

RoadShow

路訊通

ROADSHOW HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

2003 FINAL RESULTS ANNOUNCEMENT

ANNUAL RESULTS

The directors (the “Directors”) of RoadShow Holdings Limited (the “Company” or “RoadShow”) submit herewith the audited income statement of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2003, together with the comparative figures for the year ended 31 December 2002.

	<i>Note</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
TURNOVER			
Other revenue	2	156,394	155,054
		16,983	18,300
Total operating revenue		173,377	173,354
OPERATING EXPENSES			
Licence and royalty fees		(18,466)	(7,321)
Cost of inventories		(3,881)	(3,332)
Depreciation and amortisation		(26,562)	(19,219)
Site rentals		(19,078)	—
Staff expenditure		(28,452)	(28,309)
Provision for doubtful debts		(15,801)	(2,200)
Other operating expenses		(98,725)	(42,712)
Total operating expenses		(210,965)	(103,093)
(Loss)/profit from operations		(37,588)	70,261
Finance costs		(1,437)	(143)
Share of profit of associate		6,934	1,081
(Loss)/profit from ordinary activities before taxation	3	(32,091)	71,199
Income tax	4	1,634	(7,664)
(Loss)/profit from ordinary activities after taxation		(30,457)	63,535
Minority interests		(6,496)	(8,508)
(Loss)/profit attributable to shareholders		(36,953)	55,027
Dividends			
Final dividends proposed after the balance sheet date	5	—	19,947
(Loss)/earnings per share (in Hong Kong cents)			
Basic	6a	(3.71)	5.56
Diluted	6b	N/A	5.56

Notes:

1. Basis of preparation

These financial results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (which include all applicable Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial results also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2. Segmental information

Segment information is presented in respect of the Group’s business and geographical segments. Geographical segment information based on location of assets is chosen as the primary reporting format because this is more relevant to the Group’s internal financial reporting.

Geographical segments

	Hong Kong		Mainland China		Group	
	2003 HK\$’000	2002 HK\$’000	2003 HK\$’000	2002 HK\$’000	2003 HK\$’000	2002 HK\$’000
Turnover	102,325	145,433	54,069	9,621	156,394	155,054
Other revenue	7,504	6,745	—	—	7,504	6,745
Total revenue	<u>109,829</u>	<u>152,178</u>	<u>54,069</u>	<u>9,621</u>	<u>163,898</u>	<u>161,799</u>
Segment result	(44,608)	56,116	8,834	6,842	(35,774)	62,958
Unallocated operating income and expenses					(1,814)	7,303
Finance costs					(1,437)	(143)
Share of profit of associate			6,934	1,081	6,934	1,081
Income tax					1,634	(7,664)
Minority interests					(6,496)	(8,508)
(Loss)/profit attributable to shareholders					<u>(36,953)</u>	<u>55,027</u>

Business segments

The Group’s turnover and operating (loss)/profit are almost entirely derived 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):

	2003 HK\$’000	2002 HK\$’000
Interest on bank loans wholly repayable within five years	1,437	143
Interest income from bank deposits	(9,479)	(9,094)
Loss on disposal of fixed assets	<u>18</u>	<u>61</u>

4. Income tax

In March 2003, the Hong Kong Government announced an increase in the Profits Tax rate applicable to the Group's operations in Hong Kong from 16% to 17.5%. This increase is taken into account in the preparation of the Group's 2003 financial statements. Accordingly, the provision for Hong Kong Profits Tax for 2003 is calculated at 17.5% (2002: 16%) of the estimated assessable profits for the year. Taxation for PRC subsidiaries is charged at the appropriate current rates for taxation ruling in Mainland China.

5. Dividends

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2003 (2002: a final dividend of HK2 cents per share).

6. (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 shareholders of HK\$36,953,000 (2002: profit attributable to shareholders of HK\$55,027,000) and the weighted average of 997,365,322 ordinary shares (2002: 990,282,540 shares) in issue during the year.

