



ROADSHOW HOLDINGS LIMITED
路訊通控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 888)

2005 FINAL RESULTS ANNOUNCEMENT

ANNUAL RESULTS

The directors (the “Directors”) of RoadShow Holdings Limited (the “Company” or “RoadShow”) have pleasure in presenting the consolidated income statement of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2005 and the Group’s consolidated balance sheet at 31 December 2005, together with the relevant comparative figures.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

		2005	2004 (restated)
	Note	HK\$’000	HK\$’000
Group turnover	4	191,105	181,965
Share of associate’s turnover		77,808	45,307
Subtotal		268,913	227,272
Other revenue		21,583	16,095
Total operating revenue		290,496	243,367
Group turnover	4	191,105	181,965
Other revenue		21,583	16,095
Operating expenses			
Licence and royalty fees		(6,980)	(9,880)
Cost of inventories		(3,714)	(3,727)
Depreciation and amortisation		(39,559)	(35,907)
Site rentals		(24,076)	(23,655)
Staff expenditure		(27,468)	(28,378)
Impairment loss of accounts receivable		(3,141)	(1,784)
Impairment loss of media assets		(3,026)	—
Other operating expenses		(82,031)	(76,011)
Total operating expenses		(189,995)	(179,342)
Profit from operations		22,693	18,718
Finance costs		(2,385)	(1,348)
Share of profit of associate		12,129	9,454
Profit before taxation		32,437	26,824
Income tax	5	(5,267)	(3,053)
Profit for the year		27,170	23,771
Attributable to:			
Equity shareholders of the Company		26,270	20,114
Minority interests		900	3,657
Profit for the year		27,170	23,771
Dividend payable to equity shareholders of the Company attributable to the year:			
Final dividend proposed after the balance sheet date	6	16,955	13,963
Earnings per share (in Hong Kong cents)			
Basic	7(a)	2.63	2.02
Diluted	7(b)	N/A	N/A

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2005

		2005	2004
	<i>Note</i>	<i>HK\$'000</i>	<i>(restated)</i> <i>HK\$'000</i>
Non-current assets			
Fixed assets		85,315	112,552
Media assets		95,805	114,722
Goodwill		12,487	12,487
Non-current prepayments		62,610	106,343
Interest in associate		144,388	111,271
Deferred tax assets		7,076	7,214
		407,681	464,589
Current assets			
Inventories		2,237	2,143
Amount due from ultimate holding company		2,764	4,437
Accounts receivable	8	51,815	54,295
Other receivables and deposits		21,009	25,168
Prepayments		43,734	15,734
Current tax recoverable		2,507	4,607
Bank deposits and cash		452,279	521,455
		576,345	627,839
Current liabilities			
Accounts payable	9	10,986	14,320
Other payables and accruals		41,142	49,153
Bank loans		38,000	138,000
Current tax payable		1,936	639
		92,064	202,112
Net current assets		484,281	425,727
Total assets less current liabilities		891,962	890,316
Non-current liabilities			
Deferred tax liabilities		13,571	14,806
Other unsecured loan		15,423	21,123
		28,994	35,929
NET ASSETS		862,968	854,387
CAPITAL AND RESERVES			
Share capital		99,737	99,737
Reserves		742,995	727,017
Total equity attributable to equity shareholders of the Company		842,732	826,754
Minority interests		20,236	27,633
TOTAL EQUITY		862,968	854,387

Notes:

1. Basis of preparation

The financial results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The 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”).

The measurement basis used in the preparation of the financial results is the historical cost basis.

2. Changes in accounting policies

The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. Information on the changes in accounting policies resulting from initial application of these new and revised HKFRSs for the current and prior accounting periods has been reflected in the financial results. The following sets out information on the significant changes in accounting policies for the current and prior accounting periods reflected in the financial results.

(a) *Employee share option scheme (HKFRS 2, Share-based payment)*

In prior years, no amounts were recognised when employees (which term includes directors) were granted share options over shares in the Company. If the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option’s exercise price receivable.

