



## ROADSHOW HOLDINGS LIMITED

路訊通控股有限公司\*

(incorporated in Bermuda with limited liability)

(Stock code: 888)

### 2007 ANNUAL RESULTS ANNOUNCEMENT

#### Financial Highlights

- Total turnover (including share of an associate's turnover) amounted to approximately HK\$276.6 million (2006: HK\$271.5 million)
- Profit attributable to equity shareholders of the Company was about HK\$49.6 million (2006: HK\$30.8 million)
- Gain on deemed disposal of partial interest in an associate was about HK\$10.2 million
- Basic earnings per share was HK4.98 cents (2006: HK3.09 cents)
- Final dividend of HK5.00 cents per share is proposed (2006: HK3.09 cents)
- Special dividend of HK3.88 cents per share is proposed (2006: HK\$Nil)

#### 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 2007 and the Group's consolidated balance sheet at 31 December 2007, together with the relevant comparative figures.

#### CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 HK\$'000	2006 HK\$'000
<b>Group turnover</b>	4	<b>134,268</b>	176,485
Share of an associate's turnover		<u>142,368</u>	<u>95,035</u>
Subtotal		<b>276,636</b>	271,520
Gain on disposal of media assets	5(a)	—	44,043
Other revenue and other net income		<u>47,090</u>	<u>37,853</u>
Total revenue		<u><b>323,726</b></u>	<u>353,416</u>

	<i>Note</i>	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Group turnover</b>	4	<b>134,268</b>	176,485
Gain on disposal of media assets	5(a)	—	44,043
Other revenue and other net income		<u><b>47,090</b></u>	<u>37,853</u>
 Total operating revenue		 <u><b>181,358</b></u>	 <u>258,381</u>
 <b>Operating expenses</b>			
Royalty, licence and management fees		<b>(43,154)</b>	(35,072)
Depreciation and amortisation		<b>(23,123)</b>	(36,173)
Staff expenditure		<b>(18,448)</b>	(29,543)
Repairs and maintenance		<b>(9,227)</b>	(12,279)
Cost of inventories		<b>(3,807)</b>	(4,659)
Impairment loss of fixed assets		<b>(3,000)</b>	(7,969)
Impairment loss of accounts receivable		<b>(55)</b>	(4,870)
Impairment loss of goodwill		—	(12,487)
Impairment loss of media assets		—	(2,100)
Site rentals		—	(12,634)
Other operating expenses		<u><b>(42,219)</b></u>	<u>(56,286)</u>
 Total operating expenses		 <u><b>(143,033)</b></u>	 <u>(214,072)</u>
 <b>Profit from operations</b>		 <b>38,325</b>	 44,309
Finance costs		<b>(1,706)</b>	(1,631)
Share of profit of an associate		<b>12,538</b>	6,387
Gain on deemed disposal of partial interest in an associate	6	<b>10,243</b>	—
Gain on disposal of subsidiaries	5(b)	<u>—</u>	<u>12,677</u>
 <b>Profit before taxation</b>		 <b>59,400</b>	 61,742
Income tax	7(a)	<u><b>(2,003)</b></u>	<u>(7,353)</u>
 <b>Profit for the year</b>		 <u><b>57,397</b></u>	 <u>54,389</u>
 <b>Attributable to:</b>			
Equity shareholders of the Company		<b>49,620</b>	30,781
Minority interests		<u><b>7,777</b></u>	<u>23,608</u>
 <b>Profit for the year</b>		 <u><b>57,397</b></u>	 <u>54,389</u>

	<i>Note</i>	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Dividend payable to equity shareholders of the Company attributable to the year:</b>			
Final dividend and special dividend proposed after the balance sheet date	8	<u><b>88,566</b></u>	<u>30,819</u>
<b>Earnings per share (in Hong Kong cents)</b>			
Basic and diluted	9	<u><b>4.98</b></u>	<u>3.09</u>