(b) Diluted (loss)/earnings per share

The diluted loss per share for the year ended 31 December 2003 is not presented as the exercise of the subscription rights conferred by the share options would not have any dilutive effect on the loss per share for the year ended 31 December 2003.

For the year ended 31 December 2002, the calculation of diluted earnings per share is based on the profit attributable to shareholders of HK\$55,027,000 and the weighted average number of ordinary shares of 990,440,490 shares after adjusting for the effects of all dilutive potential ordinary shares.

BUSINESS RESULTS

For the year ended 31 December 2003, the Group reported total operating revenue of HK\$173.4 million, representing a slight increase over the previous year. Compared to a profit attributable to shareholders of HK\$55.0 million in 2002, the Group recorded a loss attributable to shareholders in the amount of HK\$37.0 million.

The year 2003 presented both challenges and opportunities. The first half of 2003 witnessed the continuation of the global economic downturn and a sluggish local economy. However, both the global and local business environment experienced a turnaround in the second half of 2003. As a result, the Group saw a rebound in its total operating revenue in the second half of 2003, doubling over the corresponding period of 2002.

Revenues from the media sales services business operated in both Hong Kong and Mainland China continue to be the principal revenue source of the Group, with each accounting for approximately 59% and 31% respectively of the Group's total operating revenue for the year ended 31 December 2003.

Total operating expenses increased from HK\$103.1 million in 2002 to HK\$211.0 million in 2003. Entering 2003, the Group had established footholds in Beijing, Shanghai, Guangzhou and Shenzhen, and this led to the increase in operating expenses. The Group also incurred additional expenses and devoted more resources

to enhance the quality of its Multi-media On-board (“MMOB”) programme contents and to upgrade the MMOB equipments to appeal to transit vehicle passengers from different walks of life. The Group’s 2003 operating expenses included a provision against trade receivables of HK\$15.8 million and additional provisions/expenses made by the Group in 2003 for maintenance on the MMOB equipments, development of projects and licence and royalties (together HK\$22.5 million (the “Expenses”). Save for the provision against trade receivables and Expenses incurred by the Group, the Group’s total operating expenses amounted to HK\$172.7 million. Loss attributable to shareholders for the year ended 31 December 2003 was HK\$37.0 million as compared to a profit attributable to shareholders of HK\$55.0 million for the year ended 31 December 2002. Excluding the provision against trade receivables and Expenses, the Group would record a profit attributable to shareholders of about HK\$1.3 million for the year ended 31 December 2003.

BUSINESS OVERVIEWS

Following a severely depressed first half due to outbreak of Severe Acute Respiratory Syndrome, business rebounded strongly for RoadShow and the Group in the last six months due to improved market sentiment and an upturn in consumer confidence in both Hong Kong and Mainland China.

Throughout the year, RoadShow’s growth and diversification strategy was carried out in a prudent, focused manner. In Mainland China, we expanded our presence and our joint ventures achieved their revenue goals and made a contribution to profit. In 2002, our Mainland China joint ventures contributed about 6% to our revenue stream. As at the end of 2003, this grew to about 31% and we expect this growth trend to continue into 2004.

Despite the extremely challenging operating environment, RoadShow demonstrated that it is a major factor in the highly competitive outdoor and electronic media sales market in the Greater China Region. RoadShow’s MMOB business continued to realise its potential and to create value for our shareholders.

In Hong Kong, by year-end 2003, 4,000 public transit vehicles had been equipped with the MMOB system reaching some 3.8 million people on a daily basis. This is in addition to bus body advertising and advertising spaces at passenger shelters. In Mainland China, RoadShow has become multi-dimensional in its media sales expanding beyond public transit vehicles.

PROSPECTS

The outlook for Greater China is generally positive. This is anticipated to generate increased advertising spending and create opportunities for our Group to prosper.