With effect from 1 January 2005, in order to comply with HKFRS 2, the Group has adopted a new policy for employee share options. Under the new policy, the Group recognises the fair value of such options as an expense with corresponding increase recognised in a capital reserve within equity.

The Group has taken advantage of the transitional provisions set out in HKFRS 2 under which the new recognition and measurement policies have not been applied to the following grants of options:

- (i) all options granted to employees on or before 7 November 2002; and
- (ii) all options granted to employees after 7 November 2002 but which had vested before 1 January 2005.

All the options granted by the Company fall within the above two categories. This change in accounting policy has no impact on the results of the Group for the year ended 31 December 2005.

(b) *Amortisation of positive and negative goodwill (HKFRS 3, Business combinations and HKAS 36, Impairment of assets)*

In prior years, positive goodwill was amortised on a straight-line basis over its useful life and was subject to impairment testing when there were indications of impairment.

With effect from 1 January 2005, in order to comply with HKFRS 3 and HKAS 36, the Group has changed its accounting policy relating to goodwill. Under the new policy, the Group no longer amortises positive goodwill but tests it at least annually for impairment.

The new policy in respect of amortisation of positive goodwill has been applied prospectively in accordance with the transitional arrangements under HKFRS 3. As a result, comparative amounts have not been restated, the cumulative amount of amortisation as at 1 January 2005 has been offset against the cost of the goodwill and no amortisation charge for goodwill has been recognised in the income statement for the year ended 31 December 2005. This has increased the Group's profit after tax for the year ended 31 December 2005 by HK\$1,695,000.

(c) Changes in presentation

- (i) Presentation of share of associate's taxation and goodwill relating to the associate (HKAS 1, Presentation of financial statements and HKAS 28, Investments in associates)

In prior years, the Group's share of taxation of an associate accounted for using the equity method was included as part of the Group's income tax in the consolidated income statement, and goodwill relating to the associate was presented separately in the consolidated balance sheet.

With effect from 1 January 2005, in accordance with HKAS 28 and the implementation guidance in HKAS 1, the Group has changed the presentation. The share of taxation of an associate accounted for using the equity method is now included in the share of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax, and goodwill relating to the associate is now included in interest in associate. These changes in presentation have been applied retrospectively with comparatives restated.

As a result of these changes in presentation, the Group's share of profit of associate for the year has decreased by HK\$3,624,000 (2004: HK\$4,585,000) and the Group's income tax has decreased by the same amount. The goodwill relating to the associate with carrying amount of HK\$17,361,000 at 31 December 2005 (2004: HK\$17,361,000) has been transferred from goodwill to interest in associate in the consolidated balance sheet. There is accordingly no net effect on net assets in either period.

- (ii) Minority interests (HKAS 1, Presentation of financial statements and HKAS 27, Consolidated and separate financial statements)

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as a deduction before arriving at net assets. Minority interests in the results of the Group for the year were also separately presented in the consolidated income statement as a deduction before arriving at the profit attributable to the equity shareholders of the Company.

With effect from 1 January 2005, in order to comply with HKAS 1 and HKAS 27, the Group has changed its accounting policy relating to presentation of minority interests. Under the new policy, minority interests are presented as part of equity, separately from interests attributable to the equity shareholders of the Company, and minority interests in the results of the Group for the year are presented on the face of the consolidated income statement as an allocation of the total profit and loss for the year between the minority interests and the equity shareholders of the Company. These changes in presentation have been applied retrospectively with comparatives restated.

As a result of these changes in presentation, the Group's result for the year and net assets at 31 December 2005 have increased by HK\$900,000 (2004: HK\$3,657,000) and HK\$20,236,000 (2004: HK\$27,633,000) respectively.

(d) *Definition of related parties (HKAS 24, Related party disclosures)*

As a result of the adoption of HKAS 24, Related party disclosures, the definition of related parties has been expanded to clarify that related parties include entities that are under the significant influence of a related party that is an individual (i.e. key management personnel, significant shareholders and/or their close family members) and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group. The clarification of the definition of related parties has not resulted in any material changes to the previously reported disclosures of related party transactions nor has it had any material effect on the disclosures made in the current period, as compared to those that would have been reported had SSAP 20, Related party disclosures, still been in effect.

