

RoadShow Holdings Limited



Interim Report 2003

INTERIM RESULTS FOR THE 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") and the unaudited consolidated balance sheet of the Group at 30 June 2003, together with the comparative figures for the six months ended 30 June 2002 and at 31 December 2002.

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 reflected 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).

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.

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).

Use of Proceeds from Listing

Since the listing of RoadShow on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 June 2001 (the "Listing Date"), the Group has incurred approximately HK\$251.0 million for the development of, and the purchase of equipment for use in, the Multi-media On-board ("MMOB") business and for the acquisition of complementary businesses in China. The balance of the proceeds which have not been utilized have been deposited with licensed banks in Hong Kong.

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 has adopted the Share Option Scheme and Pre-Listing Share Option Scheme (the "Schemes"), details of which are contained in the paragraph headed "Share Option Schemes" below.

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 outdoor 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 also engaged in the media sales on Guangzhou Metro Line 2 and has also obtained the advertising rights on certain outdoor billboards, telephone booths and signages. 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.

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

	Note	Six months ended 30 June	
		2003	2002
		(Unaudited) HK\$'000	(Unaudited) HK\$'000 Restated
Turnover	2	63,651	112,675
Other revenue		<u>7,922</u>	<u>7,806</u>
Total operating revenue		<u>71,573</u>	<u>120,481</u>
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		<u>63,441</u>	<u>15,329</u>
Total operating expenses		<u>96,744</u>	<u>44,689</u>
(Loss)/profit from operations		(25,171)	75,792
Finance costs		(488)	—
Share of profits of associate		<u>1,274</u>	<u>—</u>
(Loss)/profit from ordinary activities before taxation	3	(24,385)	75,792
Income tax expense	4	<u>26</u>	<u>9,211</u>
(Loss)/profit from ordinary activities after taxation		(24,411)	66,581
Minority interests		<u>(1,821)</u>	<u>(5,219)</u>
(Loss)/profit attributable to shareholders		<u>(26,232)</u>	<u>61,362</u>
(Loss)/earnings per share (in Hong Kong cents)			
Basic	6(a)	<u>(2.63)</u>	<u>6.24</u>
Diluted	6(b)	<u>N/A</u>	<u>6.20</u>

The notes on pages 8 to 12 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2003

	Note	At	
		30 June	31 December
		2003	2002
		(Unaudited)	(Audited)
		HK\$'000	HK\$'000
Non-current assets			
Fixed assets		117,300	104,193
Goodwill		32,391	33,317
Non-current prepayments		132,168	101,040
Interest in associate		63,363	57,765
		<u>345,222</u>	<u>296,315</u>
Current assets			
Inventories		1,585	1,586
Amount due from ultimate holding company	7	2,707	2,097
Accounts receivable	8	28,896	92,407
Other receivables and deposits		20,746	3,310
Prepayments		38,833	37,885
Prepaid tax		10,592	—
Pledged bank deposit	9	100,000	100,000
Cash and cash equivalents	9	507,662	509,011
		<u>711,021</u>	<u>746,296</u>
Current liabilities			
Accounts payable	10	7,161	5,477
Other payables and accruals		20,655	21,805
Dividend payable		19,947	—
Bank loans		138,000	128,000
Taxation		7,320	257
		<u>193,083</u>	<u>155,539</u>
Net current assets		<u>517,938</u>	<u>590,757</u>
Total assets less current liabilities		863,160	887,072
Non-current liabilities			
Deferred taxation		14,568	15,901
Minority interests		<u>31,378</u>	<u>7,777</u>
Net assets		<u>817,214</u>	<u>863,394</u>
Capital and reserves			
Share capital		99,737	99,737
Reserves	11	717,477	763,657
		<u>817,214</u>	<u>863,394</u>

The notes on pages 8 to 12 form part of this interim financial report.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2003

	Six months ended 30 June	
	2003	2002
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Shareholders' equity at 1 January		
— as previously reported	863,394	865,201
— prior period adjustment arising from change in accounting policy for deferred tax liabilities	—	(17,690)
— Shareholders' equity at 1 January (2002: as restated)	863,394	847,511
Exchange difference on translation of the financial statements of foreign entities	(1)	—
Net loss not recognised in the income statement	(1)	—
(Loss)/profit for the period		
— as previously reported	—	60,033
— prior period adjustment arising from change in accounting policy for deferred tax liabilities	—	1,329
(Loss)/profit for the period (2002: as restated)	(26,232)	61,362
Dividend approved in respect of the previous financial year	(19,947)	(37,392)
Movements in share capital :		
— Shares issued in lieu of cash dividend	—	29,269
— Shares issued under the Share Option Schemes	—	7,749
— Adjustment on allotment of shares to KMB Resources	—	(38,789)
Net decrease in shareholders' equity arising from capital transactions with shareholders	—	(1,771)
Shareholders' equity at 30 June	817,214	869,710