#### **CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2007**

	<i>Note</i>	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Non-current assets</b>			
Fixed assets		<b>25,868</b>	51,424
Media assets		<b>1,122</b>	1,408
Goodwill		—	—
Non-current prepayments		<b>38,322</b>	47,902
Interest in an associate		<b>232,623</b>	176,839
Deferred tax assets	7(b)	<u><b>9,560</b></u>	<u>8,449</u>
		<b>307,495</b>	286,022
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<b>Current assets</b>			
Inventories		<b>1,450</b>	887
Amount due from ultimate holding company		<b>2,222</b>	4,436
Accounts receivable	10	<b>21,694</b>	25,944
Other receivables and deposits		<b>5,996</b>	7,146
Prepayments		<b>9,580</b>	14,708
Current tax recoverable	7(b)	<b>2,315</b>	2,316
Pledged bank deposits		<b>38,000</b>	39,520
Bank deposits and cash		<u><b>605,957</b></u>	<u>582,558</u>
		<b>687,214</b>	677,515
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	<i>Note</i>	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
<b>Current liabilities</b>			
Accounts payable	<i>11</i>	<b>5,362</b>	5,899
Amount due to a fellow subsidiary		<b>8,526</b>	—
Other payables and accruals		<b>50,228</b>	46,640
Bank loans		<b>38,000</b>	38,000
Current tax payable	<i>7(b)</i>	<b>1,276</b>	1,156
		<b>103,392</b>	91,695
		<b>583,822</b>	585,820
<b>Net current assets</b>			
		<b>891,317</b>	871,842
<b>Total assets less current liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	<i>7(b)</i>	<b>4,047</b>	8,537
<b>NET ASSETS</b>			
		<b>887,270</b>	863,305
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>99,737</b>	99,737
Reserves		<b>782,254</b>	758,041
<b>Total equity attributable to equity shareholders of the Company</b>			
		<b>881,991</b>	857,778
<b>Minority interests</b>		<b>5,279</b>	5,527
<b>TOTAL EQUITY</b>			
		<b>887,270</b>	863,305

*Notes:*

#### **1. Basis of preparation**

The annual 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. The annual results also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the annual results.

The annual results for the year ended 31 December 2007 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associate. The measurement basis used in the preparation of the annual results is the historical cost basis.

## **2. Changes in accounting policies**

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group. There have been no significant changes to the accounting policies applied in these annual results for the years presented as a result of the development mentioned in Note 1. However, as a result of the adoption of HKFRS 7, *Financial instruments: Disclosures* and the amendment to HKAS 1, *Presentation of financial statements: Capital disclosures*, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group’s financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, *Financial instruments: Disclosure and presentation*.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group’s and the Company’s objectives, policies and processes for managing capital.

Both HKFRS 7 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the annual results.

The Group has not applied any new standard of interpretation that is not yet effective for the current accounting period.

## **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

The Group comprises the following main geographical segments:

Hong Kong:	Provision of media sales and management services
Mainland China:	Provision of media sales and management services

There are no sales between the geographical segments.

	2007			2006		
	Group HK\$'000	Share of an associate HK\$'000	Total HK\$'000	Group HK\$'000	Share of an associate HK\$'000	Total HK\$'000
<b>Segment revenue</b>						
Hong Kong	129,976	—	129,976	138,143	—	138,143
Mainland China	<u>4,292</u>	<u>142,368</u>	<u>146,660</u>	<u>38,342</u>	<u>95,035</u>	<u>133,377</u>
Total	<u>134,268</u>	<u>142,368</u>	<u>276,636</u>	<u>176,485</u>	<u>95,035</u>	<u>271,520</u>
<b>Segment result</b>						
Hong Kong	8,484	—	8,484	7,753	—	7,753
Mainland China	<u>(723)</u>	<u>12,538</u>	<u>11,815</u>	<u>36,806</u>	<u>6,387</u>	<u>43,193</u>
Total	<u>7,761</u>	<u>12,538</u>	<u>20,299</u>	<u>44,559</u>	<u>6,387</u>	50,946
Unallocated operating income and expenses			<u>30,564</u>			<u>(250)</u>
Profit from operations			<b>50,863</b>			50,696
Finance costs			<b>(1,706)</b>			(1,631)
Gain on disposal of subsidiaries			—			12,677
Gain on deemed disposal of partial interest in an associate			<b>10,243</b>			—
Income tax			<u><b>(2,003)</b></u>			<u>(7,353)</u>
Profit for the year			<u><b>57,397</b></u>			<u>54,389</u>
<b>Attributable to:</b>						
Equity shareholders of the Company			<b>49,620</b>			30,781
Minority interests			<u><b>7,777</b></u>			<u>23,608</u>
			<u><b>57,397</b></u>			<u>54,389</u>