3. **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

	Year ended 31 December 2005			Year ended 31 December 2004		
	Group	Share of associate	Total	Group	Share of associate (restated)	Total (restated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue						
Hong Kong	134,613	—	134,613	122,595	—	122,595
Mainland China	56,492	77,808	134,300	59,370	45,307	104,677
Total	<u>191,105</u>	<u>77,808</u>	<u>268,913</u>	<u>181,965</u>	<u>45,307</u>	<u>227,272</u>
Segment result						
Hong Kong	27,842	—	27,842	22,970	—	22,970
Mainland China	*(14,599)	12,129	(2,470)	*(6,946)	9,454	2,508
Total	<u>13,243</u>	<u>12,129</u>	<u>25,372</u>	<u>16,024</u>	<u>9,454</u>	<u>25,478</u>
Unallocated operating income and expenses			9,450			2,694
Profit from operations			34,822			28,172
Finance costs			(2,385)			(1,348)
Income tax			(5,267)			(3,053)
Profit after taxation			<u>27,170</u>			<u>23,771</u>
Attributable to:						
Equity shareholders of the Company			26,270			20,114
Minority interests			900			3,657
			<u>27,170</u>			<u>23,771</u>

* This figure includes segment results of losses of HK\$7,049,000 (2004: HK\$2,398,000) attributable to minority interests.

	At 31 December 2005			At 31 December 2004		
	Group	Share of associate	Total	Group	Share of associate	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	(restated) HK\$'000	(restated) HK\$'000
Segment assets						
Hong Kong	202,695	—	202,695	244,598	—	244,598
Mainland China	133,507	144,388	277,895	161,798	111,271	273,069
	<u>336,202</u>	<u>144,388</u>	<u>480,590</u>	<u>406,396</u>	<u>111,271</u>	<u>517,667</u>
Unallocated assets			<u>503,436</u>			<u>574,761</u>
Total assets			<u>984,026</u>			<u>1,092,428</u>
Segment liabilities						
Hong Kong	39,989	—	39,989	40,032	—	40,032
Mainland China	12,139	—	12,139	23,442	—	23,442
	<u>52,128</u>	<u>—</u>	<u>52,128</u>	<u>63,474</u>	<u>—</u>	<u>63,474</u>
Unallocated liabilities			<u>68,930</u>			<u>174,567</u>
Total liabilities			<u>121,058</u>			<u>238,041</u>

Business segments

The Group's turnover and operating profit are almost entirely derived from media sales and management and administrative services. Accordingly, no analysis by business segment is provided.

4. Turnover

The Group is principally engaged in the provision of media sales and management and administrative services for MMOB business and the operation of media advertising management services through marketing advertising spaces on transit vehicle exteriors, shelters and outdoor signages.

Turnover represents income from media sales and management and administrative business, net of agency commission and rebate.

5. Income tax

(a) Income tax in the consolidated income statement

(i) Taxation in the consolidated income statement represents:

	2005	2004
	HK\$'000	(restated) HK\$'000
Current tax		
Provision for Hong Kong Profits Tax for current year	5,592	3,582
Over-provision in respect of prior years	(11)	(2)
	<u>5,581</u>	<u>3,580</u>
Provision for PRC income tax	783	735
	<u>6,364</u>	<u>4,315</u>
Deferred tax		
Reversal and origination of temporary differences	(1,097)	(1,262)
	<u>5,267</u>	<u>3,053</u>

The provision for Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profits for the year. Taxation for the Mainland China subsidiaries is charged at the appropriate current rates for taxation ruling in The People's Republic of China ("PRC").

