

FINANCIAL REVIEW

	For the year ended 31 December	
	2001 HK\$'000	2000 HK\$'000
Total operating revenue	301,294	53,329
Total operating expenses	99,459	16,832
Profit attributable to shareholders	175,108	30,695
EBITDA	220,517	36,719
Basic earnings per share (in Hong Kong cents)	21.11	4.91

The Group generates its revenue from the following businesses:

	For the year ended 31 December	
	2001 HK\$'000	2000 HK\$'000
Media sales services	260,955	26,561
Media sales management and administrative services	19,930	17,094
Merchandising business	7,938	8,229
Other revenue	12,471	1,445
Total operating revenue	301,294	53,329

BUSINESS RESULTS For the year ended 31 December 2001, the Group reported total operating revenue of HK\$301.3 million and profit attributable to shareholders of HK\$175.1 million representing an increase of approximately 465% and 470% respectively over the same period as compared to 2000. The Group's revenue was derived principally

from its media sales services, media sales management and administrative services and merchandising business, with each accounting for approximately 87%, 7% and 3%, respectively of the Group's total operating revenue for the year ended 31 December 2001.

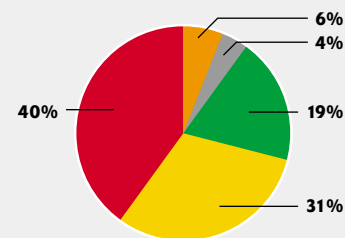
Revenue from media sales services increased by HK\$234.4 million, from HK\$26.6 million in 2000, to HK\$261.0 million in 2001. The increase was principally the result of the upsurge in media sales in transit vehicles shelters and the full commercial launch of the Multi-media On-board ("MMOB") business in transit vehicles. At 31 December 2001, the Group had 1,888 transit vehicle shelter panels with a territory wide coverage and a total of 2,400 MMOB transit vehicles with a sizeable audience reach of over two million daily.

The Group also provides media sales and management services with respect to advertising on about 4,800 transit vehicle exterior in 2001. The Group also engages in merchandising business to produce and market collectables, mainly transit vehicle models and memorabilia. In 2001, a total quantity of 41,500 limited edition models ranging from classic to modern transit vehicle types were marketed worldwide.

The total operating expenses as a percentage of total operating revenue remained relatively constant at 32% and 33% for 2000 and 2001, respectively. The relative increase in operating expenses in 2001 was mainly associated with the full commercial launch of MMOB business which resulted in additional depreciation charges for the MMOB equipment, increase of

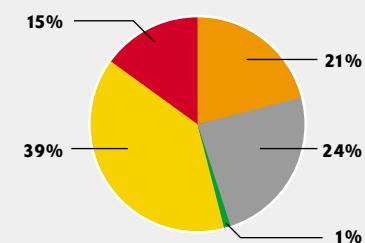
headcount and relevant production costs. There was also an increase in the provision for doubtful debts of HK\$7.2 million in 2001 as a result of the generally weak local economic environment in the latter half of 2001.

Total 2001 Operating Cost
by Category



- Licence & royalty fees
- Cost of inventories
- Depreciation
- Staff costs
- Other operating expenses

Total 2000 Operating Cost
by Category



- Licence & royalty fees
- Cost of inventories
- Depreciation
- Staff costs
- Other operating expenses

DIVIDENDS The Directors have resolved to recommend a final dividend of HK3.8 cents per share in respect of the year ended 31 December 2001 to shareholders whose names appear on the Register of Members of the Company on Friday, 10 May 2002.

The Directors propose that shareholders be given the option to receive the final dividend in new shares in lieu of cash. The scrip dividend proposal is subject to: (1) the approval of the proposed final dividend at the Annual General Meeting to be held on Friday, 10 May 2002 and (2) The Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant to this proposal.

A circular containing details of the scrip dividend proposal will be despatched to shareholders together with the form of election for scrip dividend on or about Wednesday, 15 May 2002. It is expected that the final dividend warrants and/or share certificates will be despatched to shareholders on or about Friday, 28 June 2002.

CASH FLOW In 2001, the net cash inflow from operating activities of the Group was HK\$48.5 million (2000: HK\$17.3 million). Payment for capital expenditure for the year ended 31 December 2001 amounted to HK\$134.1 million (2000: HK\$Nil). The consolidated cash flow statement of the Group for the year ended 31 December 2001 is set out on page 45 of this annual report.