	Hong Kong HK\$'000	Mainland China HK\$'000	Unallocated HK\$'000	Hong Kong HK\$'000	Mainland China HK\$'000	Unallocated HK\$'000
Depreciation and amortisation	22,496	627	—	27,261	8,912	—
Impairment losses						
– accounts receivable	55	—	—	95	4,775	—
– goodwill	—	—	—	—	—	12,487
– fixed assets	3,000	—	—	7,969	—	—
– media assets	—	—	—	—	2,100	—
Capital expenditure	108	16	—	908	2,010	—
	<b>2007</b>			<b>2006</b>		
	<b>Group</b>	<b>Share of an associate</b>	<b>Total</b>	<b>Group</b>	<b>Share of an associate</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Segment assets</b>						
Hong Kong	102,880	—	102,880	148,228	—	148,228
Mainland China	2,591	232,623	235,214	4,313	176,839	181,152
	<u>105,471</u>	<u>232,623</u>	<u>338,094</u>	<u>152,541</u>	<u>176,839</u>	<u>329,380</u>
Unallocated assets			<u>656,615</u>			<u>634,157</u>
Total assets			<u>994,709</u>			<u>963,537</u>
<b>Segment liabilities</b>						
Hong Kong	59,486	—	59,486	49,346	—	49,346
Mainland China	4,605	—	4,605	3,193	—	3,193
	<u>64,091</u>	<u>—</u>	<u>64,091</u>	<u>52,539</u>	<u>—</u>	<u>52,539</u>
Unallocated liabilities			<u>43,348</u>			<u>47,693</u>
Total liabilities			<u>107,439</u>			<u>100,232</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 Multi-media On-Board (“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 services, net of agency commission and rebate.

#### 5. Disposals of media assets and subsidiaries

##### (a) Disposal of media assets

During the year ended 31 December 2006, a subsidiary of the Group disposed of certain media assets in Beijing with a net book value of HK\$28,043,000, resulting in a gain on disposal of HK\$44,043,000.

##### (b) Disposal of subsidiaries

During the year ended 31 December 2006, the Group disposed of its interests in RoadVision (Dalian) Limited and Guangzhou Key Media Advertising Company Limited, resulting in a gain on disposal of HK\$12,677,000.

#### 6. Gain on deemed disposal of partial interest in an associate

During the year, the Group and the joint venture partner entered into an agreement with an investor in which the investor agreed to subscribe for 16.5% equity interest in the enlarged registered capital of the associate. The transaction was completed on 13 December 2007 and the Group’s equity interest in the associate has been diluted from 49.0% to 40.9%, resulting in a gain on deemed disposal of HK\$10,243,000.

#### 7. Income tax

##### (a) Income tax in the consolidated income statement

###### (i) Taxation in the consolidated income statement represents:

	2007 HK\$’000	2006 HK\$’000
<b>Current tax</b>		
Provision for Hong Kong Profits Tax for current year	6,619	8,747
Over-provision in respect of prior years	<u>(12)</u>	<u>(12)</u>
	6,607	8,735
Provision for PRC income tax	<u>997</u>	<u>5,025</u>
	7,604	13,760
<b>Deferred tax</b>		
Reversal and origination of temporary differences	<u>(5,601)</u>	<u>(6,407)</u>
	<u><u>2,003</u></u>	<u><u>7,353</u></u>

The provision for Hong Kong Profits Tax is calculated at 17.5% (2006: 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:*

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit before taxation	<u><b>59,400</b></u>	<u>61,742</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	<b>10,357</b>	17,322
Tax effect of non-deductible expenses	<b>1,181</b>	5,223
Tax effect of non-taxable revenue	<b>(10,428)</b>	(9,131)
Tax effect of prior years' unrecognised tax losses utilised during the year	<b>(155)</b>	(7,949)
Tax effect of tax losses not recognised	<b>933</b>	1,776
Over-provision in prior years	<b>(12)</b>	(12)
Others	<u><b>127</b></u>	<u>124</u>
Actual tax expense	<u><b>2,003</b></u>	<u>7,353</u>