The Hong Kong tourism business received a boost with the signing of the Closer Economic Partnership Arrangement that included Mainland China lifting travel restrictions on individuals residing in eight Guangdong cities, Shanghai and Beijing. After the travel restrictions are lifted for the whole Guangdong Province, the potential individual tourists together with the Shanghai and Beijing residents, can reach 100 million.

Also supporting tourism in Hong Kong will be the new Disneyland and the hosting of the Association of Southeast Asian Nations games. In addition, economic growth will be bolstered by the move to allow banks in Hong Kong to offer individual Renminbi deposit-taking accounts, currency exchange, remittances

and credit-card services effective from February 2004. The International Monetary Fund projected that Hong Kong's real Gross Domestic Products in 2004 will grow at around 4.5%-5% following an estimated growth of 3% for 2003. The outdoor advertising market and media sales business should benefit from this anticipated economic growth.

In addition to China's entry into the World Trade Organization, economic growth will be fueled by the 2008 Olympic Games in Beijing, the 2010 World Expo in Shanghai, the new Guangzhou International Airport opening in 2004 and the expansion of the Guangzhou Metro Rapid Transit System.

The Mainland market is immeasurably larger than Hong Kong, which is a mature market. The cities of Beijing, Shanghai and Guangzhou are the engines for growth in advertising expenditures. Thus, Mainland China presents tremendous business opportunities for our joint ventures. While new domestic and international competitors will be attracted by these same prospects, RoadShow will have the edge with its innovative MMOB concept and ability to provide full services to advertisers working with our joint venture partners. Also, RoadShow's connections with The Kowloon Motor Bus Holdings Limited ("KMB") Group are a definite advantage, adding to our competitive edge in the Mainland China market.

Overall, the improvement in the Hong Kong and Mainland China economies in the last six months of the year was most encouraging.

LONG TERM STRATEGY

RoadShow's core strategy is to meet the needs and expectations of public transport operators and advertisers and to continue to expand and diversify the business in the Greater China region and other countries.

RoadShow will continue to seek opportunities to acquire or to invest in complementary businesses or to establish joint ventures in the Mainland and further develop RoadShow's regional network. We will also continue to diversify our operations to increase our revenue base and operating efficiency.

RoadShow will participate in the testing of Global Positioning System technology that will benefit KMB's bus operations and enable RoadShow to provide real time information to our audience. RoadShow will not implement a system, however, until our stringent specifications are met or exceeded.

RoadShow will continue to grow our base of advertisers seeking cost effective access to people who are travelling to either earn money or spend it. RoadShow has a base of clients of about 700 in Hong Kong with a high percentage of repeat customers. We plan to continue an aggressive business development programme to add to this base in 2004.

The Group aims to provide value-added services to passengers and build our stakeholders' understanding and confidence in the Group's long-term plans and development through transparency, communication and performance.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 31 December 2003, the Group had net current assets of HK\$432.4 million (2002: HK\$590.7 million) and total assets of HK\$1,083.1 million (2002: HK\$1,042.6 million).

At 31 December 2003, the Group's cash and deposits at banks amounted to HK\$534.7 million, comprising cash and cash equivalents of HK\$434.7 million (2002: HK\$509.0 million) and pledged bank deposits of HK\$100.0 million (2002: HK\$100.0 million), and they were mainly denominated in Hong Kong Dollars and US Dollars. Cash generated from operations, when not needed for working capital, is principally placed in bank deposits. At 31 December 2003, the proceeds from the initial public offering in 2001 which had not been utilised had been placed into bank deposits.

The Group's cash needs are primarily for working capital to support its media sales business, whereas a sufficient amount of cash is maintained to meet potential business expansion and development.

At 31 December 2003, the Group had bank loans amounting to HK\$138.0 million (2002: HK\$128.0 million), of which loans totaling HK\$100.0 million (2002: HK\$100.0 million) were secured by fixed deposits placed with the 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 31 December 2003 (2002: 3%). The Group's bank loans were repayable within one year.

