RoadShow 路訊通

ROADSHOW HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

2003 Interim Results Announcement

INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2003

The directors (the "Directors") of RoadShow Holdings Limited (the "Company" or "RoadShow") present herewith the unaudited income statement of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2003 (the "Period") together with the comparative figures for the six months ended 30 June 2002.

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2003

	Note	Six months ended 30 June	
		2003	2002
		(Unaudited)	(Unaudited)
		HK$'000	*HK$'000* Restated
TURNOVER	2	**63,651**	112,675
Other revenue		**7,922**	7,806
Total operating revenue		**71,573**	120,481
OPERATING EXPENSES			
Licence and royalty fees		**5,200**	3,685
Cost of inventories		**2,098**	1,460
Depreciation and amortisation		**12,100**	9,293
Staff expenditure		**13,905**	14,922
Other operating expenses		**63,441**	15,329
Total operating expenses		**96,744**	44,689
(Loss)/profit from operations		**(25,171)**	75,792
Finance costs		**(488)**	—
Share of profits of associate		**1,274**	—
(Loss)/profit from ordinary activities before taxation	3	**(24,385)**	75,792
Income tax expense	4	**26**	9,211
(Loss)/profit from ordinary activities after taxation		**(24,411)**	66,581
Minority interests		**(1,821)**	(5,219)
(Loss)/profit attributable to shareholders		**(26,232)**	61,362
(Loss)/earnings per share (in Hong Kong cents)			
Basic	5(a)	**(2.63)**	6.24
Diluted	5(b)	**N/A**	6.20

NOTES TO THE UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2003

1. **Basis of preparation**

These interim results are unaudited, but have been reviewed by KPMG in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports", issued by the Hong Kong Society of Accountants ("HKSA"). KPMG's unmodified independent review report to the Board of Directors is included in the interim financial report to be sent to shareholders of the Company.

These interim results have been prepared in accordance with the requirements of the Main Board Listing Rules ("Listing Rules") of The Stock Exchange of Hong Kong Limited ("Stock Exchange"), including compliance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the HKSA.

These interim results are prepared on a basis consistent with the accounting policies adopted in the 2002 annual financial statements.

In the 2002 annual financial statements, the Group adopted for the first time new accounting policies on deferred taxation and segmental information, details of which are set out below :

(a) **Deferred taxation**

In the 2002 interim report and the reports for previous years, deferred taxation was provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which were expected with reasonable probability to crystallise in the foreseeable future.

In the financial statements for the year ended 31 December 2002, the Group has adopted SSAP 12 "Income taxes" with effect from 1 January 2002. Accordingly, deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. As a result of the adoption of this accounting policy, the profit for the period ended 30 June 2002 has been increased by HK$1,329,000.

(b) **Segmental information**

In the 2002 interim report and the reports for previous years, business segments were chosen by the Group as the primary reporting format. In the financial statements for the year ended 31 December 2002, the Group has determined that geographical segments be adopted as the primary reporting format and business segments as the secondary reporting format in accordance with the Group's future business strategies.

2. **Segmental information**

Geographical segments

The Group comprises the following main geographical segments:

Hong Kong

Mainland China

There are no sales between the geographical segments.

	Group turnover		Contribution to (loss)/profit from operations	
	Six months ended 30 June		Six months ended 30 June	
	2003	2002	**2003**	2002
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**46,131**	109,031	**(25,420)**	67,736
Mainland China	**17,520**	3,644	**(3,064)**	1,130
	63,651	112,675	**(28,484)**	68,866
Unallocated operating income and expenses			**4,099**	6,926
			(24,385)	75,792

Business segments

The Group's turnover and (loss)/profit from operations in both Hong Kong and Mainland China are derived almost entirely from media sales and management services. Accordingly, no analysis by business segment is provided.

3. **(Loss)/profit from ordinary activities before taxation**

(Loss)/profit from ordinary activities before taxation is arrived at after charging / (crediting):

	Six months ended 30 June	
	2003	2002
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans	**488**	—
Interest income	**(4,099)**	(4,633)
Loss on disposal of fixed assets	**16**	49
Provision for doubtful debts	**14,001**	1,200
Operating lease charges	**1,107**	617

4. **Income tax expense**

	Six months ended 30 June	
	2003	2002
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000* Restated
Current tax expense		
Hong Kong Profits Tax for current period	**425**	9,427
Provision for PRC income tax	**933**	1,199
	1,358	10,626
Deferred tax expense		
Deferred tax asset arising from general provision not yet allowable	**(1,200)**	—
Reversal and origination of temporary differences	**(1,623)**	(1,415)
Effect of change in tax rate	**1,491**	—
	(1,332)	(1,415)
Total income tax expense in income statement	**26**	9,211

The provision for Hong Kong Profits Tax is calculated at the rate of 17.5% (January-June 2002: 16%) on the estimated assessable profits for the period. Taxation for the People's Republic of China ("PRC") subsidiaries is charged at the appropriate current rates of taxation ruling in the PRC.

