 2007, the Group entered into an agreement with a fellow subsidiary to acquire the remaining 8% equity interests in a subsidiary, KM-Vision Limited at a consideration of \$1,211,000, resulting in a premium of \$605,000. The additional investment was accounted for as an equity transaction and the premium was recognised directly in shareholders' equity.

(v) ***Fair value reserve***

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale debt securities held at the end of the reporting period.

(vi) ***Exchange reserve***

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policy set out in note 1(r).

(vii) ***Distributability of reserves***

At 31 December 2016, the aggregate amount of reserves available for distribution to shareholders of the Company was \$254,802,000 (2015: \$253,688,000). After the end of the reporting period, the Directors did not propose a final dividend for the year ended 31 December 2016 (2015: \$Nil) (note 9(a)).

**(d) Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

At 31 December 2016 and 2015, the Group did not have any bank borrowings. The Group had bank deposits and cash balance as at 31 December 2016 amounting to \$397,954,000 (2015: \$369,755,000).

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

**24. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS**

The Group is exposed to credit, liquidity, interest rate and currency risks arising from the normal course of its business. These risks are limited by the Group's financial management policies and practices described below.

**(a) Credit risk**

The Group's credit risk is primarily attributable to accounts receivable and other receivables and listed debt securities. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Investments made are normally only in liquid securities quoted on a recognised stock exchange, except where entered into for long term strategic purposes. Given the high credit standing of the counterparties, management does not expect any investment counterparty to fail to meet its obligations, except for those on which impairment losses have been made.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. Customers of media sales business are generally granted credit terms of 90 days while customers of merchandising business either pay on delivery or are generally granted credit terms of 30 to 90 days. Normally, the Group does not obtain collateral from customers.

Bank deposits and cash at bank are normally placed with licensed banks that have credit ratings equal to or better than the Group. Given their high credit ratings, management does not expect any licensed bank to fail to meet its obligations.

The Group has not provided any guarantee which would expose the Group or the Company to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from accounts receivable are set out in note 17.

**(b) Liquidity risk**

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval by the Company's Board of Directors when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The Company also monitors closely the cash flows of its subsidiaries. Generally, the Company's subsidiaries are required to obtain the Company's approval for activities such as investment of surplus cash, raising of loans and settlement of suppliers' invoices beyond certain limits.

At the end of the reporting period, the Group's non-derivative financial liabilities which are required to be repaid within one year or on demand amounted to \$52,005,000 (2015: \$59,468,000).

(c) **Interest rate risk**

It is the Group's policy to monitor market conditions closely and devise suitable strategies against interest rate risk. The Group regularly reviews its strategy on interest rate risk management in the light of the prevailing market condition.

(i) *Interest rate profile*

The following table details the interest rate profile of the Group's interest bearing assets and liabilities at the end of the reporting period.

	2016		2015	
	Effective interest rate p.a. %	\$'000	Effective interest rate p.a. %	\$'000
<i>Fixed rate assets:</i>				
Bank deposits (including pledged deposits)	1.5	370,739	1.4	322,706
<i>Variable rate assets:</i>				
Cash at bank	0.1	47,852	0.1	78,045

(ii) *Sensitivity analysis*

At 31 December 2016, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's loss after tax and accumulated losses by approximately \$459,000 (2015: \$760,000).

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax (and accumulated losses) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after tax (and accumulated losses) is estimated as an annualised impact on interest income of such a change in interest rates. The analysis is performed on the same basis as for 2015.

**(d) Currency risk**

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

*Exposure to foreign currencies*  
(expressed in Hong Kong dollars)

	2016		2015	
	USD \$'000	RMB \$'000	USD \$'000	RMB \$'000
Pledged bank deposits	68,343	—	67,991	—
Bank deposits and cash	57,165	22,292	55,629	22,867
	<u>125,508</u>	<u>22,292</u>	<u>123,620</u>	<u>22,867</u>

In addition, the Group is exposed to currency risk arising from inter-company receivables and payables denominated in Renminbi which is not the functional currency of either the lender or the borrower. The net inter-company receivables amounted to RMB122,454,000 as at 31 December 2016 (2015: RMB122,454,000).

The following table indicates how a change in Renminbi against Hong Kong dollar at the end of the reporting period would have affected the Group's results for the year and other components of equity.

	2016			2015		
	Increase/ (decrease) in foreign exchange rate	Decrease/ (increase) in loss for the year and accumulated losses \$'000	Effect on other components of equity \$'000	Increase/ (decrease) in foreign exchange rate	Decrease/ (increase) in loss for the year and accumulated losses \$'000	Effect on other components of equity \$'000
Renminbi	3% (3)%	4,760 (4,760)	— —	3% (3)%	5,027 (5,027)	— —

The sensitivity analysis assumes that the change in foreign exchange rate had been applied to re-measure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower, and that all other variables, in particular interest rates, remain constant. In this respect, it is assumed that the linked rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' results after tax and equity measured in their respective functional currencies, translated into Hong Kong dollar at the exchange rate ruling at the end of the reporting period for presentation purposes. The analysis has been performed on the same basis as for 2015.

Renminbi is not a fully convertible currency. All foreign exchange transactions involving Renminbi must take place either through the People's Bank of China or other institutions authorised to buy and sell foreign currencies.

**(e) Fair value measurement***Fair value of financial assets and liabilities carried at other than fair value*

All financial instruments carried at cost or amortised cost are carried at amounts not materially different from their fair values as at 31 December 2016 and 2015 except that amounts due from/to ultimate holding company and fellow subsidiaries are unsecured, interest-free and have no fixed repayment terms. Given these terms it is not meaningful to disclose their fair values.

**25. COMMITMENTS****(a) Capital commitments**

At 31 December 2016, the Group had the following capital commitments in relation to the purchase of property, plant and equipment not provided for in the financial statements:

	<b>2016</b> \$'000	<b>2015</b> \$'000
Contracted for	—	5,723

**(b) Operating lease commitments**

At 31 December 2016, the Group's total future minimum lease payments under non-cancellable operating leases in respect of property and equipment are payable as follows:

	<b>2016</b> \$'000	<b>2015</b> \$'000
Within 1 year	3,350	4,629
After 1 year but within 5 years	2,970	6,211
	<u>6,320</u>	<u>10,840</u>

The Group leases property and equipment under operating leases. The leases run for an initial period of 1 to 5 years, with an option to renew the leases when all terms are renegotiated. The leases do not include any contingent rentals.