(ii) *Reconciliation between tax expense and accounting profit at applicable tax rates:*

	2005	2004
	<i>HK\$'000</i>	<i>(restated)</i>
		HK\$'000
<i>Profit before tax</i>	<u>32,437</u>	<u>26,824</u>
Notional tax on profit before tax, calculated at the rates applicable to profits in the countries concerned	5,313	2,310
Tax effect of non-deductible expenses	851	815
Tax effect of non-taxable revenue	(6,812)	(1,423)
Tax effect of tax losses not recognised	6,159	678
Over-provision in prior years	(11)	(2)
Others	(233)	675
	<u>5,267</u>	<u>3,053</u>
Actual tax expenses	<u>5,267</u>	<u>3,053</u>

(b) *Income tax in the consolidated balance sheet*

(i) *Current taxation in the consolidated balance sheet represents:*

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision for Hong Kong Profits Tax for the year	5,592	3,582
Provisional Profits Tax paid	(4,119)	(3,049)
	<u>1,473</u>	<u>533</u>
Balance of Profits Tax recoverable relating to prior years	(2,450)	(4,607)
	<u>(977)</u>	<u>(4,074)</u>
PRC income tax payable	406	106
	<u>(571)</u>	<u>(3,968)</u>
Current tax recoverable	(2,507)	(4,607)
Current tax payable	1,936	639
	<u>(571)</u>	<u>(3,968)</u>

(ii) *Deferred tax (assets)/liabilities recognised:*

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	The Group			
	Depreciation allowances in excess of related depreciation <i>HK\$'000</i>	Impairment losses for accounts receivable <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2004	22,061	(2,039)	(11,168)	8,854
Charged/(credited) to consolidated income statement	<u>(3,262)</u>	<u>2,039</u>	<u>(39)</u>	<u>(1,262)</u>
At 31 December 2004	<u>18,799</u>	<u>—</u>	<u>(11,207)</u>	<u>7,592</u>
At 1 January 2005	18,799	—	(11,207)	7,592
Charged/(credited) to consolidated income statement	<u>(4,575)</u>	<u>—</u>	<u>3,478</u>	<u>(1,097)</u>
At 31 December 2005	<u>14,224</u>	<u>—</u>	<u>(7,729)</u>	<u>6,495</u>
			2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Net deferred tax asset recognised on the balance sheet			(7,076)	(7,214)
Net deferred tax liability recognised on the balance sheet			13,571	14,806
			<u>6,495</u>	<u>7,592</u>

(iii) *Deferred tax assets not recognised:*

The Group has not recognised deferred tax assets of HK\$9,224,000 (2004: HK\$3,065,000) in respect of tax losses of HK\$38,060,000 (2004: HK\$17,515,000). The tax losses do not expire under current legislation except for an amount of HK\$16,537,000 (2004: HK\$Nil), which will expire in the coming 5 years.

6. Dividend

(a) *Dividend payable to equity shareholders of the Company attributable to the year:*

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Final dividend proposed after the balance sheet date of HK1.7 cents per share (2004: HK1.4 cents per share)	<u>16,955</u>	<u>13,963</u>

The Directors recommend the payment of a final dividend of HK1.7 cents per share for the year ended 31 December 2005 (2004: HK1.4 cents per share). This represents a pay-out ratio of about 65% of the current year's profit. Subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on 15 May 2006, the final dividend will be payable on 16 May 2006.

The Transfer Books of the Company will be closed from 8 May 2006 to 15 May 2006, both dates inclusive. To qualify for the proposed final dividends, transfers 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 4 May 2006.

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividend payable to equity shareholders of the Company attributable to the previous year, approved and paid during the year:

	2005	2004
	HK\$'000	HK\$'000
Final dividend in respect of previous year of HK1.4 cents per share (2004: HK\$ Nil per share) approved and paid during the year	13,963	—

7. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to the Company's ordinary equity shareholders of HK\$26,270,000 (2004: HK\$20,114,000) and the weighted average of 997,365,332 ordinary shares (2004: 997,365,332 shares) in issue during the year.

(b) Diluted earnings per share

The diluted earnings per share for the years ended 31 December 2005 and 2004 are not presented as the exercise of the subscription rights conferred by the share options would not have any dilutive effect on the earnings per share for both the years ended 31 December 2005 and 2004.