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

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

	<b>2007</b> <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Provision for Hong Kong Profits Tax for the year	<b>6,619</b>	8,747
Provisional Profits Tax paid	<u><b>(8,303)</b></u>	<u>(8,938)</u>
	<b>(1,684)</b>	(191)
Balance of Profits Tax recoverable relating to prior years	<u><b>—</b></u>	<u>(1,761)</u>
	<b>(1,684)</b>	(1,952)
PRC income tax payable	<u><b>645</b></u>	<u>792</u>
	<u><b>(1,039)</b></u>	<u>(1,160)</u>
Current tax recoverable	<b>(2,315)</b>	(2,316)
Current tax payable	<u><b>1,276</b></u>	<u>1,156</u>
	<u><b>(1,039)</b></u>	<u>(1,160)</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:

	<b>Depreciation allowances in excess of related depreciation</b> <i>HK\$'000</i>	<b>Tax losses</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 January 2006	(14,224)	7,729	(6,495)
Credited to consolidated income statement	<u>5,599</u>	<u>808</u>	<u>6,407</u>
At 31 December 2006	<u>(8,625)</u>	<u>8,537</u>	<u>(88)</u>
<b>At 1 January 2007</b>	<b>(8,625)</b>	<b>8,537</b>	<b>(88)</b>
<b>Credited to consolidated income statement</b>	<b><u>4,411</u></b>	<b><u>1,190</u></b>	<b><u>5,601</u></b>
<b>At 31 December 2007</b>	<b><u>(4,214)</u></b>	<b><u>9,727</u></b>	<b><u>5,513</u></b>
		<b>2007</b>	2006
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Net deferred tax assets recognised on the balance sheet		<b>9,560</b>	8,449
Net deferred tax liabilities recognised on the balance sheet		<u>(4,047)</u>	<u>(8,537)</u>
		<b><u>5,513</u></b>	<b><u>(88)</u></b>

The Group has recognised deferred tax assets in respect of the tax losses incurred by certain subsidiaries as management of the Group considers that it is probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

(iii) *Deferred tax assets not recognised:*

The Group has not recognised deferred tax assets of HK\$8,394,000 (2006: HK\$7,519,000) in respect of tax losses of HK\$47,966,000 (2006: HK\$42,968,000). The tax losses do not expire under current legislation.

## 8. Dividend

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

	2007 HK\$'000	2006 HK\$'000
Final dividend proposed after the balance sheet date of HK5.00 cents per share (2006: HK3.09 cents per share)	49,868	30,819
Special dividend proposed after the balance sheet date of HK3.88 cents per share (2006: HK\$Nil per share)	<u>38,698</u>	<u>—</u>
	<u><b>88,566</b></u>	<u><b>30,819</b></u>

The final dividend and special 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:*

	2007 HK\$'000	2006 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK3.09 cents per share (2006: HK1.70 cents per share)	<u><b>30,819</b></u>	<u><b>16,955</b></u>

## 9. Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$49,620,000 (2006: HK\$30,781,000) and the weighted average of 997,365,332 ordinary shares (2006: 997,365,332 shares) in issue during the year.

(b) *Diluted earnings per share*

There were no dilutive potential ordinary shares outstanding during the years ended 31 December 2007 and 2006. Accordingly, the amount of diluted earnings per share is the same as basic earnings per share for the years ended 31 December 2007 and 2006.

## 10. Accounts receivable

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current or less than one month overdue	15,052	15,627
One to two months overdue	3,732	5,125
Two to three months overdue	1,233	1,825
More than three months overdue	<u>1,677</u>	<u>3,367</u>
	<u><b>21,694</b></u>	<u><b>25,944</b></u>

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

Impairment loss is written off against accounts receivable when the recovery of the amount is remote. At 31 December 2007, the Group's accounts receivable of HK\$55,000 (2006: HK\$4,870,000) was determined to be impaired. The impairment loss is written off against the accounts receivable directly.

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.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

## 11. Accounts payable

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Within one month	<u><b>5,362</b></u>	<u><b>5,899</b></u>

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

## BUSINESS RESULTS

For the year ended 31 December 2007, the Group reported total revenue of HK\$323.7 million, representing a 8% decrease over the previous year; total revenue included the Group's turnover, share of an associate's turnover, gain on disposal of media assets, other revenue and other net income. The Group recorded a profit attributable to shareholders of HK\$49.6 million in 2007 as compared to HK\$30.8 million in 2006. This profit is derived from its Hong Kong operations and Mainland China

operations of HK\$25.6 million (2006: HK\$7.3 million) and HK\$24.0 million (2006: HK\$23.5 million) respectively. The Group continues to maintain a strong financial position with bank deposits and cash balances of HK\$606.0 million as at 31 December 2007.