**(c) Other commitments**

Under certain exclusive licences to (i) conduct media sales management services for BUS-TV business on buses operated by KMB and Long Win Bus Company Limited ("Long Win"), (ii) conduct media sales agency and management business on selected bus shelters, (iii) solicit advertising business in respect of the interior and exterior panels of buses operated by KMB and Long Win, (iv) solicit advertising business on billboards and other advertising spaces owned by independent third parties, the Group has committed to pay licence fees or royalty fees at a pre-determined percentage of the net advertising rental



received, subject to a guaranteed minimum amount. Such licences will expire in periods ranging from 2017 to 2020. The future minimum guaranteed licence fees and royalty fees are payable as follows:

	2016 \$'000	2015 \$'000
Within 1 year	173,024	191,856
After 1 year but within 5 years	365,279	113,503
	<u>538,303</u>	<u>305,359</u>

The above licences typically run for an initial period of 24 to 72 months, and certain of the licences contain an option to renew the licence when all terms are renegotiated.

## 26. EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of \$30,000. Contributions to the MPF Scheme vest immediately.

As stipulated by the regulations of Mainland China, the Group participated in employee pension schemes organised by the local governments under which the Company’s subsidiaries are governed. Details of the schemes of the Group are as follows:

Administrator	Beneficiary	Contribution rate (Note)	
		2016	2015
Beijing Social Security Fund Management Centre	Employees	19%-20%	20%

*Note:*

Under the scheme, the Group and its employees were each required to make a contribution to the scheme at 19% (20% before 1 May 2016) and 8%, respectively, of a pre-determined amount.

The Group did not employ any staff in Mainland China during the year ended 31 December 2016.

## 27. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group has the following related party transactions during the year:

	<i>Note</i>	<b>2016</b> \$'000	<b>2015</b> \$'000
Licence fee and service fees for conducting BUS-TV business	<i>(i)</i>	20,897	19,338
Licence and royalty fees paid for the right to sell advertising space on bus shelters	<i>(ii)</i>	19,727	18,121
Licence fee for the right to solicit advertising business at advertising space on bus interiors	<i>(iii)</i>	22,250	18,700
Licence fee for the right to solicit advertising business at advertising space on bus exteriors	<i>(iv)</i>	103,504	94,222
Rental expenses	<i>(v)</i>	715	3,061
Management fee and sales rebate	<i>(vi)</i>	23,675	22,340
Service fee paid for logistic function	<i>(vii)</i>	490	490
Mobile data subscription fees	<i>(viii)</i>	1,499	1,279
Key management personnel remuneration	<i>(ix)</i>	9,809	10,486
		<u>          </u>	<u>          </u>

*Notes:*

- (i) Licence fee and service fees were paid to subsidiaries of Transport International Holdings Limited (“TIH”), the ultimate holding company of the Company, for conducting BUS-TV advertising business on buses operated by KMB and fitted with the BUS-TV broadcasting system. The amount payable by the Group at the end of the reporting period amounted to \$706,000 (2015: \$10,653,000).
- (ii) Licence and royalty fees were paid for selling advertising spaces on certain bus shelters owned by a subsidiary of TIH. The amount receivable by the Group at the end of the reporting period amounted to \$600,000 (2015: amount payable of \$352,000).
- (iii) Licence fee was paid to a subsidiary of TIH for soliciting advertising business in respect of the interior panels and other interior spaces inside the compartments of buses operated by KMB. The amount receivable by the Group at the end of the reporting period amounted to \$23,000 (2015: \$23,000).
- (iv) Licence fee was paid to a subsidiary of TIH for marketing, displaying and maintaining advertisements at the exterior panels of the bodies of buses operated by KMB. The amount receivable by the Group at the end of the reporting period amounted to \$167,000 (2015: amount payable of \$1,958,000).
- (v) Rental expenses were paid to a subsidiary of TIH for leasing of properties amounted to \$715,000 (2015: \$2,805,000) and for leasing of audio and visual equipment amounted to \$Nil (2015: \$256,000). The amount payable by the Group at the end of the reporting period amounted to \$Nil (2015: \$Nil).
- (vi) Management fee amounting to \$22,354,000 (2015: \$22,094,000) and sales rebate amounting to \$1,322,000 (2015: \$246,000) were paid to JCDecaux Cityscape Limited (“JCDecaux Cityscape”), a fellow subsidiary of a non-controlling shareholder of a subsidiary of the Company, for the provision of management and agency services in relation to bus shelters. The amount payable to JCDecaux Cityscape at the end of the reporting period amounted to \$212,000 (2015: \$2,012,000).

- (vii) The Group paid a service fee to JCDecaux Cityscape for the logistic function provided to the Group in relation to the bus shelters under the media sales business. The amount due to JCDecaux Cityscape at the end of the reporting period amounted to \$41,000 (2015: \$41,000).
- (viii) Mobile data subscription fees were paid to a subsidiary of a substantial shareholder of the ultimate holding company of the Group for mobile data transmission services. The amount payable by the Group at the end of the reporting period amounted to \$125,000 (2015: \$167,000).
- (ix) Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	2016	2015
	\$'000	\$'000
Short-term employee benefits	9,719	10,396
Post-employment benefits	90	90
	<u>9,809</u>	<u>10,486</u>

- (x) **Applicability of the Listing Rules relating to connected transactions**

The related party transactions in respect of licence fees and audio and visual equipment rental expenses payable to subsidiaries of TIH and management fee payable to JCDecaux Cityscape above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided on pages 19 to 23 of the annual report.

The related party transactions in respect of service fee paid for logistic function payable to JCDecaux Cityscape, rental expense for leasing of properties payable to a subsidiary of TIH and the mobile data subscription fees payable to a subsidiary of a substantial shareholder of the ultimate holding company constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, they are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

## 28. IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

At 31 December 2016, the Directors consider the immediate parent and ultimate controlling party of the Group to be KMB Resources Limited and TIH respectively. KMB Resources Limited is incorporated in the British Virgin Islands while TIH is incorporated in Bermuda and listed in Hong Kong. TIH produces financial statements available for public use.

## 29. ACCOUNTING ESTIMATES AND JUDGEMENTS

The key sources of estimation uncertainty are as follows:

- (a) **Impairment of property, plant and equipment and intangible assets**

Property, plant and equipment and intangible assets are assessed at the end of each reporting period to identify indications that they may be impaired. Such indications include physical damage of a property, plant and equipment and a decrease in the revenue derived from an intangible asset or property, plant and equipment. If any such indication exists, the recoverable amount of the intangible asset or property, plant and equipment is estimated. The recoverable amount of an intangible asset or property, plant and equipment is based on value-in-use calculations. These calculations use cash flow projections based on reasonable assumptions that represent management's best estimate of the range of economic benefits from the asset over its remaining useful life.