8. Accounts receivable

Details of the ageing analysis of accounts receivable at the balance sheet date are as follows:

	2005	2004
	HK\$'000	HK\$'000
Current and within one month	22,945	19,668
One to two months	8,561	5,859
Two to three months	3,732	4,560
More than three months	16,577	24,208
	51,815	54,295

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

Credit evaluations are performed on all customers requiring credit over a certain amount. Customers of media sales business are generally granted credit terms of 90 days while customers of merchandising business either pay on delivery or are generally granted credit terms of 30 — 90 days. Normally, the Group does not obtain collateral from customers.

9. Accounts payable

Details of the ageing analysis of accounts payable at the balance sheet date are as follows:

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Within one month	<u>10,986</u>	<u>14,320</u>

All of the accounts payable are expected to be settled within one year.

10. Comparative figures

Due to the adoption of new HKFRSs during the current year, the presentation of certain items and balances in the financial results has been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform to the current year's presentation.

BUSINESS RESULTS

The Group achieved significant operational and financial improvement in 2005 as compared to 2004. For the year ended 31 December 2005, the Group reported total operating revenue of HK\$290.5 million, representing a 19.4% increase over the previous year; operating revenue included the Group's turnover, share of an associate's turnover and other revenue. The Group recorded a profit attributable to shareholders of HK\$26.3 million in 2005 as compared to HK\$20.1 million in 2004. This profit is composed of profits derived from its Hong Kong operations and Mainland China operations of HK\$19.8 million (2004: HK\$12.6 million) and HK\$6.5 million (2004: HK\$7.5 million) respectively. The Group continues to maintain a strong financial position with total cash and bank balances of HK\$452.3 million at 31 December 2005.

Operating revenue

For the year ended 31 December 2005, the Group reported a total operating revenue of HK\$290.5 million. The total operating revenue was derived principally from our media sales business operated in both Hong Kong and Mainland China, with each accounting for approximately 46% of the total operating revenue for the year ended 31 December 2005. The operating revenue generated from our Hong Kong and Mainland media sales business increased from HK\$122.6 million and HK\$104.7 million to HK\$134.6 million and HK\$134.3 million, representing an increase of 10% and 28%, respectively. The increase in the operating revenue was mainly due to the sales efforts made by the staff of the Group and the associate, and the improved overall economic environment in Hong Kong and Mainland China.

Operating expenses

The Group's operating expenses increased by HK\$10.7 million from HK\$179.3 million to HK\$190.0 million as depreciation and amortisation expenses increased by HK\$3.7 million from HK\$35.9 million to HK\$39.6 million. The increase in depreciation and amortisation expenses reflected the full operation of the bus shelters in Beijing. In 2004, the construction of the bus shelters was completed in October.

BUSINESS OVERVIEW

During the year 2005 revenue and profit increased and progress was made in the Group's prudent and focused expansion in both Hong Kong and Mainland China.

RoadShow strengthened its position in Mainland China as a diversified media sales organization with our operations in the Mainland making up about 46% of our 2005 revenue stream. This compared to about 43% in 2004, 39% in 2003 and 6% in 2002. In 2006, our current projections show that our Mainland business continues to grow despite steadily increasing local and international competition.

In Hong Kong, more than 4,000 public transit vehicles have been equipped with RoadShow's MMOB system including New World First Bus public transit vehicles. This proprietary system, combined with passenger shelter advertising spaces and bus body advertising, provides a powerful platform for advertisers to reach Hong Kong consumers with their product and brand messages.

While our operations in Mainland China involved all areas of advertising, the Group's TV programming and advertising placement accounted for more than 50% of our Mainland revenues. Our advertising network spans over 200 cities in a joint venture with Daye Transmedia Co., Ltd. which is owned by the influential newspaper People's Daily. The joint venture is one of the few nationwide television programme production and media service organisations in the country.

In Hong Kong we have achieved all of our key goals. We now count all of the major advertisers as customers and with the expansion of the MMOB network to New World First Bus public transit vehicles we have 100% share of the franchised bus market. The Group will be looking at other opportunities for MMOB apart from buses. As for information technology, testing continued of mobile display technology that would enable the MMOB system to provide real time news, traffic information and location specific advertising.