LIQUIDITY AND FINANCIAL RESOURCES At 31 December 2001, the Group had net current assets of HK\$751.3 million (2000: HK\$50.9 million) and net tangible assets of HK\$865.2 million (2000: HK\$57.0 million).

The Group's cash needs are primarily for working capital to support its media sales and merchandising businesses. At 31 December 2001, the Group had cash and cash equivalents of approximately HK\$562.3 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 31 December 2001, the proceeds from the Global Offering and the exercise of an over-allotment option by the underwriters on 18 July 2001 which had not been utilised had been placed into short-term bank deposits.

SHAREHOLDERS' FUNDS Shareholders' funds increased from HK\$57.0 million at the end of 2000 to HK\$865.2 million at the end of 2001, mainly as a result of the increase in the share premium and retained profits.

BANKING FACILITIES At 31 December 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 31 December 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.

CASH AND DEPOSITS AT BANK At 31 December 2001, the Group's cash and deposits at bank amounted to HK\$562.3 million (2000: HK\$17.1 million), and they were mainly denominated in Hong Kong dollars and US dollars.

TAXATION Taxation for the year was HK\$16.8 million, representing an effective tax rate of 8.3% of profits (2000: 15%). The tax charge will always be sensitive to the amount of equipment purchased for use in the MMOB business and deferred taxation may need to be provided for when the equipment used in the MMOB business to be purchased in the next few years is expected to be reduced. At 31 December 2001, no deferred tax has been provided as timing differences are not likely to be reversed in the foreseeable future.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT Capital expenditure incurred by the Group during 2001 amounted to HK\$134.1 million (2000: HK\$Nil). The breakdown of the capital expenditure incurred is shown in note 13 on the accounts on page 56 of this annual report. Capital commitments authorised but not provided for in the accounts of the Group as at 31 December 2001 amounted to HK\$173 million (2000: HK\$100.4 million) which is mainly for the purchase of MMOB system for the MMOB business. The commitments are to be financed by the funds raised from the Global Offering.

ACCOUNTING STANDARDS AND POLICIES The accounts set out in pages 44 to 63 have been prepared in accordance with the requirements of the Main Board Listing Rules ("Listing Rules") of the Stock Exchange, all applicable Statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Society of Accountants ("HKSA") and the accounting principles generally accepted in Hong Kong.

EMPLOYEES AND EMOLUMENTS POLICIES At 31 December 2001, the Group had 63 full-time employees. The Group had adopted the Share Options Scheme and Pre-Listing Share Options Scheme ("the Schemes"), details of which are contained in the paragraph headed "Share Options Schemes" (as described on page 41).

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 Scheme Ordinance.

CONNECTED TRANSACTIONS For the year ended 31 December 2001, the Group had the following connected transactions, details of which are set out below:

(a) For the year ended 31 December 2001, transactions between the following connected parties and the Group arising from or in connection with the MMOB business on transit vehicles:-

Name of connected parties	Nature of transaction	HK\$'000
(1) KM-Vision Limited (<i>Note 1</i>)	Shareholder's loan by RoadVision Holdings Limited ("RoadVision") to KM-Vision on the capital expenditure in connection with the purchase of MMOB equipment	102,660
(2) LW-Vision Limited (<i>Note 2</i>)	Shareholder's loan by RoadVision to LW-Vision on the capital expenditure in connection with the purchase of MMOB equipment.	516

Notes:

1. KM-Vision Limited ("KM-Vision") is an indirect 95%-owned subsidiary of the Company and an indirect 5%-owned investments of KMB.

2. LW-Vision Limited ("LW-Vision") is an indirect 95%-owned subsidiary of the Company and an indirect 5%-owned investments of KMB.

(b) For the year ended 31 December 2001, transactions between the following connected parties and the Group arising from or in connection with the provision of media sales services by the Group:-

Name of connected parties	Nature of transaction	HK\$'000
(1) LW-Vision Limited	Licence fee payable by RoadShow Media Limited ("RoadShow Media") in connection with the transaction referred to in (b) above	536
(2) Long Win Bus Company Limited (Note 1)	Licence fee payable by RoadShow Media in connection with the transaction referred to in (b) above	2,300
(3) The Kowloon Motor Bus Company (1933) Limited (Note 2)	Royalty fee payable by Bus Focus Limited ("Bus Focus") in connection with the transaction referred to in (b) above	3,506
(4) Texon Media Limited (Note 3)	Management fee payable by Bus Focus in connection with the transaction referred to in (b) above	5,583

Notes:

1. Long Win Bus Company Limited ("LWB") is an indirect wholly-owned subsidiary of KMB.
2. The Kowloon Motor Bus Company (1933) Limited ("KMB (1933)") is an indirect wholly-owned subsidiary of KMB.
3. Texon Media Limited ("Texon") is a wholly-owned subsidiary of Texon International Limited ("TIL").
4. Bus Focus Limited ("Bus Focus") is an indirect 60%-owned subsidiary of the Company and a direct 40%-owned associate of Immense Prestige Limited ("IPL"). IPL is a wholly-owned subsidiary of TIL.