**(b) Provision for onerous contracts**

The Group has entered into a number of licences and other contracts related to its media advertising business. Where the unavoidable costs of meeting the obligations under these licences and other contracts exceed the expected economic benefits, a provision for onerous contracts is recognised. The calculation of the provision will involve the use of estimates. The provision for onerous contracts is calculated by taking into account the unavoidable costs that will be incurred under the related licences and other contracts and deducting any expected economic benefits to be derived from these licences or other contracts. The expected economic benefits are estimated based on the revenue expected to be generated from advertisement placements committed by customers while unavoidable costs are estimated based on the signed non-cancellable contracts with suppliers that the Group is obliged to honour, which is the lower of the net costs of fulfilling the contracts and the cost of terminating it.

**(c) Impairment of accounts receivable and other receivables**

The Group maintains impairment losses for bad and doubtful debts for estimated losses resulting from the inability of the debtors to make the required payments. The Group bases the estimates of future cash flows on the ageing of the accounts receivable balance and debtors' credit-worthiness. A considerable level of judgement is exercised by management when assessing the credit-worthiness of each individual customer and the collectability of each accounts receivable balance. Any increase or decrease in impairment losses for bad and doubtful debts would affect the Group's results in future years.

**(d) Depreciation**

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The Company reviews annually the useful life of an asset. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

**30. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION**

	<i>Note</i>	<b>2016</b> \$'000	<b>2015</b> \$'000
<b>Non-current assets</b>			
Investments in subsidiaries		62,835	62,835
Amounts due from subsidiaries		94,753	86,513
		<u>157,588</u>	<u>149,348</u>
<b>Current assets</b>			
Amount due from ultimate holding company		—	5,004
Amounts due from subsidiaries		371,880	371,755
Other receivables and deposits		735	1,420
Pledged bank deposits		78,343	79,691
Bank deposits and cash		149,600	116,150
		<u>600,558</u>	<u>574,020</u>

	Note	2016 \$'000	2015 \$'000
<b>Current liabilities</b>			
Amount due to ultimate holding company		3	—
Amounts due to subsidiaries		262,077	194,104
Other payables and accruals		5,707	6,596
		<u>267,787</u>	<u>200,700</u>
<b>Net current assets</b>		<u>332,771</u>	<u>373,320</u>
<b>Total assets less current liabilities</b>		490,359	522,668
<b>Non-current liabilities</b>			
Amounts due to subsidiaries		135,820	169,243
<b>NET ASSETS</b>		<u>354,539</u>	<u>353,425</u>
<b>CAPITAL AND RESERVES</b>			
	23(a)		
Share capital		99,737	99,737
Reserves		254,802	253,688
<b>TOTAL EQUITY</b>		<u>354,539</u>	<u>353,425</u>

### 31. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

After the end of the reporting period, the Directors did not propose a final dividend. Further details are disclosed in note 9(a).

### 32. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7, <i>Statement of cash flows: Disclosure initiative</i>	1 January 2017
Amendments of HKAS 12, <i>Income taxes: Recognition of deferred tax assets for unrealised losses</i>	1 January 2017
HKFRS 9, <i>Financial instruments</i>	1 January 2018
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2018
HKFRS 16, <i>Leases</i>	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

#### **HKFRS 9, *Financial instruments***

The new impairment model in HKFRS 9 replaces the “incurred loss” model in HKAS 39 with an “expected credit loss” model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group’s accounts receivable and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

#### **HKFRS 15, *Revenue from Contracts with Customers***

The application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue. In this connection, certain costs incurred in fulfilling a contract which are currently expensed may also need to be recognised as an asset under HKFRS 15. At this stage, the Group is in the process of assessing the impact of HKFRS 15 on the Group’s consolidated financial statements.

#### **HKFRS 16, *Leases***

HKFRS 16 will affect primarily the accounting for the Group’s operating leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised in the statements of financial position. After initial recognition of this asset and liability, interest expense will be accrued on the outstanding balance of the lease liability and depreciation of the asset will be incurred. This is different to the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. The Group is in the process of assessing to what extent the commitments as disclosed in note 25 will result in the recognition of an asset and a liability for future payments and how this will affect the Group’s financial statements.

### III. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

Set out below is the reproduction of the text of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2017 together with the accompany notes contained in the interim report of the Company for the six months ended 30 June 2017 (the “**Interim Report**”). Capitalised terms used in this section have the same meanings as those defined in the Interim Report.

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS — UNAUDITED

*For the six months ended 30 June 2017*

	Note	Six months ended 30 June	
		2017 HK\$ '000	2016 HK\$ '000
<b>Revenue</b>	3&4	163,389	191,293
Other revenue and other net income/(loss)	5	<u>10,577</u>	<u>6,585</u>
<b>Total operating revenue</b>		<u>173,966</u>	<u>197,878</u>
<b>Operating expenses</b>			
Royalty, licence and management fees		(101,489)	(102,686)
Cost of production		(32,708)	(35,184)
Staff expenditure		(31,959)	(33,350)
Depreciation and amortisation		(2,321)	(7,767)
Cost of inventories sold		—	(5,070)
Repairs and maintenance		(3,111)	(3,340)
Impairment loss on accounts receivable		(1,812)	—
Reversal of provision for onerous contracts, net	15	10,095	—
Other operating expenses		<u>(20,804)</u>	<u>(19,161)</u>
<b>Total operating expenses</b>		<u>(184,109)</u>	<u>(206,558)</u>
<b>Loss before taxation</b>	6	(10,143)	(8,680)
Income tax	7	<u>(1,834)</u>	<u>(1,356)</u>
<b>Loss for the period</b>		<u>(11,977)</u>	<u>(10,036)</u>

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2017</b>	<b>2016</b>
		<i>HK\$ '000</i>	<i>HK\$ '000</i>
<b>Attributable to:</b>			
Equity shareholders of the Company		(10,972)	(11,848)
Non-controlling interests		<u>(1,005)</u>	<u>1,812</u>
<b>Loss for the period</b>		<b><u>(11,977)</u></b>	<b><u>(10,036)</u></b>
<b>Loss per share (in Hong Kong cents)</b>	<i>9</i>		
Basic and diluted		<u>(1.10)</u>	<u>(1.19)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME — UNAUDITED**