PROSPECTS

The economic growth recorded in Hong Kong during 2005 is forecasted to continue in 2006. The strong growth in the number of Mainland China tourists, encouraged by relaxed travel and currency restrictions, and the newly opened Disneyland will continue to stimulate the tourist industry in Hong Kong. The new Guangzhou International Airport and the expansion of the Guangzhou Metro Rapid Transit System will also benefit the advertising and media sales business. The 2008 Olympic Games in Beijing, the 2010 World Expo in Shanghai and the 2010 Asian Games in Guangzhou all should contribute to the growth of our business.

In Hong Kong, the strong economy should generate increased advertising expenditure and further enhance our revenue and profits. We will continue to expand our customer base by selling the benefits of our MMOB platform to more advertisers to promote their products and services. We will also continue to develop more creative means in both Hong Kong and the Mainland to capitalize on opportunities to increase our revenues. Our daily audience in Hong Kong was expanded with the extension of the MMOB telecast network to New World First Bus public transit vehicles in 2006. Also, the introduction of more pay TV stations and broadband TV channels may result in a ratings decline for free TV stations, whereas RoadShow will continue to provide programme services to about four million passengers daily.

In Mainland China, GDP grew by about 10% in 2005 and the growth rate is expected to remain high during 2006. According to industry research, total advertising spending in the Mainland has been growing at double digit rates since the early 1990's and this is expected to continue in the foreseeable future.

However, the external environment during 2006 will be somewhat uncertain given such factors as high oil prices that would have a negative impact on the economy. Also, the increase in the cost of sales and stronger competition in both Hong Kong and Mainland China will result in lower gross profit margins. Though the continued growth of the advertising market in Mainland China is certainly positive, it has led to an increase in investment costs and lowered the rate of return on investment. In addition, the macroeconomic adjustments initiated by the Chinese central government in an effort to manage the pace of growth of some over-heated industries will continue during 2006 and this may have a negative effect on our operations.

However, we are addressing these concerns by providing more value-added after sales services to our customers to encourage advertisers to increase their spending with us and increase our market share. We also continue to enhance the contents of MMOB programmes for the benefit of our transit vehicle passengers.

We continue to work closely with advertisers and advertising agencies to achieve the maximum desired effect of their promotional campaigns.

The Group constantly seeks opportunities to improve cost effectiveness and to enhance revenue from our existing operations. A strict credit control policy adopted for our Hong Kong and Mainland operations has improved our accounts receivable turnover.

While surveys indicate that most public transit vehicle passengers appreciate MMOB, a minority is critical of the service. We have made adjustments to the operations, such as zero or lower audio volume in certain areas of the vehicles. Management will continue to maintain a dialogue with passengers who are not satisfied with the service.

LONG TERM STRATEGY

We will strive to continue to expand our Hong Kong operations in line with the growth of both the economy and the advertising market in general as well as effective utilisation of our MMOB system. As more advertisers take advantage of MMOB, it will become a regular medium for their product and brand promotions aiming at people who are travelling in transit vehicles. The growing economy is encouraging as it enables advertisers to spend more on advertising.

The Mainland China operations will continue to be an important factor in our operating revenue and profitability. We will expand the media sales business in the Mainland but not until we are convinced that the investment will provide a reasonable return and not have a significant impact on our gearing ratio. Within this guiding principle, we will explore investment opportunities that complement RoadShow's existing businesses.

To enhance our media assets in Mainland China, we will invest in projects and/or companies with long term and exclusive advertising rights that can benefit from the Group's resources. We plan to increase our presence in the Mainland by establishing a wholly owned media sales company with a full media sales licence. This will further expand our media sales operations and enhance the Group's branding. We will subsequently consolidate our media assets so that one sales team will handle all regional sales.