5. **(Loss)/earnings per share**

(a) **Basic (loss)/earnings per share**

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary shareholders of HK$26,232,000 for the six months ended 30 June 2003 (six months ended 30 June 2002 as restated: profit attributable to ordinary shareholders of HK$61,362,000) and the weighted average of 997,365,332 ordinary shares (2002: 983,043,768 shares) in issue during the period.

(b) **Diluted earnings per share**

The exercise of the subscription rights conferred by the share options would not have any dilutive effect on the loss per share for the six months ended 30 June 2003. For the six months ended 30 June 2002, the calculation of diluted earnings per share is based on the profit attributable to shareholders of HK$61,362,000 for the period ended 30 June 2002 (restated) and the weighted average of 989,148,921 ordinary shares after adjusting for the effects of all dilutive potential ordinary shares.

INTERIM DIVIDEND

Same as in the previous period, no interim dividend will be paid for the six months ended 30 June 2003 in accordance with the Company's dividend policy (January-June 2002: HK$Nil). Final dividends, if any, will be proposed at the year end.

FINANCIAL REVIEW

Results

For the Period, the Group reported total operating revenue of HK$71.6 million, representing a decrease of 41% over the same period of the previous year. The loss attributable to shareholders, which included a provision against trade receivables of HK$14.0 million, amounted to HK$26.2 million as compared to a profit attributable to shareholders of HK$61.4 million for the six months ended 30 June 2002.

Revenue from the media sales and management services business operated in both Hong Kong and Mainland China continues to be the principal revenue source of the Group, and accounted for approximately 89% of the Group's total operating revenue for the Period (January-June 2002: 94%).

Operating Revenue

The first half of 2003 has seen a continuation of an unsettled local and global economic environment characterized by significant decline in consumer spending, resulting from the outbreak of Severe Acute Respiratory Syndrome ("SARS") in Hong Kong and a number of major cities in Mainland China, and the Iraq War. These adverse conditions have inevitably distorted the process of economic recovery in most commercial sectors, particularly the outdoor advertising market, where most advertisers have adopted a conservative approach in their marketing activities. Struck by the impact of SARS and the difficult economic conditions, the Group recorded a drop in its total operating revenue, from HK$120.5 million in the first half of 2002 to HK$71.6 million in the first half of 2003.

Operating Expenses

Total operating expenses increased from HK$44.7 million in the first half of 2002 to HK$96.7 million in the first half of 2003, including a provision of HK$14.0 million. The increase in operating expenses reflect the full operating cost for the Group's Mainland China operations, whereas the comparative figures for 2002 only illustrated the operating cost incurred during the very initial stage of the Group's entry into the mainland market in May 2002. Entering 2003, the Group has already established footholds in Beijing, Shanghai, Guangzhou and Shenzhen, and this has attributed to the increase in operating expenses in the first half of 2003. Owing to the weak local economic environment, the Group has, for prudence sake, made a provision against trade receivables of HK$14.0 million in the first half of 2003 (January-June 2002: HK$1.2 million).

Liquidity, Financial Resources and Capital Structure

At 30 June 2003, the Group had net current assets of HK$517.9 million (31 December 2002: HK$590.7 million) and net assets of HK$817.2 million (31 December 2002: HK$863.4 million).

At 30 June 2003, the Group's cash and deposits at bank amounted to HK$607.7 million, comprising cash and cash equivalents of HK$507.7 million and pledged bank deposits of HK$100.0 million (31 December 2002: HK$609.0 million), mainly denominated in Hong Kong Dollars, US Dollars and Renminbi. The Group's cash needs are primarily for working capital to support its media sales and management business, whereas a sufficient amount of cash is maintained to meet potential business expansion and development.

At 30 June 2003, the Group had bank loans amounting to HK$138.0 million, of which loans totaling HK$100.0 million were secured by fixed deposits placed with the lending bank. The gearing ratio, representing the ratio of bank borrowings less pledged bank deposits to the total share capital and reserves of the Group was 5% at 30 June 2003 (31 December 2002: 3%).

At 30 June 2003, the Group had stand-by banking facilities totaling HK$200.0 million (31 December 2002: HK$200.0 million).