(c) For the year ended 31 December 2001, transaction between the following connected party and the Group arising from or in connection with the provision of media sales management and administrative services by the Group:-

Name of connected party	Nature of transaction	HK\$'000
(1) KMB Public Bus Services Holdings Limited (Note 1)	Service fee payable by KMBPBS in connection with the transaction referred to in (c) above	19,930

Notes:

1. KMB Public Bus Services Holdings Limited ("KMBPBS") is an indirect wholly-owned subsidiary of KMB.

(d) For the year ended 31 December 2001, the fee paid or payable by RoadShow Media to KMB (1933) arising from or in connection with an office rental between RoadShow Media and KMB (1933) was HK\$1,272,000.

Independent Non-Executive Directors have reviewed and confirmed that the connected transactions as set out above which had been entered into by the Group are:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or on terms no less favourable than terms available to/from (as appropriate) independent third parties;

(iii) fair and reasonable so far as the shareholders of the Company are concerned; and

(iv) in accordance with the waiver conditions granted by the Stock Exchange, namely that, during the year:

- (1) the aggregate annual amount in respect of (a)(1) above did not exceed HK\$220,000,000;*
- (2) the aggregate annual amount in respect of (a)(2) above did not exceed HK\$16,500,000;*
- (3) the aggregate annual amount in respect of (b)(1) above did not exceed 3% of the Group's total turnover;*
- (4) the aggregate annual amount in respect of (b)(2) above did not exceed 1% of the Group's total turnover;*
- (5) the aggregate annual amount in respect of (b)(3) above did not exceed 2.5% of the Group's total turnover;*
- (6) the aggregate annual amount in respect of (b)(4) above did not exceed 3.5% of the Group's total turnover;*
- (7) the aggregate annual amount in respect of (c)(1) above did not exceed 7% of the Group's total turnover; and*
- (8) the aggregate annual amount in respect of (d) above did not exceed HK\$1,272,000*

The Auditors of the Company have also confirmed that the connected transactions as set out above:

(a) had received approval from the Board;

(b) were in accordance with the terms of the agreement governing the connected transactions or, if there are no such agreements, on normal commercial terms in the normal course of business of the Group; and

(c) had been conducted in accordance with the waiver conditions granted by the Stock Exchange as stated in (iv) above.

Financial Summary For The Year Ended 31 December

	2001 HK\$'000	2000 HK\$'000	1999 HK\$'000	1998 HK\$'000
Income Statement				
Turnover	288,823	51,884	31,583	51,297
Profit from ordinary activities before taxation	201,835	36,497	16,916	24,732
Taxation	(16,780)	(5,463)	(2,690)	(3,970)
Profit from ordinary activities after taxation	185,055	31,034	14,226	20,762
Minority interests	(9,947)	(339)	—	—
Profit attributable to shareholders	175,108	30,695	14,226	20,762
Balance sheet				
Current assets	788,922	74,543	40,767	35,003
Current liabilities	(37,663)	(23,625)	(5,032)	(12,888)
Net current assets	751,259	50,918	35,735	22,115
Fixed assets	121,750	6,458	606	—
Employment of funds	873,009	57,376	36,341	22,115
Financed by:				
Share capital	98,169	—	—	—
Reserves	767,032	57,036	36,341	22,115
Minority interests	7,808	340	—	—
Shareholders' funds	873,009	57,376	36,341	22,115

USE OF PROCEEDS The Group raised approximately HK\$538.1 million (net of expenses) from the Global Offering and the exercise of an over-allotment option by the underwriters on 18 July 2001.

Since the listing of RoadShow on the Stock Exchange in June 2001, the Group has incurred the following expenses to achieve the business objectives as set out in the Prospectus:

- Approximately HK\$84.7 million for the purchase of equipment used in the MMOB business.
- Approximately HK\$0.8 million for the purchase of equipment related to the development of programme content for use in the MMOB system.
- The remaining net proceeds have been deposited in licensed banks in Hong Kong.