RoadShow will also strive to maintain a stable dividend policy for our investors from our profits and continue to adhere to the principles of corporate governance and transparency.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 31 December 2005, the Group had net current assets of HK\$484.3 million (2004: HK\$425.7 million) and total assets of HK\$984.0 million (2004: HK\$1,092.4 million).

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 2005, the Group had a bank loan amounting to HK\$38.0 million (2004: HK\$138.0 million). The gearing ratio, representing the ratio of bank borrowings to the total share capital and reserves of the Group was 4.5% at 31 December 2005 (2004: 16.7%).

At 31 December 2005, the Group had banking facilities totalling HK\$50.0 million (2004: HK\$150.0 million).

At 31 December 2005, the Group's bank deposits and cash amounted to HK\$452.3 million (2004: HK\$521.5 million) and they were mainly denominated in Hong Kong Dollars, US Dollars and Renminbi. Cash generated from operations, when not needed for working capital, is principally placed in bank deposits. At 31 December 2005, 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 were placed into bank deposits.

Capital expenditures incurred by the Group during 2005 amounted to HK\$3.4 million (2004: HK\$47.8 million).

Capital commitments outstanding and not provided for in the financial results of the Group at 31 December 2005 amounted to HK\$264.8 million (2004: HK\$283.2 million) which is mainly for the upgrade of the existing MMOB system for the MMOB business. The commitments are to be financed by bank borrowings and/or internal resources of the Group.

EMPLOYEES AND REMUNERATION POLICIES

At 31 December 2005, the Group had 55 full-time employees in Hong Kong and 129 full-time employees in Mainland China.

The Group offers comprehensive and competitive remuneration packages to all employees and a performance bonus scheme to its senior staff based on achievement of business objectives. We also have a sales commission scheme for our sales team based on the achievement of advertising revenue targets. The Group has adopted a provident fund scheme for its Hong Kong employees 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 ON CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 December 2005, the Company complied with all the Code Provisions as set out in the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules issued by the Stock Exchange, except that the following matters were not set out in writing:

- the division of responsibilities between the Chairman and chief executive officer; and
- the code for securities transactions by directors and relevant employees.

The Board was satisfied that, in 2005, the Company had in practice adopted the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules (the "Model Code") and from time to time reminded its directors and relevant employees to refer to the Model Code when they intended to deal the securities of the Company. To comply fully with the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules, the revised RoadShow Code on Corporate Governance incorporating all the relevant requirements was approved by the Board on 8 March 2006.

CORPORATE GOVERNANCE

Over the years, the Group has placed strong emphasis on maintaining high standards of corporate governance and believes that good corporate governance provides a solid and sound framework to assist the Board of Directors in fulfilling their duties and responsibilities to the Group and its shareholders. The Group's standards of corporate governance ensure that the Group's corporate decision-making process, internal control, disclosure of information and communication with shareholders is conducted in accordance with sound management practices and in full compliance with the regulatory standards.

The Group's Audit Committee has reviewed the annual results of the Group.

RE-DESIGNATION OF DIRECTOR

The Board of Directors announces that Mr. MAK Chun Keung was re-designated as a Non-Executive Director of the Company with effect from 1 March 2006.

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 2005 containing all information required by 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, 8 March 2006

As at the date of this announcement, the Board of Directors of the Company is comprised of Mr. John CHAN Cho Chak, GBS, JP as Chairman; Mr. Michael WONG Yick-kam as Deputy Chairman; Ms. Winnie J. NG as Group Managing Director; Mr. Anthony NG, Mr. James Conrad LOUEY, Mr. MAK Chun Keung, Ms. LAU Mei Mui, May and Mr. Andrew SO Sing Tak as Non-Executive Directors; Ms. Carlye Wai-Ling TSUI, BBS, MBE, JP, Mr. HUI Ki On, GBS, CBE, QPM, CPM and Dr. Eric LI Ka Cheung, GBS, OBE, JP as Independent Non-Executive Directors; Ms. LAU Shung Oi, Susanna as alternate director to Mr. Michael WONG Yick-kam.

** For identification purpose only*

Please also refer to the published version of this announcement in The Standard.