### **Operating revenue**

For the year ended 31 December 2007, the Group reported a total revenue of HK\$323.7 million. The total revenue was derived principally from the media sales business operated in both Hong Kong and Mainland China, with each accounting for approximately 40% and 45% of the total revenue for the year ended 31 December 2007. The revenue generated from the Hong Kong media sales business decreased from HK\$138.1 million to HK\$130.0 million while that from the Mainland China's media sales business increased from HK\$133.4 million to HK\$146.7 million, representing a decrease of 6% and an increase of 10%, respectively. The decrease in the revenue in Hong Kong was mainly due to the intense competition in the outdoor media sales market while increase in the Mainland China is contributed from the expansion and the rapid growth in the industry of the Group's associate.

### **Operating expenses**

The Group's operating expenses decreased by HK\$71.1 million from HK\$214.1 million to HK\$143.0 million. The decrease in operating expenses was mainly due to the reduction in operating expenses of HK\$40.7 million attributed to the Group's subsidiaries disposed in 2006. In addition, depreciation and amortisation expenses, impairment loss on fixed assets and impairment loss on goodwill had also been reduced by HK\$13.1 million, HK\$5.0 million and HK\$12.5 million respectively.

## **BUSINESS OVERVIEW**

RoadShow's overall performance in 2007 remained steady. In general, the results reflected the Group's continuing prudent and focused expansion strategy in both Hong Kong and the PRC.

In Hong Kong, the Group entered into a new MMOB Licence Agreement with one of the fellow subsidiaries, The Kowloon Motor Bus Company (1933) Limited ("KMB"), and was granted an exclusive licence to conduct MMOB business on KMB public transit vehicles. In so doing, RoadShow was able to secure its core business and further sustain its competitive advantage in the out-of-home media market. Furthermore, with the extension of the MMOB network to New World First Bus public transit vehicles, RoadShow captured a 100% share of the franchised bus market. The Group now has approximately 4,800 public transit vehicles equipped with the MMOB system. 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.

In the PRC, a deemed disposal profit of approximately HK\$10.2 million was gained from the capital injection by an international investor to the associate of the Group. The Group will continue to look for new investment opportunities and will only invest in profitable projects with strong potential that can contribute to the Group's results.

The Group stresses the importance of international standards of corporate governance and maintains high transparency in the management and operation of all aspects of the business. On 8 March 2006, RoadShow implemented the revised RoadShow Code on Corporate Governance, which incorporated and complied with all the relevant requirements of the Listing Rules.

## **PROSPECTS**

Economic growth in Hong Kong and the PRC is forecast to continue in 2008. In Hong Kong, the recent rapid development in sectors such as financial industries, new local infrastructure projects as well as the relaxation of PRC travel restrictions will continue to boost the local economy and sustain steady growth. The robust performance of the Hong Kong stock and property markets and the lowering of interest rates will also result in continuing high consumer expenditure, which in turn will lead to an increase in advertising spending.

In the PRC, the gross domestic product growth rate grew by 11.4% last year, which is the fifth successive year of double-digit growth. Total advertising spending in the PRC has also been growing at double-digit rates since the early 1990s and this is expected to continue in the foreseeable future. The 2008 Olympic Games in Beijing, the 2010 World Expo in Shanghai and the 2010 Asian Games in Guangzhou will all contribute to the growth of advertising and media sales business in the PRC.

Against this background of robust growth, RoadShow will continue to expand its customer base by selling the benefits of the MMOB platform to more advertisers to promote their products and services. RoadShow will also continue to develop more creative avenues in both Hong Kong and the PRC to capitalise on opportunities to increase its revenue.

Despite this positive outlook, there are challenges ahead. The sub-prime crisis in the United States and the tightening of macro-economic control measures in the PRC will have certain impacts on the local economy. RoadShow shall continue to adopt a prudent and conservative approach to its business to prevent these uncertainties from bringing substantial negative effects to the Group's operations in both Hong Kong and the PRC.

In order to maintain its business momentum, RoadShow will provide more value-added sales services to its customers to encourage advertisers to increase their spending with the Group, thereby maintaining its market share. RoadShow will enhance the contents of MMOB programmes for the benefit of its transit vehicle passengers and will continue to work closely with advertisers and advertising agencies to maximise the impact of their promotional campaigns.