The notes on pages 8 to 12 form part of this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2003

		Six months ended 30 June	
		2003	2002
		(Unaudited)	(Unaudited)
<i>Note</i>		HK\$'000	HK\$'000
	Net cash generated from operating activities	7,533	36,027
	Net cash used in investing activities	(19,145)	(28,524)
	Net cash from financing activities	10,263	9,116
	Net (decrease)/increase in cash and cash equivalents	(1,349)	16,619
	Cash and cash equivalents at 1 January	509,011	562,346
	Cash and cash equivalents at 30 June	<u>507,662</u>	<u>578,965</u>

The notes on pages 8 to 12 form part of this interim financial report.

1. Basis of preparation

This interim financial report is unaudited, but has 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 (the "Board") is included on page 16.

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

The financial information relating to the financial year ended 31 December 2002 included in the interim financial report does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the financial year ended 31 December 2002, on which auditors have expressed an unqualified opinion in their report dated 19 March 2003, were included in the Company's 2002 Annual Report and are also available from the Company's registered office.

The notes on the interim financial report include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the 2002 annual financial statements.

This interim financial report is 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. The new accounting policy has been adopted retrospectively, with the balance of retained profits at 1 January 2002 and the comparative information adjusted for the amounts relating to prior periods as disclosed in the unaudited consolidated statement of changes in equity.

(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 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
	<u>63,651</u>	<u>112,675</u>	<u>(28,484)</u>	<u>68,866</u>
Unallocated operating income and expenses			4,099	6,926
			<u>(24,385)</u>	<u>75,792</u>

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	<u>1,107</u>	<u>617</u>

4. Income tax expense

Recognised in the consolidated income statement :

	Six months ended 30 June	
	2003	2002
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax expense		Restated
Hong Kong Profits Tax for current period	425	9,427
Provision for PRC income tax	933	1,199
	<u>1,358</u>	<u>10,626</u>
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	—
	<u>(1,332)</u>	<u>(1,415)</u>
Total income tax expense in income statement	<u>26</u>	<u>9,211</u>

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. Dividend

- (a) 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.
- (b) Dividend attributable to the previous financial year, approved during the interim period :

	Six months ended 30 June	
	2003	2002
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	HK\$'000	HK\$'000
Final dividend in respect of the previous year approved during the interim period, of HK 2 cents per share (2002: HK3.8 cents per share)	<u>19,947</u>	<u>37,392</u>

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 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.

7. Amount due from ultimate holding company

The amount is unsecured, interest-free, repayable on demand and represents normal trade receivables and payables.

8. Accounts receivable

Details of the ageing analysis of accounts receivable are as follows:

	At 30 June 2003	At 31 December 2002
	<i>(Unaudited)</i>	<i>(Audited)</i>
	HK\$'000	HK\$'000
Within one month	11,834	7,778
One to two months	5,011	4,996
Two to three months	2,903	2,621
More than three months	<u>32,849</u>	<u>86,712</u>
	52,597	102,107
Less: Provision for doubtful debts	<u>(23,701)</u>	<u>(9,700)</u>
	<u>28,896</u>	<u>92,407</u>

All of the accounts receivable are expected to be recovered within one year.

Customers of the media sales and management services business are generally granted credit terms of 90 days. Customers of the merchandising business either pay cash or are generally granted credit terms of 30-90 days.

9. Cash and cash equivalents and pledged bank deposit

	<u>At 30 June 2003</u>	<u>At 31 December 2002</u>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deposits with banks	487,714	495,487
Cash at bank and in hand	19,948	13,524
	<hr/>	<hr/>
Cash and cash equivalents	507,662	509,011
Pledged bank deposit	100,000	100,000
	<hr/>	<hr/>
	607,662	609,011
	<hr/> <hr/>	<hr/> <hr/>

10. Accounts payable

Details of the ageing analysis of accounts payable are as follows:

	<u>At 30 June 2003</u>	<u>At 31 December 2002</u>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one month	7,161	5,477
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All of the accounts payable are expected to be settled within one year.