*For the six months ended 30 June 2017*

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
<b>Loss for the period</b>	(11,977)	(10,036)
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of the financial statements of operations outside Hong Kong, net of tax	<u>587</u>	<u>(199)</u>
<b>Total comprehensive income for the period</b>	<b><u>(11,390)</u></b>	<b><u>(10,235)</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	(10,385)	(12,047)
Non-controlling interests	<u>(1,005)</u>	<u>1,812</u>
<b>Total comprehensive income for the period</b>	<b><u>(11,390)</u></b>	<b><u>(10,235)</u></b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION — UNAUDITED

At 30 June 2017

		At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment		12,344	13,629
Intangible assets		—	—
Non-current prepayments and deposits		1,349	1,523
Deferred tax assets		8,901	10,393
		<u>22,594</u>	<u>25,545</u>
<b>Current assets</b>			
Inventories		—	—
Amounts due from fellow subsidiaries	<i>10(b)</i>	7,548	5,203
Accounts receivable	<i>11</i>	77,829	101,154
Other receivables and deposits		8,486	10,098
Current tax recoverable		222	400
Pledged bank deposits	<i>12</i>	79,343	78,343
Bank deposits and cash	<i>13</i>	380,548	397,954
		<u>553,976</u>	<u>593,152</u>
<b>Current liabilities</b>			
Accounts payable	<i>14</i>	911	1,977
Amount due to ultimate holding company	<i>10(a)</i>	3	3
Amounts due to fellow subsidiaries	<i>10(b)</i>	858	1,065
Other payables and accruals		79,951	99,165
Provision for onerous contracts	<i>15</i>	4,360	14,455
Current tax payable		1,038	1,060
		<u>87,121</u>	<u>117,725</u>
<b>Net current assets</b>		<u>466,855</u>	<u>475,427</u>
<b>Total assets less current liabilities</b>		489,449	500,972
<b>Non-current liabilities</b>			
Deferred tax liabilities		5	138
<b>NET ASSETS</b>		<u>489,444</u>	<u>500,834</u>

	<b>At 30 June 2017</b>	<b>At 31 December 2016</b>
<i>Note</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
<b>CAPITAL AND RESERVES</b>		
Share capital	99,737	99,737
Reserves	<u>381,492</u>	<u>391,877</u>
<b>Total equity attributable to equity shareholders of the Company</b>	481,229	491,614
<b>Non-controlling interests</b>	<u>8,215</u>	<u>9,220</u>
<b>TOTAL EQUITY</b>	<u><u>489,444</u></u>	<u><u>500,834</u></u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY — UNAUDITED

For the six months ended 30 June 2017

	Attributable to equity shareholders of the Company						Total	Non-controlling interests	Total equity
	Share capital	General reserve	Contributed surplus	Other reserve	Exchange reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
<b>Balance at 1 January 2016</b>	99,737	602	531,569	(605)	13,346	(106,760)	537,889	7,684	545,573
<b>Changes in equity for the six months ended 30 June 2016:</b>									
(Loss)/profit for the period	—	—	—	—	—	(11,848)	(11,848)	1,812	(10,036)
Other comprehensive income	—	—	—	—	(199)	—	(199)	—	(199)
Total comprehensive income for the period	—	—	—	—	(199)	(11,848)	(12,047)	1,812	(10,235)
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	(1,600)	(1,600)
<b>Balance at 30 June 2016 and 1 July 2016</b>	99,737	602	531,569	(605)	13,147	(118,608)	525,842	7,896	533,738
<b>Changes in equity for the six months ended 31 December 2016:</b>									
(Loss)/profit for the period	—	—	—	—	—	(33,412)	(33,412)	1,324	(32,088)
Other comprehensive income	—	—	—	—	(816)	—	(816)	—	(816)
Total comprehensive income for the period	—	—	—	—	(816)	(33,412)	(34,228)	1,324	(32,904)
<b>Balance at 31 December 2016 and 1 January 2017</b>	99,737	602	531,569	(605)	12,331	(152,020)	491,614	9,220	500,834
<b>Changes in equity for the six months ended 30 June 2017:</b>									
Loss for the period	—	—	—	—	—	(10,972)	(10,972)	(1,005)	(11,977)
Other comprehensive income	—	—	—	—	587	—	587	—	587
Total comprehensive income for the period	—	—	—	—	587	(10,972)	(10,385)	(1,005)	(11,390)
<b>Balance at 30 June 2017</b>	99,737	602	531,569	(605)	12,918	(162,992)	481,229	8,215	489,444

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT — UNAUDITED

For the six months ended 30 June 2017

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
<i>Note</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
<b>Operating activities</b>		
Cash (used in)/generated from operations	(25,002)	10,697
The People's Republic of China ("PRC") income tax paid	(324)	(253)
	<u>(25,326)</u>	<u>10,444</u>
<b>Net cash (used in)/generated from operating activities</b>	<u>(25,326)</u>	<u>10,444</u>
<b>Investing activities</b>		
Increase in bank deposits with original maturities over three months	(75,736)	(52,502)
Other cash flows arising from investing activities	2,206	(6,967)
	<u>(73,530)</u>	<u>(59,469)</u>
<b>Net cash used in investing activities</b>	<u>(73,530)</u>	<u>(59,469)</u>
<b>Financing activity</b>		
Dividend paid to non-controlling shareholders	—	(1,600)
	<u>—</u>	<u>(1,600)</u>
<b>Net cash used in financing activity</b>	<u>—</u>	<u>(1,600)</u>
<b>Net decrease in cash and cash equivalents</b>	(98,856)	(50,625)
<b>Effect of foreign exchange rate changes</b>	835	(713)
<b>Cash and cash equivalents at 1 January</b>	<u>204,621</u>	<u>138,571</u>
<b>Cash and cash equivalents at 30 June</b>	<i>13</i> <u><u>106,600</u></u>	<u><u>87,233</u></u>

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**

*(Expressed in Hong Kong dollars unless otherwise indicated)*

**1. BASIS OF PREPARATION**

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 15 August 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereto do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 23.

The financial information relating to the financial year ended 31 December 2016 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2016 are available from the Company’s principal place of business. The auditors have expressed an unqualified opinion on those financial statements in their report dated 17 March 2017.

**2. CHANGES IN ACCOUNTING POLICIES**

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3. SEGMENT REPORTING

The Group manages its business by geographical areas. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following two reportable segments.

