

ROADSHOW HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INTERIM RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2002	2001
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Total operating revenue	120,481	99,779
Total operating expenses	44,689	35,233
Earnings before interest, taxation, depreciation and amortisation	85,085	70,325
Profit attributable to shareholders	60,033	55,730
Basic earnings per share (in Hong Kong cents)	6.1	5.8

The Group generates its revenue from the following businesses:

	Six months ended 30 June	
	2002	2001
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Media sales services	104,072	79,268
Media sales management and administrative services	8,603	11,089
Other revenue	7,806	9,422
Total operating revenue	120,481	99,779

INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2002

The directors (the “Directors”) of RoadShow Holdings Limited (the “Company” or “RoadShow”) are pleased to present the unaudited profit and loss account of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2002 (the “Period”), together with the comparative figures for the six months ended 30 June 2001.

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30 JUNE 2002

		Six months ended 30 June	
		2002	2001
	Note	HK\$'000	HK\$'000
TURNOVER	2	112,675	90,357
Other revenue		7,806	9,422
		120,481	99,779
OPERATING EXPENSES			
Licence and royalty fees		3,685	2,490
Cost of inventories		1,460	2,110
Depreciation		9,293	5,779
Staff costs		14,922	15,096
Other operating expenses		15,329	9,758
Total operating expenses		44,689	35,233
Profit from ordinary activities before taxation	3	75,792	64,546
Taxation	4	10,626	5,290
Profit from ordinary activities after taxation		65,166	59,256
Minority interests		5,133	3,526
Profit attributable to shareholders		60,033	55,730
Earnings per share (in Hong Kong cents)	5		
Basic		6.1	5.8
Diluted		6.1	5.8

NOTES TO THE UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30 JUNE 2002

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 (the “HKSA”). KPMG’s unmodified review report is included in the interim financial report to be sent to shareholders of the Company.

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

These interim results are prepared on a basis consistent with the accounting policy adopted in the 2001 annual financial statements.

2. Segmental information

The Company acts as an investment holding company and the Group is principally engaged in the provision of media sales services and media sales management and administrative services for advertising spaces on the exterior of transit vehicles.

The analysis of the principal activities of the operations of the Company and its subsidiaries during the financial period are as follows:

	Group turnover		Contribution to profit from operations	
	Six months ended 30 June		Six months ended 30 June	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Media sales services	104,072	79,268	63,876	50,687
Media sales management and administrative services	8,603	11,089	7,466	9,646
	112,675	90,357	71,342	60,333
Other group income			4,450	4,213
			75,792	64,546

The Group’s turnover and operating profit are almost entirely derived from Hong Kong. Accordingly, no analysis by geographical segment is provided.

3. Profit from ordinary activities before taxation

Profit from ordinary activities before taxation is arrived at after charging:

	Six months ended 30 June	
	2002	2001
	HK\$'000	HK\$'000
Production cost	5,362	4,540
Retirement costs included in staff costs	817	540
Auditors’ remuneration	188	168
Operating lease charges	617	636
Provision for doubtful debts	1,200	—

4. Taxation

Taxation in the consolidated profit and loss account represents:

	Six months ended 30 June	
	2002	2001
	HK\$'000	HK\$'000
Provision for Hong Kong Profits Tax	9,427	5,290
China taxation	1,199	—
	10,626	5,290

The provision for Hong Kong Profits Tax is calculated at the rate of 16% (2001: 16%) on the estimated assessable profits for each period. The provision for China taxation for the period is calculated at the rate of 33% (2001: Nil) on the estimated assessable profits for the period.

Deferred tax has not been provided as timing differences are not likely to reverse in the foreseeable future.

5. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of HK\$60,033,000 for the six months ended 30 June 2002 (2001: HK\$55,730,000) and the weighted average of 983,043,768 ordinary shares (2001: 960,000,000 ordinary shares) in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of HK\$60,033,000 for the six months ended 30 June 2002 (2001: HK\$55,730,000) and the weighted average of 989,148,921 ordinary shares (2001: 960,790,000 ordinary shares) after adjusting for the effects of all dilutive potential ordinary shares.

INTERIM DIVIDEND

Same as in the previous period, the Board of Directors (“Board”) does not recommend the payment of an interim dividend for the period ended 30 June 2002 (2001: HK\$Nil).

FINANCIAL REVIEW

Results

Revenue of the Group for the six months ended 30 June 2002 increased by 21% over the same period last year.

For the six months ended 30 June 2002, the Group reported total operating revenue of HK\$120.5 million and profit attributable to shareholders of HK\$60.0 million, representing increases of approximately 21% and 8% respectively over the same period in 2001. The Group’s revenue was derived principally from its media sales services and media sales management and administrative services, with each accounting for approximately 86% and 7% respectively of the Group’s total operating revenue for the six months ended 30 June 2002.

Operating revenue

Revenue from media sales services increased by HK\$24.8 million, from HK\$79.3 million in the first half of 2001 to HK\$104.1 million in the first half of 2002. The increase was principally due to an increase in media sales in respect of transit vehicle shelters and a full commissioning of the Multi-media On-board (“MMOB”) business on transit vehicles in 2002. At 30 June 2002, the Group had 1,892 transit vehicle shelter panels with a territory wide coverage and a total of 2,600 MMOB transit vehicles with a sizeable audience reach of over two million daily.

The media sales management and administrative services rendered by the Group on about 4,800 transit vehicle exteriors generated a revenue of HK\$8.6 million for the six months ended 30 June 2002, a drop of HK\$2.5 million as compared with the corresponding period last year.