11. Reserves

	<i>(Unaudited)</i>					
	<u>Share premium</u>	<u>General reserve</u>	<u>Contributed surplus</u>	<u>Exchange reserve</u>	<u>Retained profits</u>	<u>Total</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2003	531,769	238	(200)	(1)	231,851	763,657
Exchange differences on translation of the financial statements of foreign entities	—	—	—	(1)	—	(1)
Loss attributable to shareholders	—	—	—	—	(26,232)	(26,232)
Final dividend in respect of previous financial year	—	—	—	—	(19,947)	(19,947)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2003	531,769	238	(200)	(2)	185,672	717,477
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

12. Commitments

Capital commitments of the Group outstanding at 30 June 2003 in relation to the purchase of fixed assets and investments not provided for in the interim financial report are as follows:

	<u>At 30 June 2003</u>	<u>At 31 December 2002</u>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted for	23,048	103,144
Authorised but not contracted for	173,000	236,000

13. Contingent liabilities

The Group did not have any significant contingent liabilities at 30 June 2003 and 31 December 2002.

14. Material related party transactions

The Group is part of a larger group of companies under The Kowloon Motor Bus Holdings Limited ("KMB") and has significant transactions and relationships with members of the KMB Group. Related parties refer to enterprises over which the KMB Group is able to exercise significant influence.

The principal recurring related party transactions with the KMB Group during the period, which were carried out in the ordinary course of business, are as follows:

		<u>Six months ended 30 June</u>	
		<u>2003</u>	<u>2002</u>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Management and administrative fee income	<i>(a)</i>	9,265	8,603
Licence and royalty fees paid for the right to sell advertising spaces on transit vehicle exteriors and shelters	<i>(b)</i>	3,879	3,685
Rental expenses	<i>(c)</i>	641	617

Notes:

- (a) Fee income was earned for the provision of media sales management and administrative services to the KMB Group.*
- (b) Licence and royalty fees were paid for selling advertising spaces on certain transit vehicle exteriors and certain transit vehicle shelters owned by the KMB Group.*
- (c) The Group paid rental expense to the KMB Group for leasing properties, computer equipment and software system, furniture and fixtures.*

The Directors are of the opinion that the above related party transactions were conducted on normal commercial terms and in the ordinary course of business.

15. Comparative figures

Certain comparative figures have been restated as a result of changes in accounting policies for deferred taxation and segment reporting to conform with current period's presentation, details of which are set out in note 1(a) and (b).

16. Ultimate holding company

The Directors consider the ultimate holding company at 30 June 2003 to be The Kowloon Motor Bus Holdings Limited, which is incorporated in Bermuda and listed in Hong Kong.

DIRECTORS' INTERESTS IN SECURITIES

At 30 June 2003, the interest of the Directors of the Company in the shares and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they are taken or deemed to have under such provisions of the SFO or were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or were to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(a) **Directors' interests in shares of the Company**

The Directors of the Company who held office at 30 June 2003 had the following interests in the issued share capital of the Company at that date as recorded in the register of Directors' interests in shares:

Name of Directors	Ordinary shares of HK\$0.1 each				Total
	Personal interests	Family interests	Corporate interests	Other interests	
Winnie J. NG (<i>Note</i>)	1,000,000	—	—	123,743	1,123,743
James Conrad LOUEY	283,500	300,000	—	—	583,500
Anthony NG (<i>Note</i>)	—	—	—	123,743	123,743

Note: Each of Ms. Winnie J. NG and Mr. Anthony NG has interest in 123,743 shares in the Company as a beneficiary of certain private trusts which beneficially held the aforesaid block of shares.

(b) **Directors' interests in associated corporation**

Name of Directors	Name of associated corporation	Number of shares in associated corporation				Total
		Personal interests	Family interests	Corporate interests	Other interests	
John CHAN Cho Chak	KMB	2,000	—	—	—	2,000
Winnie J. NG (<i>Note</i>)	KMB	41,416	—	—	21,000,609	21,042,025
James Conrad LOUEY	KMB	13,929	—	—	—	13,929
Anthony NG (<i>Note</i>)	KMB	233,954	—	—	21,000,609	21,234,563

Note: Each of Ms. Winnie J. NG and Mr. Anthony NG has interest in 21,000,609 shares in The Kowloon Motor Bus Holdings Limited ("KMB") as a beneficiary of certain private trusts which beneficially held the aforesaid block of shares.

Save as disclosed herein, at 30 June 2003, none of the Directors or their associates had any personal, family, corporate or other interests in the share capital of the Company or its associated corporations as required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(c) **Directors' right to subscribe shares**

Details of Directors' right to acquire shares of the Company are set out in the section "Share Option Schemes" below.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company, its holding companies, subsidiaries or fellow subsidiaries was a party, in which a Director of the Company had a material interest subsisted at the end of the period or at any time during the period.

SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

At 30 June 2003, the interest or short position of the persons (not being Directors of the Company) in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name	Number of shares
KMB Resources Limited	728,127,410
KMB (Note)	728,127,410

Note: As KMB Resources Limited ("KMB Resources") is a wholly-owned subsidiary of KMB, which in turn holds 73.01% of the entire issued share capital in the Company, KMB is deemed to be interested in the same number of shares held by KMB Resources under the SFO.

SHARE OPTION SCHEMES

The Company has two share option schemes, Pre-Listing Share Option Scheme and Share Option Scheme, which were adopted on 7 June 2001. Under which the Directors may, at their discretion, offer any employee (including any Directors) of the Company or any of its wholly-owned subsidiaries options to subscribe for shares in the Company to recognise his/her contributions to the growth of the Group, subject to the terms and conditions stipulated in the schemes.

The total number of securities available for issue under the Pre-Listing Share Option Scheme and the Share Option Scheme as at 30 June 2003 was 21,675,000 shares and 17,800,000 shares respectively which represented 4% of the issued share capital of the Company at 30 June 2003. In respect of the maximum entitlement of each participant under the schemes, the number of securities issued and to be issued upon exercise of the options granted to each participant in any 12 month period is limited to 1% of the Company's ordinary shares in issue.

At 30 June 2003, the Directors and employees of the Company had the following interests in options to subscribe for shares of the Company (market value per share at 30 June 2003 is HK\$0.85) granted for nil consideration under the share option schemes of the Company. Each option gives the holder the right to subscribe for one share. The options granted are not recognised in the financial statements until they are exercised.

(a) Pre-Listing Share Option Scheme

	Number of options outstanding at beginning of the period	Number of options outstanding at end of the period	Number of shares acquired on exercise of options during the period	Exercise price per share	Market value per share at date of grant of options
Directors					
John CHAN Cho Chak	2,380,000	2,380,000	Nil	HK\$1.80	Note 2
Norman LEUNG Nai Pang	2,380,000	2,380,000	Nil	HK\$1.80	Note 2
Winnie J. NG	3,380,000	3,380,000	Nil	HK\$1.80	Note 2
MAK Chun Keung	2,380,000	2,380,000	Nil	HK\$1.80	Note 2
Amanda LUI Yee Fai	2,380,000	2,380,000	Nil	HK\$1.80	Note 2
James Conrad LOUEY	128,000	128,000	Nil	HK\$1.80	Note 2
Employees and other	8,833,000	8,647,000	Nil	HK\$1.80	Note 2

The above options were granted on 26 June 2001 and are exercisable during the period from 28 December 2001 to 27 December 2003 (Note 1). 186,000 options have lapsed during the period because the grantees ceased their employment with the Group.

(b) **Share Option Scheme**

	Number of options outstanding at beginning of the period	Number of options outstanding at end of the period	Number of shares acquired on exercise of options during the period	Exercise price per share	Market value per share at date of grant of options
Directors					
Winnie J. NG	3,800,000	3,800,000	Nil	HK\$2.25	HK\$2.25
Amanda LUI Yee Fai	2,800,000	2,800,000	Nil	HK\$2.25	HK\$2.25
Employees	11,640,000	11,200,000	Nil	HK\$2.25	HK\$2.25

The above options were granted on 11 March 2002 and they are exercisable during the period from 12 March 2002 to 11 March 2005. 440,000 options have lapsed during the period because the grantees ceased employment with the Group.

Notes:

1. *The exercise period of these options is two years commencing six months from 28 June 2001, (the "Listing Date") except that for grantees who were granted 1,000,000 or more options, they could (a) during the period from the beginning of the seventh month up to the end of the twelfth month from 28 June 2001 exercise up to 50% of the number of options that they have been granted under the Pre-Listing Share Option Scheme, and (b) exercise the remaining unexercised options after the end of the twelfth month from the Listing Date up to the end of the exercise period.*
2. *The exercise price is HK\$1.80 per share representing 80% of the issue price of HK\$2.25 per share pursuant to the Hong Kong Offering and the International Placing (the "Global Offering").*

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. The independent review report of the external auditors is set out on page 16.

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.

By Order of the Board
John CHAN Cho Chak
Chairman

Hong Kong, 17 September 2003



INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF ROADSHOW HOLDINGS LIMITED

Introduction

We have been instructed by the company to review the interim financial report set out on pages 4 to 12.

Respective responsibilities of directors and auditors

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2003.

KPMG

Certified Public Accountants

Hong Kong, 17 September 2003