Hong Kong: Provision of media sales, design and management services and production of advertisements

Mainland China: Provision of media sales services and production of advertisements

There are no sales between the reportable segments.

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenues and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Information regarding the Group's reportable segments for the six months ended 30 June 2017 and 2016 is set out below.

(a) Reportable segment revenues and profit or loss:

	<u>Hong Kong</u>		<u>Mainland China</u>		<u>Total</u>	
	<u>Six months ended</u>		<u>Six months ended</u>		<u>Six months ended</u>	
	<u>30 June</u>		<u>30 June</u>		<u>30 June</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers	163,389	191,293	—	—	163,389	191,293
Other revenue and other net income/(loss)	<u>2,393</u>	<u>6,336</u>	<u>(67)</u>	<u>60</u>	<u>2,326</u>	<u>6,396</u>
<b>Reportable segment revenue, other revenue and other net income/(loss)</b>	<b><u>165,782</u></b>	<b><u>197,629</u></b>	<b><u>(67)</u></b>	<b><u>60</u></b>	<b><u>165,715</u></b>	<b><u>197,689</u></b>
<b>Reportable segment (loss)/profit</b>	<b><u>(5,593)</u></b>	<b><u>4,427</u></b>	<b><u>(137)</u></b>	<b><u>(15)</u></b>	<b><u>(5,730)</u></b>	<b><u>4,412</u></b>
Depreciation and amortisation for the period	(1,276)	(6,633)	—	—	(1,276)	(6,633)

(b) Reconciliations of reportable segment revenues and profit or loss are as follows:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Operating revenue</b>		
Reportable segment revenue, other revenue and other net income/(loss)	165,715	197,689
Unallocated other revenue and other net income/(loss)	<u>8,251</u>	<u>189</u>
Consolidated total operating revenue	<u><u>173,966</u></u>	<u><u>197,878</u></u>
	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit or loss</b>		
Reportable segment (loss)/profit	(5,730)	4,412
Unallocated other revenue and other net income/(loss)	8,251	189
Unallocated head office and corporate expenses	<u>(12,664)</u>	<u>(13,281)</u>
Consolidated loss before taxation	<u><u>(10,143)</u></u>	<u><u>(8,680)</u></u>

#### 4. REVENUE

The Group is principally engaged in the provision of media sales and design services and production of advertisements for transit vehicle exteriors and interiors, Multi-media On-Board (“MMOB” or “BUS-TV”), 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.

Revenue represents income from media sales, design and management services and production of advertisements, net of commission and rebate.

## 5. OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Other revenue</b>		
Interest income from financial assets not at fair value		
through profit or loss	2,970	2,238
Sales of merchandise	—	6,317
Sundry revenue	394	23
	<u>3,364</u>	<u>8,578</u>
<b>Other net income/(loss)</b>		
Exchange gain/(loss)	5,216	(1,942)
Gain/(loss) on disposal of property, plant and equipment	1,997	(51)
	<u>10,577</u>	<u>6,585</u>

## 6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation and amortisation	2,321	7,767
Interest income	(2,970)	(2,238)
Operating lease charges		
— land and buildings	1,666	3,030
Reversal of provision for onerous contracts, net	(10,095)	—
	<u>(10,095)</u>	<u>—</u>



## 7. INCOME TAX

	Six months ended 30 June	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Current tax</b>		
Provision for Hong Kong Profits Tax for the period	—	1,013
Under-provision in respect of prior years	193	—
	<u>193</u>	<u>—</u>
Provision for the PRC income tax for the period	282	305
	<u>475</u>	<u>1,318</u>
<b>Deferred tax</b>		
Reversal and origination of temporary differences	1,359	38
	<u>1,359</u>	<u>38</u>
Income tax expense	<u><u>1,834</u></u>	<u><u>1,356</u></u>

The provision for Hong Kong Profits Tax for the period is calculated at 16.5% (2016: 16.5%) of the estimated assessable profits for the period. Taxation for subsidiaries in the PRC is charged at the appropriate current rates of taxation ruling in the PRC.

## 8. DIVIDENDS

- (a) No interim dividend is payable for the six months ended 30 June 2017 (six months ended 30 June 2016: HK\$Nil). Final dividends, if any, will be proposed at the full financial year end.
- (b) No final dividend in respect of the financial year ended 31 December 2016 approved and paid during the interim period (2016: HK\$Nil).

## 9. LOSS PER SHARE

## (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$10,972,000 for the six months ended 30 June 2017 (six months ended 30 June 2016: HK\$11,848,000) and the weighted average of 997,365,332 ordinary shares (six months ended 30 June 2016: 997,365,332 ordinary shares) in issue during the period.

## (b) Diluted loss per share

There were no dilutive potential ordinary shares outstanding during the six months ended 30 June 2017 and 2016 and diluted loss per share is the same as basic loss per share.

**10. AMOUNTS DUE FROM/(TO) GROUP COMPANIES**

- (a) The amount due to ultimate holding company is unsecured, interest-free and has no fixed terms of repayment.
- (b) The amounts due from/(to) fellow subsidiaries are unsecured, interest-free, repayable on demand and represent normal trade receivables and payables. The amounts due from fellow subsidiaries are neither past due nor impaired.

**11. ACCOUNTS RECEIVABLE**

As of the end of the reporting period, the ageing analysis of accounts receivable, based on the due date and net of allowance of doubtful debts, is as follows:

	<b>At</b>	<b>At 31</b>
	<b>30 June</b>	<b>December</b>
	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	40,849	52,161
Within one month past due	13,068	21,662
Over one month but within two months past due	7,419	6,616
Over two months but within three months past due	2,785	3,449
Over three months but within one year past due	13,340	14,697
Over one year past due	368	2,569
	<u>77,829</u>	<u>101,154</u>

According to the Group's credit policy, credit period granted to customers is generally within 90 days. Therefore, all the balances which are not past due as disclosed above are within three months from the invoice date.

All of the accounts receivable are expected to be recovered within one year.

**12. PLEDGED BANK DEPOSITS**

Pursuant to certain licence agreements between subsidiaries of the Company and fellow subsidiaries and between subsidiaries of the Company and independent third parties, bank guarantees have been provided to the fellow subsidiaries and the third parties in respect of the subsidiaries' due performance and payment under the respective licence agreements. The Company has pledged bank deposits of HK\$78,343,000 (31 December 2016: HK\$78,343,000) to banks for the bank guarantees issued.