Other revenue mainly comprised merchandising business revenue and interest income.

Operating expenses

Operating expenses increased by HK\$9.5 million, from HK\$35.2 million in the first half of 2001 to HK\$44.7 million in the first half of 2002. This increase in operating expenses, which included mainly depreciation charges for the MMOB system and production costs, over the same period last year was in line with expectations and arose from the full commissioning of MMOB business in 2002. Tax expenses increased from HK\$5.3 million in the first half of 2001 to HK\$10.6 million in the first half of 2002, mainly resulting from the increase in the effective tax rate in 2002.

Liquidity, Financial Resources and Capital Structure

At 30 June 2002, the Group had net current assets of HK\$753.8 million (31 December 2001: HK\$751.3 million).

The Group’s cash needs are primarily for working capital to support its media sales businesses. At 30 June 2002, the Group had cash and cash equivalents of approximately HK\$579.0 million, which were denominated in Hong Kong dollars or United States dollars. Cash generated from operations, when not needed to meet working capital requirements, is principally placed in bank deposits.

At 30 June 2002, the Group had no banking facilities in place and had no indebtedness. Apart from intra-group liabilities, the Group did not have, at the close of business on 30 June 2002, any outstanding mortgages, charges, debentures or other loan capital or bank overdrafts, loans or similar indebtedness or hire purchase or finance lease commitments or any guarantees or other material contingent liabilities.

Employees and emoluments policies

At 30 June 2002, the Group had 61 full-time employees (31 December 2001: 63). The Group offers a comprehensive and competitive remuneration and benefits package to all of 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

China

RoadShow together with Daye Transmedia Co., Ltd. (“Daye”), a company owned by the People’s Daily formed a joint venture with an estimated investment of RMB100,000,000. Established in 1948, People’s Daily runs the most authoritative and influential newspaper in China, known for its coverage of the latest government policies and guidance to public opinions. Daye is a company owned by the People’s Daily and one of the few nation-wide TV programs production and media service organizations in China.

The establishment of the joint venture will strengthen both in their expansion into the advertising market, in China and overseas, in both multi-media and traditional media. In addition, it will also enhance economic co-operation and exchange in information and technological aspects in the Chinese advertising industry.

The joint venture will develop MMOB business in Beijing and will operate a 30-year full-service national advertising licence covering all media platforms throughout China. In addition to carrying out advertising creative design, production, media planning, placement, and representation of all types of media platforms, it will also, within the permitted arena of the law of China, provide programme production, and syndication to over 500 Chinese provincial, city, cable and non-cable TV stations to build a nation-wide programme distribution network.

With China’s accession to the World Trade Organisation and the hosting of the 2008 Olympic Games in Beijing, there is huge growth potential for the media sales industry in China. In May this year, RoadShow secured the exclusive rights to operate advertising on Huaihai Road in Shanghai. It is anticipated that the media sales business in China will see a rapid growth, arising from a strong demand for advertising services. RoadShow will build on its experience and success in Hong Kong to explore future growth opportunities in the China. Our market penetration plan is focused on high potential markets which have high consumption power and densely populated areas such as Beijing, Shanghai and Guangzhou. The Group expects that its acquisition efforts in China will continue and will become the revenue driver for our media sales businesses.

Hong Kong

Since RoadShow’s establishment in 2000, it has become a leading out-of-home media sales company. Advertisers are aware of the effectiveness of MMOB as an advertising media, the size of our audience reach of over two million daily, and the competitive pricing of our media sales businesses. In a survey conducted by AC Nielsen in July 2002 on the public’s acceptance of MMOB, it showed that 72% of those interviewed liked the service and 83% considered MMOB a factor contributing to better bus services. Around 98% of those interviewed in July 2002 had experienced MMOB, and more than half of the respondents were regular commuters travelling by bus at least once a day.

Trials of the Global Positioning System (“GPS”) commenced in first half of the year on selected buses. Initial trials are focusing on the bus tracking; GPS will be used to provide real time information, traffic, weather, news and location specific advertising to our audience and add value to RoadShow’s services. Trial results are expected to be evaluated at the end of this year.

The first half of 2002 presented a challenging environment for the media sales business in Hong Kong which is related to the profitability of corporate clients and the world economic situation. Under the current economic environment, we expect the business outlook for the rest of 2002 to be correlated to the development of Hong Kong’s economic environment. On the other hand, RoadShow has built an almost unassailable position in the market it has targeted. With the Group’s strong financial position and the efforts of our management team and dedicated staff force, we are well positioned to capture business growth in taking advantage of the recovery of the Hong Kong economy when economic uncertainties begin to clear up.

Macau

RoadShow had entered into an agreement with Shun Tak Holdings Limited to form a joint venture company to expand our media sales business in Macau. The joint venture company intends to capture the advertising opportunities arising from tourist traffic generated by Macau. It will initially manage the MMOB and related advertising sales business for “TurboJET” high speed passenger ferries, currently operated by Shun Tak, which cover Hong Kong, Kowloon, Macau, Guangzhou and Shenzhen. The joint venture will also develop and carry out media advertising sales and management services on 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 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 2002). 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 purchased, sold or redeemed any of the Company’s own shares.

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 2002.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

A detailed results announcement of the Group for the six months ended 30 June 2002 containing all information required by paragraphs 46(1) to 46(6) of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange will be published on the website of the Stock Exchange in due course.

By Order of the Board
John CHAN Cho Chak
Chairman

Hong Kong, 10 September 2002