## **LONG TERM STRATEGY**

The RoadShow Group will strive to expand its Hong Kong operations in line with the growth of both the economy and the advertising market in general. As more advertisers take advantage of MMOB, it will become a regular medium for their products and for brand promotions that are aimed at people travelling in transit vehicles.

The Mainland China operations will also continue to be an important factor in the Group's business strategy, albeit within a prudent framework. RoadShow will only expand its media sales business in the PRC when it is convinced that the investment will provide a reasonable return. Within this guiding principle, RoadShow will explore investment opportunities that complement its existing businesses. To enhance its media assets in the PRC, RoadShow will invest in projects and/or companies with long-term and exclusive advertising rights that can contribute to the Group's results. The expansion and investment plans of the Group will be financed by its internal reserves.

RoadShow will maintain a stable dividend policy for its investors and continue to adhere to the principles of good corporate governance and transparency.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

### **Liquidity and financial resources**

Bank deposits and cash balance as at 31 December 2007 amounted to HK\$606.0 million (2006: HK\$582.6 million).

At 31 December 2007, the Group had a secured bank loan amounting to HK\$38.0 million (2006: HK\$38.0 million) which is repayable within one year. The gearing ratio, representing the ratio of bank borrowings to the total share capital and reserves of the Group was 4.3% at 31 December 2007 (2006: 4.4%).

At 31 December 2007, the Group had net current assets of HK\$583.8 million (2006: HK\$585.8 million) and total assets of HK\$994.7 million (2006: HK\$963.5 million).

The Group's cash needs are primarily for working capital and to support its media sales business. At 31 December 2007, the Group had banking facilities totalling HK\$50.0 million (2006: HK\$50.0 million). The Group is confident that sufficient fund is maintained to meet the funding requirement for potential business expansion and development in near future.

### **Charge on assets**

The bank deposits of HK\$38.0 million (2006: HK\$39.5 million) were pledged to secure the Group's bank loan.

### **Exposure to fluctuations in exchange rates and related hedges**

The Group's monetary assets, loans and transactions are principally denominated in Hong Kong Dollars, US Dollars and Renminbi. During the year, there was no material fluctuation in the exchange rates of Hong Kong Dollars and US Dollars. The appreciation in the current value of the Renminbi contributed positively to the Group's bottom line. The Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its balance sheet exposure in 2007. At 31 December 2007, 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 and capital commitments**

Capital expenditures incurred by the Group during 2007 amounted to HK\$0.1 million (2006: HK\$2.9 million).

Capital commitments outstanding and not provided for in the financial statements of the Group as at 31 December 2007 amounted to HK\$173.0 million (2006: HK\$195.9 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.

## **Contingent liabilities**

As at 31 December 2007, the Group has no material contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICIES**

At 31 December 2007, the Group had 50 full-time employees in Hong Kong and 21 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. RoadShow also has a sales commission scheme for its 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.

## **DIVIDENDS**

The Directors recommend the payment of a final dividend of HK5.00 cents per share (2006: HK3.09 cents per share) and a special dividend of HK3.88 cents per share (2006: HK\$Nil per share) for the year ended 31 December 2007. This represents a pay-out ratio of about 178% of the current year's profit. The proposed final and special dividends for the year ended 31 December 2007 are subject to the approval of shareholders of the Company at the forthcoming annual general meeting of the Company (the "Annual General Meeting"). The date of Annual General Meeting, book closure period, the record date for these dividends payment, the dividends payment procedures and payment date will be notified and announced separately.

## **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**

The Company was in compliance with all applicable code provisions set out in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2007.

## **REVIEW OF ANNUAL RESULTS**

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2007.

## **PUBLICATION OF ANNUAL REPORT**

The 2007 Annual Report will be despatched to shareholders and published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.roadshow.com.hk](http://www.roadshow.com.hk)) in due course.

By Order of the Board  
**John CHAN Cho Chak**  
*Chairman*

Hong Kong, 19 March 2008

*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 and Non-Executive Director; Mr. Michael WONG Yick-kam as Deputy Chairman and Non-Executive Director; Ms. Winnie J. NG as Group Managing Director; Mr. Anthony NG, Mr. MAK Chun Keung and Mr. Andrew SO Sing Tak as Non-Executive Directors; Dr. 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.*

\* *For identification purposes only*