The remaining deposit amounting to HK\$1,000,000 (31 December 2016: HK\$Nil) has been pledged to secure banking facilities granted to the Group.

## 13. BANK DEPOSITS AND CASH

	At 30 June 2017 <i>HK\$'000</i>	At 31 December 2016 <i>HK\$'000</i>
Cash at bank and in hand	81,966	105,558
Bank deposits with original maturities within three months	<u>24,634</u>	<u>99,063</u>
Cash and cash equivalents for the purpose of the condensed consolidated cash flow statement	106,600	204,621
Bank deposits with original maturities over three months	<u>273,948</u>	<u>193,333</u>
	<u><u>380,548</u></u>	<u><u>397,954</u></u>

## 14. ACCOUNTS PAYABLE

Details of the ageing analysis of accounts payable at the end of the reporting period are as follows:

	At 30 June 2017 <i>HK\$'000</i>	At 31 December 2016 <i>HK\$'000</i>
Due within one month	<u>911</u>	<u>1,977</u>

Credit period granted to the Group by suppliers is generally within 90 days. All balances are all within three months from the invoice date.

All of the accounts payable are expected to be settled within one year.

## 15. PROVISION FOR ONEROUS CONTRACTS

Having reviewed the Group's operations and considered the terms included in the tender invitation issued by KMB for a new licence relating to the BUS-TV business, the Group decided during the year ended 31 December 2016 not to submit a tender for this new licence, which would have succeeded the then existing licence due to expire on 30 June 2017. Consequently, a provision for onerous contracts of HK\$14,455,000 was recognised for the year ended 31 December 2016.

The Group remeasured the provision for onerous contracts and considered that following the expiry of the licence on 30 June 2017, it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation as at 30 June 2017. A reversal of provision for onerous contracts of HK\$14,455,000 was recognised for the six months ended 30 June 2017.

Given the increasingly keen price and market competition, a provision was made for onerous contracts relating to the Group's outdoor signages advertising business. The Group assessed that the unavoidable costs of meeting the obligations under related licences, which are all non-cancellable, may exceed the economic benefits expected to be received therefrom and, therefore, considered these licences to be onerous contracts. Consequently, a provision for onerous contracts of HK\$4,360,000 was recognised for the six months ended 30 June 2017.

## 16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

**Fair value of financial assets and liabilities carried at other than fair value**

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2017 and 31 December 2016 except that amounts due from/(to) ultimate holding company and fellow subsidiaries are unsecured, interest-free and have no fixed repayment terms. Given these terms it is not meaningful to disclose their fair values.

## 17. COMMITMENTS

**(a) Capital commitments**

At 30 June 2017, the Group had the following capital commitments in relation to the purchase of property, plant and equipment not provided for in the interim financial report:

	At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000
Contracted for	456	—

**(b) Operating lease commitments**

At 30 June 2017, the Group's total future minimum lease payments under non-cancellable operating leases in respect of property and equipment are payable as follows:

	At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000
Within 1 year	3,293	3,350
After 1 year but within 5 years	1,350	2,970
	<u>4,643</u>	<u>6,320</u>

The Group leases property and equipment under operating leases. The leases run for an initial period of 1 to 5 years, with an option to renew the leases when all terms are renegotiated. The leases do not include any contingent rentals.

**(c) Other commitments**

Under certain exclusive licences to (i) conduct media sales agency and management business on selected bus shelters, (ii) solicit advertising business in respect of the interior and exterior panels of buses operated by KMB and Long Win Bus Company Limited ("Long Win"), and (iii) solicit advertising business on billboards and other advertising spaces owned by independent third parties, the Group has committed to pay licence fees or royalty fees at a pre-determined percentage of the net advertising rental received, subject to a guaranteed minimum amount, as at 30 June 2017 and 31 December 2016. Such licences will expire in periods ranging from 2017 to 2022. As at 31 December

2016, the Group has committed to pay licence fees at a pre-determined percentage of the net advertising rental received, subject to a guaranteed minimum amount for exclusive licences to conduct media sales management services for BUS-TV business on buses operated by KMB and Long Win. The future minimum guaranteed licence fees and royalty fees are payable as follows:

	At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000
Within 1 year	179,684	173,024
After 1 year but within 5 years	493,302	365,279
	<u>672,986</u>	<u>538,303</u>

The above licences typically run for an initial period of 32 to 72 months, and certain of the licences contain an option to renew the licence when all terms are renegotiated.

#### 18. MATERIAL RELATED PARTY TRANSACTIONS

The Group had the following related party transactions during the six months ended 30 June 2017:

		Expenses/(income) Six months ended 30 June	
		2017 HK\$'000	2016 HK\$'000
	Note	HK\$'000	HK\$'000
Licence fee and service fees for conducting BUS-TV business	(a)	10,942	10,269
Licence and royalty fees paid for the right to sell advertising space on bus shelters	(b)	8,982	10,715
Licence fee for the right to solicit advertising business at advertising space on bus interiors	(c)	11,250	11,100
Licence fee for the right to solicit advertising business at advertising space on bus exteriors	(d)	51,000	49,060
Rental expenses	(e)	—	715
Management fee and sales rebate	(f)	9,717	13,126
Service fee paid for logistic function	(g)	245	245
Key management personnel remuneration	(h)	4,256	3,838
Mobile data subscription fees	(i)	682	742
Consideration received from disposal of audio and visual equipment	(j)	<u>(2,000)</u>	<u>—</u>

