

**Sales and services** MMOB demonstrated during 2001 that, as an out-of-home advertising medium, it has repetitive consumer impact with a high recall rate and stimulates impulse purchases. The system has been proven to be an effective outdoor medium that can support any major advertising campaign. The Group maintained a diversified base of about 400 customers during 2001 representing a variety of sectors. These included advertising agencies, cosmetics, electronics, jewellery, leisure, media, finance/banking, retail, educational, real estate and food and beverage.

The Group offers a variety of sale packages to suit advertisers with different campaigns and budgets. To increase media sales, the Group employed several techniques to encourage customers to commit to advertising, including offering discounts, bonus spots and special advertising packages for longer time commitments and using market research to demonstrate the effectiveness of out-of-home media sales. The Group's prices are calculated to be competitive with other advertising media in Hong Kong.

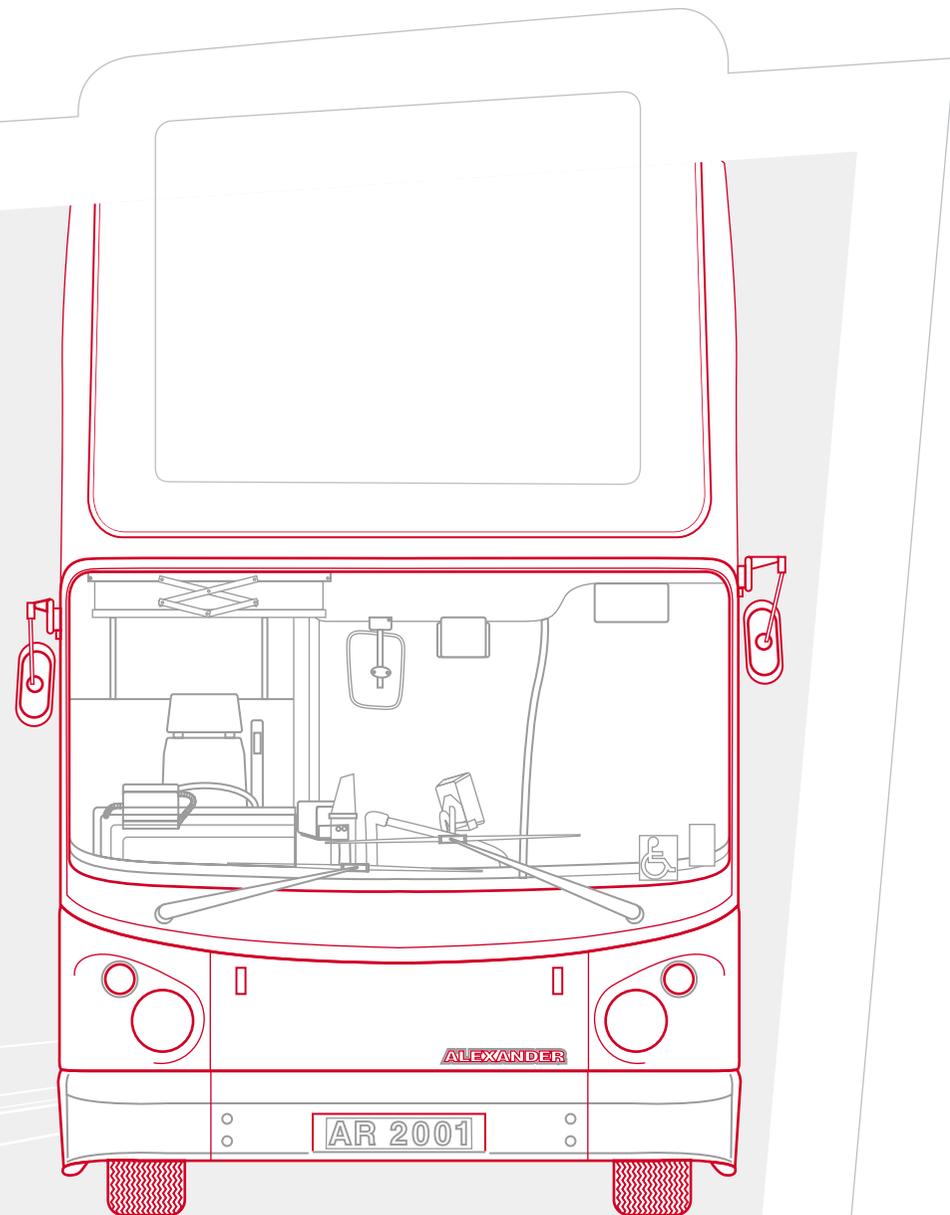
Our professional sales team maintains good relationships with our customers and assists them in launching successful advertising campaigns. The Group will continue to expand our advertisers' coverage and to gain market shares from other media sales companies by providing quality sales services and maintaining competitive pricing.