At 31 December 2003, the Group had banking facilities totaling HK\$200.0 million (2002: HK\$200.0 million). Save as disclosed above, apart from intra-group liabilities, the Group did not have, at the close of business on 31 December 2003, 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 31 December 2003, the Group had 180 full-time employees in Hong Kong and 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 and has participated in employee pension schemes organised and governed by the local governments for its employees in Mainland China.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws and the Law in Bermuda.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Company has complied throughout the year with the Code of Best Practice as set out by the Stock Exchange in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), except that the independent Non-Executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the Annual General Meeting in accordance with the Bye-Laws of the Company.

AUDIT COMMITTEE

The Audit Committee is composed of Deputy Chairman and two independent Non-Executive Directors and reports to the Board of Directors. The Audit Committee meets with the Group's senior management and external auditors regularly to review the effectiveness of the internal control systems and the interim and annual reports of the Group.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

A detailed results announcement of the Group for the financial year ended 31 December 2003 containing all information required by paragraph 45(1) to 45(3) of Appendix 16 to the Listing Rules 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, 23 March 2004

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of RoadShow Holdings Limited (the “Company”) will be held at Royal Plaza Hotel, Ballroom, 193 Prince Edward Road West, Kowloon, Hong Kong on Monday, 17 May 2004 at 3:00 p.m. to transact the following business:—

1. to receive and consider the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 2003;
2. to re-elect Directors and fix their remuneration;
3. to appoint Auditors and to authorise the Directors to fix their remuneration;

and, as special business, to consider and, if thought fit, pass the following resolution as Ordinary Resolution:—

4. **“THAT:—**

(A) (i) subject to paragraph A(iii) of this Resolution, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;

(ii) the approval in paragraph A(i) of this Resolution shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the expiry of the Relevant Period;

(iii) the aggregate nominal value of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph A(i) of this Resolution, otherwise than pursuant to:—

(a) a Rights Issue (as hereinafter defined), or

(b) an issue of shares of the Company upon the exercise of the subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to Directors and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, or

(c) an issue of shares of the Company in lieu of the whole or part of the dividend on shares of the Company in accordance with the Bye-laws of the Company,

shall not exceed 20 per cent of the aggregate nominal value of the share capital of the Company in issue as at the date of the passing of this Resolution and the said approval shall be limited accordingly; and

(iv) for the purposes of this paragraph (A):—

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:—

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda or any applicable laws to be held; or
- (c) the time when such mandate is revoked or varied by an ordinary resolution by shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares of the Company open for a period fixed by the Directors of the Company to holders of shares of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).

- (B) (i) subject to paragraph B(ii) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase shares of the Company on the Stock Exchange or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal value of shares of the Company which the Company is authorised to repurchase pursuant to the approval in paragraph B(i) of this Resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal value of the share capital of the Company in issue as at the date of the passing of this Resolution and the authority pursuant to paragraph B(i) of this Resolution shall be limited accordingly; and

(iii) for the purposes of this paragraph (B):—

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:—

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda or any applicable laws to be held; or

(c) the time when such mandate is revoked or varied by an ordinary resolution by shareholders of the Company in general meeting,

(C) the general unconditional mandate granted to the Directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with additional shares of the Company pursuant to paragraph (A) of this Resolution be and is hereby extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company pursuant to the general unconditional mandate to repurchase shares referred in paragraph (B) of this Resolution provided that such extended amount shall not exceed 10 per cent of the aggregate nominal value of the share capital of the Company in issue as at the date of the passing of this Resolution.”

By Order of the Board
Thomas MAK
Company Secretary

Hong Kong, 23 March 2004

Notes:—

- (1) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll, votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
- (2) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of authority must be lodged with the Company's principal office at No.1, Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.
- (3) The Register of Members will be closed from Thursday, 13 May 2004 to Monday, 17 May 2004 both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Monday, 10 May 2004.

Please also refer to the published version of this announcement in the China Daily.