*Notes:*

- (a) Licence fee and service fees were paid to a subsidiary of Transport International Holdings Limited (“TIH”), the ultimate holding company of the Company for conducting BUS-TV advertising business on buses operated by KMB and fitted with the BUS-TV broadcasting system. The amount payable by the Group at the end of the reporting period amounted to HK\$308,000 (31 December 2016: HK\$706,000).
- (b) Licence and royalty fees were paid for selling advertising spaces on certain bus shelters owned by a subsidiary of TIH. The amount receivable by the Group at the end of the reporting period amounted to HK\$366,000 (31 December 2016: HK\$600,000).
- (c) Licence fee was paid to a subsidiary of TIH for soliciting advertising business in respect of the interior panels and other interior spaces inside the compartments of buses operated by KMB. The amount receivable by the Group arising from advance payments at the end of the reporting period amounted to HK\$23,000 (31 December 2016: HK\$23,000).
- (d) Licence fee was paid to a subsidiary of TIH for marketing, displaying and maintaining advertisements at the exterior panels of the bodies of buses operated by KMB. The amount payable by the Group at the end of the reporting period amounted to HK\$27,000 (31 December 2016: amount receivable of HK\$167,000).
- (e) Rental expenses were paid to a subsidiary of TIH for leasing of properties amounted to HK\$Nil (2016: HK\$715,000). The amount payable by the Group at the end of the reporting period amounted to HK\$Nil (31 December 2016: HK\$Nil).
- (f) Management fee amounting to HK\$10,207,000 (2016: HK\$12,234,000) and write back of over-provision of sales rebate amounting to HK\$490,000 (2016: sales rebate of HK\$892,000) were paid to JCDecaux Cityscape Limited (“JCDecaux Cityscape”), a fellow subsidiary of a non-controlling shareholder of a subsidiary of the Company, for the provision of management and agency services in relation to bus shelters. The amount payable to JCDecaux Cityscape at the end of the reporting period amounted to HK\$899,000 (31 December 2016: HK\$212,000).
- (g) The Group paid a service fee to JCDecaux Cityscape for the logistic function provided to the Group in relation to the bus shelters under the media sales business. The amount due to JCDecaux Cityscape at the end of the reporting period amounted to HK\$41,000 (31 December 2016: HK\$41,000).
- (h) Remuneration for key management personnel, including amounts paid to the Company’s Directors and certain of the highest paid employees, is as follows:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>
Short-term employee benefits	4,212	3,793
Post-employment benefits	44	45
	4,256	3,838
	4,256	3,838

- (i) Mobile data subscription fees were paid to a subsidiary of a substantial shareholder of the ultimate holding company of the Group for mobile data transmission services. The amount payable by the Group at the end of the reporting period amounted to HK\$114,000 (31 December 2016: HK\$125,000).
- (j) Consideration was received from disposal of audio and visual equipment from a subsidiary of TIH amounted to HK\$2,000,000 (2016: HK\$Nil). The amount receivable by the Group at the end of the reporting period amounted to HK\$Nil (31 December 2016: HK\$Nil).

#### **IV. INDEBTEDNESS**

##### **Borrowings and Indebtedness**

As at the close of business of 30 September 2017, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, the Group has no outstanding borrowings and indebtedness.

##### **Contingent liabilities**

As at the close of business of 30 September 2017, the Group has no material contingent liability.

Apart from intra-group liabilities and normal accounts payable in the ordinary course of business of the Group, the Group did not have any outstanding indebtedness in respect of any mortgages, charges and debentures, loan capital, bank loans and overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 30 September 2017.

The Directors have confirmed that there has not been any material change in the indebtedness or contingent liabilities of the Group since 30 September 2017.

**V. MATERIAL CHANGE**

As disclosed in the Company's interim report for the six months ended 30 June 2017, in May 2017, the Group by itself entered into a licence agreement with KMB for the provision of bus shelter advertising agency services to KMB for an initial term of 5 years commencing from 1 July 2017 and ending on 30 June 2022 (both dates inclusive), which may be extended for another 5 years from 1 July 2022 to 30 June 2027 (both dates inclusive), at the option of KMB. This licence has succeeded the licence relating to bus-shelter advertising business jointly operated with JCDecaux Cityscape Limited which was expired on 30 June 2017. Further details with respect to the above are set out in the Company's announcement dated 23 May 2017 and circular dated 14 June 2017.

Except (i) as set out in this Composite Document as regards the General Offer; (ii) the disposal of the Sale Shares by KMB Resources to the Offeror as set out in the Joint Announcement; and (iii) the item as disclosed above, the Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.



**1. RESPONSIBILITY STATEMENT**

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Shareholders with respect to the Offeror, the Group and the General Offer.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

The sole director of Bison Capital accepts full responsibility for the accuracy of information contained in this Composite Document (other than the information relating to the Group) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

**2. GENERAL**

The Offeror confirmed that as at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) was or will be given to any Directors as compensation for loss of office or otherwise in connection with the General Offer;
- (b) there was no agreement, arrangement, or understanding (including any compensation arrangement) existed between the Offeror or any parties acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or which was dependent upon the General Offer; and
- (c) there was no agreement or arrangement to which the Offeror or parties acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a condition to the General Offer.

**3. MARKET PRICES**

The table below shows the closing price of the Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

<b>Date</b>	<b>Closing price per Share HK\$</b>
28 April 2017	0.89
31 May 2017	0.81
30 June 2017	0.86
31 July 2017	0.85
31 August 2017	0.90
29 September 2017	0.91
26 October 2017 (the Last Trading Day)	1.04
31 October 2017	1.13
17 November 2017 (the Latest Practicable Date)	1.13

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$1.14 per Share on 15 November 2017 and HK\$0.79 per Share on 6 June 2017 and 7 June 2017, respectively.

**4. EXPERT AND CONSENT**

Set out below is the name and qualification of the expert whose letter, opinion or advice are contained or whose names are referred to in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Optima Capital	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Optima Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter and the references to its name included herein in the form and context in which they respectively appear.

**5. MISCELLANEOUS**

- (a) The Offeror is owned by Bison Capital, which is in turn beneficially wholly-owned by Mr. Xu. The principal members of the Offeror's concert group are (i) Bison Capital; (ii) Mr. Xu; and (iii) Fruitful Worldwide.
- (b) The directors of the Offeror are Mr. Xu and Mr. Wang Tao.
- (c) The sole director and ultimate controlling shareholder of Bison Capital is Mr. Xu.
- (d) The directors of Fruitful Worldwide are Luan Jinglong, Wang Xiusong and Zhang Rui. The ultimate controlling shareholder of Fruitful Worldwide is China Huarong, a company listed on the Main Board of the Stock Exchange (Stock Code: 2799). The directors of China Huarong are Dai Lijia, Lai Xiaomin, Li Yi, Liu Junmin, Shao Jingchun, Song Fengming, Tse Hau Yin, Wang Cong, Wang Lihua and Zhou Langlang.
- (e) The address of the registered office of the Offeror is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (f) The address of the registered office of Bison Capital is Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands.
- (g) The correspondence address of Mr. Xu is Room 609, 21st Century Tower B, No 40, Liangmaqiao Road, Chaoyang District, Beijing 100016, the PRC.
- (h) The address of the registered office of Fruitful Worldwide is Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands.
- (i) Optima Capital is making the General Offer for and on behalf of the Offeror and is the financial adviser to the Offeror in respect of the General Offer. The address of the registered office of Optima Capital is Suite 1501, 15/F, Jardine House, 1 Connaught Place, Central, Hong Kong.
- (j) The English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text, in case of any inconsistency.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection (i) on the websites of the SFC at [www.sfc.hk](http://www.sfc.hk) and the Company at <http://www.roadshow.com.hk>; and (ii) during normal business hours from 9:00 a.m. to 5:00 p.m. on any business day at the head office and principal place of business of the Company in Hong Kong at Flat D, 2/F, HK Spinners Industrial Building, Phase 5, 760-762 Cheung Sha Wan Road, Kowloon, Hong Kong, from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from Optima Capital, the text of which is set out on pages 6 to 21 of this Composite Document; and
- (c) the written consent referred to under the paragraph headed “Expert and consent” in this appendix.