**Programming** The programme content was mainly developed by third party content providers and is specifically tailored for transit vehicle passengers. Content consists of short segments, typically three to six minutes, that are designed to hold the interest of transit vehicle passengers. Programme includes music video, movie trailers, drama series, animation and travelogues. The Group also has infotainment programmes including civic education, crime prevention, ICAC drama series, environmental protection, health education, sport and recreation, business and economic reviews and celebrity interviews.

There is approximately one hour of original programme repeated 16 times throughout the day and changed daily.

The Group does not rely on any single provider in sourcing programme content. The major content providers include local and regional media companies, major record companies and movie distributors.

In late 2001, the Group began to develop its own programme production capability that resulted in interview segments such as "Celebrity Chat".



## MULTI-MEDIA ON-BOARD

MMOB is particularly appealing to public transit passengers who might be looking for gift ideas and find them through the advertising made available during their journey to make purchases.

For the year 2001, charity appeals from more than 100 organizations were aired including 66 Flag Day Organizers and various charity and fund raising events such as the Children's Cancer Foundation, the Hong Kong Digestive Foundation and the Community Chest.

The Group will continue to enrich and diversify its programme contents by: sourcing more regional and local content suppliers; introducing more interactive games; including Chinese subtitles; and participating as a media partner in various concerts and movie productions and events. This will stimulate more interest in our programme offerings. However, the overall cost of the Group are expected to increase in 2002, as the Group has to spend additional production costs to enrich and up-grade the programmes.

**Operations** During 2001, the Group launched an MMOB Volume Standardization Campaign to standardize the volume of the MMOB system to ensure a comfortable level on all vehicles. The volume is set to allow for the ambient sound of the bus in motion, that is approximately two to three dB/Leq more than the bus compartment background noise. A Quality Assurance Plan was also initiated to ensure that the MMOB system equipment meets the Group's pre-set standards.

Development of the Global Positioning System ("GPS") is well underway involving several competitive vendors. The testing of GPS equipment will initially focus on the bus tracking and the bus fleet management system. Installation of the GPS/bus tracking system will commence once the trial is completed and proven successful. Following the initial testing phase, GPS will also be used to provide real time information, traffic, weather, news and location specific advertising to our audience and add value to the Group's services.

**OUT-OF-HOME MEDIA SALES** The Group provides transit vehicle shelter media sales services on the exterior of transit vehicles operated by Long Win Bus Company Limited ("LWB") and transit vehicles shelters operated by KMB.

**MEDIA SALES MANAGEMENT AND ADMINISTRATIVE SERVICES** Media sales management and administrative services includes advertising on the entire bus body as well as panels on the sides and back of the transit vehicle operated by KMB. Advertising on these exteriors generally consists of vinyl displays that cover almost the entire side and/or rear of a transit vehicle. These displays are mounted using an adhesive that allows the vinyl to be removed without harming the paint, yet withstands the rigors of cleaning and weather conditions. Third party contractors who specialize in transit vehicle



## BUS BODY PROMOTIONS

High impact public transit vehicle body advertising has proven ideal for branding, promoting a wide range of products and services, extending the reach of advertising campaigns and steering traffic to nearby locations.



exterior advertising apply the advertisement materials. Once the period of the advertisement ends, third party contractors remove the advertisements from the vehicle and restore the body exterior to its original state.

### **MERCHANDISING BUSINESS**

The Group engaged in a merchandising business to produce and market collectables, mainly transit vehicle models and memorabilia. Commemorative items are distributed to specialty shops under wholesale or consignment arrangements.

In 2001, a total quantity of 41,500 limited edition models ranging from classics to modern transit vehicles were marketed in worldwide limited editions. The Group will continue to improve the quality and details of our transit vehicles model types to appeal to transit vehicles model collectors. For 2002, the Group plans to launch 10 to 12 new transit vehicles model types.

### **DEVELOPMENT IN CHINA**

The stifled local economy in the latter half of 2001, aggravated further by the September 11 terrorist attack on the U.S. had a definite adverse impact on the advertising market and the overall economic environment of Hong Kong. On the other hand, it is anticipated that

the outdoor media sales industry in China will witness strong growth, outpacing its domestic economic growth. Additionally, in view of China's entry into the World Trade Organisation and lead up to the 2008 Beijing Olympics, China will become the fastest growing advertising market in Asia.

Building on the Group's dominant position in Hong Kong, the Group plans to develop outdoor media sales businesses, including MMOB business in Mainland China. Concurrently, the Group is identifying and is in consummation of opportunities for expansion into Mainland China through mergers and acquisitions and joint ventures. While adopting a prudent and pragmatic approach aimed at establishing a regional network, the Group anticipates that its expansion into Mainland China will materialise this year.

**PEOPLE** People are our greatest asset and the key to our business success. The Group is committed to providing an environment across the whole organization where employees feel valued and appreciated and thereby promoting a sense of belonging to the Company. The Group promotes teamwork and continuously seeks to improve our work process. We offer an equitable and competitive remuneration and benefits package to all employees. The Group also provides our people with the necessary tools, training, support and infrastructure so they can be highly effective and productive.