

Results

Revenue of the Group for the six months ended 30 June 2001 rose sharply by 450% over the same period last year.

For the six months ended 30 June 2001, the Group reported total operating revenue of HK\$99.8 million and profit attributable to shareholders of HK\$55.7 million, representing an increase of approximately 450% and 424% respectively over the same period in 2000. The Group's revenue was derived principally from its multi-media on-board business, transit network media sales and merchandising businesses, with each accounting for approximately 69%, 21% and 4%, respectively of the Group's total operating revenue for the six months ended 30 June 2001.

Multi-media on-board business

Multi-media on-board business revenue increased by HK\$65.5 million, or 1,705%, from HK\$3.8 million in the first half of 2000 to HK\$69.3 million in the first half of 2001. The increase was principally due to the commencement of the commercial launch of the upgrade to the multi-media on-board business to include audio-video programming. In January, February, March and April 2001, about 200, 500, 700 and 1,000 transit vehicles respectively had been installed with the multi-media on-board system. At 30 June 2001, 2,100 transit vehicles were installed with the multi-media on-board system and being used for selling advertising. The Group's existing MMOB system has a sizeable captive audience of 2 million daily. RoadShow believes that unlike other forms of advertising, MMOB system is an attractive medium for advertisers because of its ability to capture a large audience in a captive environment. From the advertisers' point of view, this represents competitive consumer impact and high recall rate and stimulates impulse purchase in a highly cost-effective way.

With a sizeable captive audience, the MMOB system is perceived as an effective advertising medium and gives RoadShow significant competitive advantages in the market. According to research conducted by AC Nielsen in July this year, 66% of the inferred public liked the MMOB service, while 81% of them considered MMOB to be a better bus service.

Transit network media sales business

Transit network media sales business revenue increased by HK\$10.4 million, or 97%, from HK\$10.7 million in the first half of 2000 to HK\$21.1 million in the first half of 2001. The increase was principally due to an increase in media sales in transit vehicle shelters as a result of an increase in advertising spaces in transit vehicle shelters.

Merchandising business

Merchandising business revenue increased by HK\$1.1 million, or 33%, from HK\$3.3 million in the first half of 2000 to HK\$4.4 million in the first half of 2001. The increase was principally due to an increase in sales in 2001 as a result of normal sales trend following the introduction of new bus models.

Operating expenses

Operating expenses increased by HK\$29.6 million, or 528%, from HK\$5.6 million in the first half of 2000 to HK\$35.2 million in the first half of 2001. The increase was principally due to an increase in depreciation charges for the MMOB system, salaries and sale commission and production costs as a result of the commencement of the full commercial launch of the upgrade to the multi-media on-board business to include audio-video programming.

Interim Dividend

As originally planned, the Board of Directors ("Board") do not recommend the payment of an interim dividend for the six months ended 30 June 2001 (January - June 2000: Nil).

Liquidity, Financial Resources and Capital Structure

At 30 June 2001, the Group had net current assets of HK\$555.7 million (2000: HK\$50.9 million).

The Group's cash needs are primarily for working capital to support its multi-media on-board, transit network media sales and merchandising businesses. At 30 June 2001, the Group had cash and cash equivalents of approximately HK\$505.3 million, which were denominated in Hong Kong dollars or United States dollars. Cash generated from operations, when not needed for working capital requirements, is principally placed in bank deposits. At 30 June 2001, the proceeds from the Global Offering had been placed into short-term bank deposits.

At 30 June 2001, 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 2001, 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 2001, the Group had 61 full-time employees of whom 11 were senior management, 31 worked in marketing and sales, 7 in content production, 9 in finance and administration and 3 in business operations. The Group has adopted the Share Option Scheme and Pre-Listing Share Option Scheme, details of which are contained in the paragraph headed "Share Options" (as described on page 14).

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 sale 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 Scheme Ordinance.