**1. RESPONSIBILITY STATEMENT**

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinion expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

**2. SHARE CAPITAL**

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$1,000,000,000.00 divided into 10,000,000,000 Shares, of which 997,365,332 Shares had been issued and were fully paid. All Shares in issue rank *pari passu* in all respects with each other including rights to dividends, voting and return of capital.

The Company has not issued any Shares since 31 December 2016, being the end of the last financial year of the Company.

As at the Latest Practicable Date, the Company had no outstanding options, derivatives, warrants or conversion rights affecting any Shares.

**3. INTERESTS IN AND DEALINGS IN SECURITIES OF THE OFFEROR**

As at the Latest Practicable Date, neither the Company nor any of its Directors had any interest in the equity share capital of the Offeror or convertible securities, warrants, options or derivatives in respect of the equity share capital of the Offeror.

During the Relevant Period, neither the Company nor any of its Directors had dealt for value in the equity share capital of the Offeror or convertible securities, warrants, options or derivatives in respect of the equity share capital of the Offeror.

**4. DISCLOSURE OF INTERESTS****Directors' interests and short positions in Shares, underlying shares and debentures of the Company or any associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in Shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under section 352 of the SFO are as follows:

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of Shares interested</b>	<b>Approximate % of total issued Shares</b>
Ms. Winnie NG	Personal interests	1,000,000	
	Other interests ( <i>Note</i> )	<u>123,743</u>	
		1,123,743	0.1%

*Note:*

Ms. Winnie NG has interest in 123,743 Shares as a beneficiary of certain private trusts which beneficially held the Shares.

Apart from the foregoing, neither the Directors nor any of the chief executives of the Company has interests or short positions in the shares, underlying shares or debentures of the Company, or any of its holding companies, subsidiaries or other associated corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Ms. Winnie NG has not decided as to whether to accept or reject the General Offer in respect of her own beneficial shareholding in the Shares.

**5. DEALINGS IN SECURITIES OF THE COMPANY**

During the Relevant Period, save for the disposal of the Sale Shares by KMB Resources (a wholly-owned subsidiary of TIH, where Dr. John CHAN Cho Chak, Ms. Winnie NG, Dr. Eric LI Ka Cheung and Mr. Allen FUNG Yuk Lun, being the Directors, are also the directors of TIH) to the Offeror at the consideration of HK\$795,809,000 (equivalent to approximately HK\$1.093 per Sale Share) pursuant to the Sale and Purchase Agreement whereas completion of which took place on 27 October 2017, none of the Directors have dealt for value in any Shares or any convertible securities, warrants, options or derivatives issued by the Company.

As at the Latest Practicable Date,

- (i) save for the 1,123,743 Shares held by Ms. Winnie NG as disclosed in the paragraph “Disclosure of Interests” above, none of the Directors had any interests in any Shares or any convertible securities, warrants, options or derivatives issued by the Company, and no such person had dealt in any Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (ii) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code or by the Independent Financial Adviser, and no such person had dealt in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (iii) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was owned or controlled by a person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between the Company, or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and any other person; and no such person had dealt in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (iv) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was managed on a discretionary basis by fund managers (other than exempted fund managers) (if any) connected with the Company, and no such person had dealt in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period; and
- (v) none of the Company nor any of its Directors has borrowed or lent any Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period.

In addition, as at the Latest Practicable Date, there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which exist between the Company, or any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of “associate” under the Takeovers Code, and any other person.

## **6. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened against either the Company or any of its subsidiaries.

**7. MATERIAL CONTRACTS**

The Group had not entered into any material contracts (not being contracts entered into in the ordinary course of business) within 2 years before the date of commencement of the Offer Period and up to the Latest Practicable Date.

**8. ARRANGEMENTS AFFECTING DIRECTORS**

As at the Latest Practicable Date,

- (a) no benefit (other than statutory compensation) had been and would be given to any Director as compensation for loss of office or otherwise in connection with the General Offer;
- (b) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the General Offer or otherwise connected with the General Offer; and
- (c) save and except for the Sale and Purchase Agreement, no material contract had been entered into by the Offeror in which any Director has a material personal interest.

**9. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing service contracts with any member of the Group or any associated company of the Group:

- (a) which (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the commencement of the Offer Period;
- (b) which are continuous contracts with a notice period of 12 months or more; or
- (c) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

**10. CONSENT AND QUALIFICATION**

The following is the name and qualification of the professional adviser whose letters, opinions or advice are contained or referred to in this Composite Document:

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



Somerley Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its advice, letter and recommendation and the references to its name and logo in the form and context in which they respectively appear.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection (i) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)); and (ii) the Company's website ([www.roadshow.com.hk](http://www.roadshow.com.hk)) during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum of association and Bye-laws of the Company;
- (b) the annual reports of the Company for each of the two financial years ended 31 December 2015 and 2016;
- (c) the interim report of the Company for the six months ended 30 June 2017;
- (d) the letter from the Board, the text of which is set out on pages 22 to 27 of this Composite Document;
- (e) the letter from the Independent Board Committee, the text of which is set out on pages 28 to 29 of this Composite Document;
- (f) the letter from Somerley Capital, the text of which is set out on pages 30 to 50 of this Composite Document; and
- (g) the consent letter from Somerley Capital referred to under the section headed "Consent and Qualification" in this appendix.

**12. GENERAL**

- (a) The company secretary of the Company is Ms. Christine MAK Lai Hung.
- (b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal office of the Company in Hong Kong is situated at Flat D, 2/F, HK Spinners Industrial Building, Phase 5, 760-762 Cheung Sha Wan Road, Kowloon, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The registered office of Somerley Capital, the Independent Financial Adviser, is at 20/F, China Building, 29 Queen's Road Central, Hong Kong.
- (e) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text in case of inconsistency.