Employees and Emolument Policies

At 30 June 2003, the Group had 181 (31 December 2002: 153) employees, with 53 full-time employees in Hong Kong and 128 in Mainland China. The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. In addition, it offers a performance bonus scheme to its senior staff based on achievement of business objectives and a sales commission scheme to its sales team based on achievement of advertising revenue targets. The Group has adopted a provident fund scheme for its employees in Hong Kong as required under the Mandatory Provident Fund Schemes Ordinance.

PROSPECTS

Mainland China

In light of abundant business opportunities and potential in the mainland market with China's accession to the World Trade Organization ("WTO") and her hosting of the 2008 Olympic Games in Beijing, the Group expanded its market presence in Mainland China, through the setting up of operations in Beijing, Shanghai, Guangzhou and Shenzhen.

The joint venture in Beijing with Daye Transmedia Co., Ltd, a company owned by the People's Daily, operates a 30-year full-service national advertising license covering all media platforms throughout China. This joint venture has successfully built a nation-wide programme distribution network and strengthened the Group in its expansion into the advertising market in Mainland China in both multi-media and traditional media.

The media sales business of "Lamplight Rainbow" situated along Huaihai Road, Shanghai has provided a steady revenue stream to the Group. In the first half of 2003, the Group has further extended its network in Shanghai through the acquisition of advertising rights on the prominently located billboards at Shanghai Pudong International Airport.

The Group has set up its media sales business in Guangzhou and Shenzhen focusing on bus shelter and bus body advertising. In Guangzhou, the Group is engaged in the media sales on Guangzhou Metro Line 2 and has obtained the advertising rights on outdoor billboards, telephone booths and signages. As the Group's strategy in Mainland China is based on focused growth, the Group will continue to expand its businesses by obtaining additional outdoor media in both Guangzhou and Shenzhen.

Through the establishments of media sales operations in Beijing, Shanghai, Guangzhou and Shenzhen, the Group has successfully made its market presence in high potential markets of densely populated areas that have relatively high consumption power. Due to the outbreak of SARS in Beijing and Guangzhou, the Group had postponed most of the business development projects it originally planned for Mainland China in the first half of 2003. However, all the new establishments have geared up their operations in the second half of 2003 and will continue to benefit from China's accession to the WTO, pre-Olympic momentum and the recently launched Closer Economic Partnership Arrangement ("CEPA"). It is anticipated that media sales business in Mainland China will see significant growth in the latter half of 2003.

Hong Kong

The first half of 2003 presented a very difficult and challenging environment for the Group. Weak local economy, worsened by the impact of SARS, adversely affected the Group's results in Hong Kong. Nonetheless, the Group has formulated certain strategies, including broadening its customer base, to alleviate the adverse effects of the contraction of the advertising market. In view of the recent improvement in the economic environment with the lift of travel restrictions on individual mainland residents and the unveiling of CEPA, the Group plans to install MMOB equipment on more public transit vehicles, with a total of 4,000 achieving a full territory wide coverage to reach about 3.8 million passengers daily by the end of this year. Moreover, the Group will strengthen its MMOB programme content and act as a platform for interactive Short Message Services, and similar services. Trials of the Global Positioning System ("GPS") were initially focused on bus tracking and bus fleet management. This will enable the provision of real time information and add value to RoadShow's services. Installation of the GPS / bus tracking system will begin once the trials are found successful in meeting the Group's specifications.

RoadShow is a cash rich company with total cash and deposits at bank in the amount of HK$607.7 million. With this strong financial position, the Group is able to weather the economic malaise and equip itself well to take up business opportunities when the economy turns around.

Macau

With the growth of tourism business in Macau, the Group will take advantage of advertising opportunities there. The joint venture with Shun Tak Holdings Limited will manage the MMOB systems and related advertising sales business for "TurboJET" high speed passenger ferries. Media advertising sales and management services will be developed and provided in relation to an array of transit network facilities and outdoor tourist spots across Macau and the Pearl River Delta Region.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters (including review of the unaudited interim financial report for the six months ended 30 June 2003). The review of the unaudited interim financial report was conducted with the Company's external auditors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, in compliance with the Code of Best Practice as set out by the Stock Exchange in Appendix 14 to the Listing Rules, at any time during the six months ended 30 June 2003.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

A detailed results announcement of the Group for the six months ended 30 June 2003 containing all information required by paragraph 46(1) to 46(6) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange (www.hkex.com.hk) in due course.

By Order of the Board
John CHAN Cho Chak
Chairman

Hong Kong, 17 September 2003