



OPERATIONAL REVIEW HONG KONG

OVERVIEW AND STRATEGIES

TIH's reputation as one of the world's leading public transport providers is based on a tradition of safety, reliability and service excellence. We continue to set industry standards in line with our corporate objective, 'pursuit of excellence', the foundation of both our economic sustainability and our corporate social responsibility.

The two key benchmarks of our operational performance, namely, mechanical reliability and operational capability, demonstrate that we are meeting the growing expectations of our customers. We will continue to work closely with our manufacturers and suppliers to develop and trial the latest advances in bus technology, including state-of-the-art designs, green engines and advanced safety features.



FRANCHISED PUBLIC BUS OPERATIONS

Franchised public bus operations are at the heart of the Group's business enterprises. The Kowloon Motor Bus Company (1933) Limited ("KMB") and Long Win Bus Company Limited ("LWB") provide customers with world-class, innovative and reliable public transport services, while pioneering new services, design and technology, and setting industry standards in the region.



THE KOWLOON MOTOR BUS COMPANY (1933) LIMITED (“KMB”)

Founded in 1933, TIH’s wholly-owned subsidiary KMB provides bus services across Kowloon, the New Territories and Hong Kong Island. Currently, KMB serves around 2.7 million passenger trips each day on its fleet of more than 3,900 buses running on some 400 routes. Its staff force of about 12,000 employees, including some 8,000 bus captains, are dedicated to providing a world class service to our passengers.

OPERATIONAL EXCELLENCE

With 75 years’ experience operating franchised public bus services in Hong Kong, KMB maintains its industry leadership by continuous innovation and a dedication to sustainable business excellence.

KMB’s main depots at Kowloon Bay, Lai Chi Kok, Sha Tin and Tuen Mun were certified in 2007 by the Q-Mark Council of the Federation of Hong Kong Industries as having met the Green Mark Standard under the Hong Kong Green Mark Certification Scheme. Since becoming the first public bus company in Hong Kong to achieve ISO 9001:1994 certification on a company-wide basis in 1999, KMB has been upgraded to ISO 9001:2000 certification accredited by the Hong Kong Quality Assurance Agency (“HKQAA”). The HKQAA has reconfirmed the excellence of KMB’s management systems in five

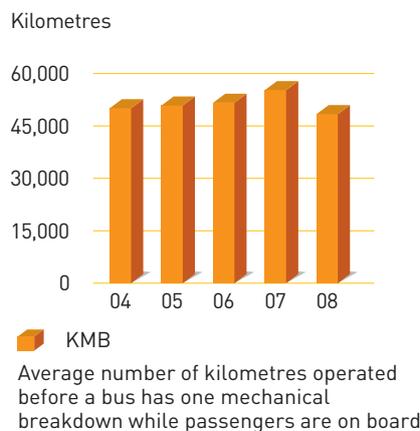
certification areas: KMB Headquarters; Traffic Department and four permanent operating depots; the Overhaul Centre; the Bus Body Construction Depot; and the Unit Overhaul Depot. When Lai Chi Kok and Sha Tin Depots were awarded ISO 14001:2004 Environmental Management System

certification in 2003, KMB became the first public bus company in Hong Kong with both ISO 9001 and ISO 14001 accreditations.

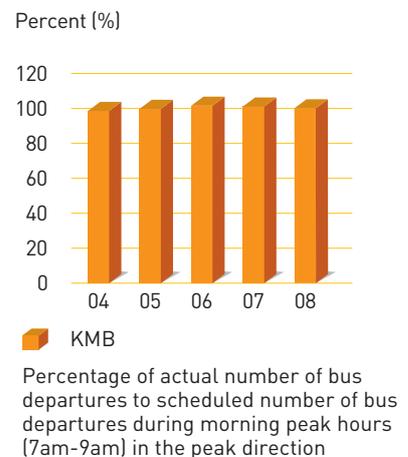
DEPOTS

Depot facilities are continually upgraded to ensure high productivity and top quality service facilities for

Mechanical reliability



Operational capability



KMB and LWB serving about

2,800,000
passenger trips per day

OPERATIONAL REVIEW HONG KONG



Our terminus adjacent to The Arch and International Commerce Centre in West Kowloon is a major transport hub served by 11 bus routes

Major Depots Serving KMB and LWB Buses

Depot	Areas served/ main purpose/ of depot	Gross floor area (square metres)	Number of buses served as at 31 December 2008	Year in which operations commenced
KMB depots:				
Kowloon Bay Depot	East Kowloon	71,379	1,087	1990
Sha Tin Depot	East New Territories	66,915	705	1988
Lai Chi Kok Depot	South and West Kowloon	60,311	876	2002
Tuen Mun Depot	North and West New Territories	13,844	1,265	1979
Tuen Mun Overhaul Centre	Bus overhaul	35,401		1983
Tuen Mun Bus Body Construction Depot	Bus body construction	9,843		1978
LWB depot:				
Siu Ho Wan Depot	Lantau Island	7,660	157	1998
Total		265,353	4,090	



our buses. KMB has four main depots that provide routine maintenance and repair services for the entire bus fleet, 11 other depots that provide parking and minor maintenance services, a bus body construction depot for assembly of new buses, and an overhaul centre for major overhaul of buses.

PERFORMANCE ASSURANCE

The key benchmarks set by the Group for the operational performance of its public bus services are mechanical reliability and operational capability. Mechanical reliability is defined as the average number of kilometres a bus operates before it experiences one mechanical breakdown on the road with passengers on board. In

2008, the mechanical reliability of KMB's fleet measured 48,392 km : 1 against a target of 45,000 km : 1.

Operational capability is the ratio of actual to scheduled departures in the peak direction during the peak operational hours of 7:00 a.m. to 9:00 a.m. across the entire bus network. In 2008, the operational capability achieved by KMB was 100.1% against a target of 100%.

FLEET UPGRADE

An important part of KMB's service enhancement planning is ongoing fleet upgrade. We plan and adapt our operations according to the market conditions prevailing in Hong Kong and our service requirements, making major investments in new buses with the

latest designs and safety features. Since 1998, when KMB first introduced super-low floor double-deck buses that provide easy access to passengers, particularly the elderly and disabled, a range of increasingly sophisticated and environment-friendly buses has been added to our fleet. 2008 saw the addition of 21 new super-low floor air-conditioned double-deck buses comprising 20 Euro III buses and one Scania Caetano Euro IV prototype. KMB is proud to be the first franchised bus company in Hong Kong to run Euro IV double-deck buses. In line with its policy of assessing and purchasing the latest environment-friendly buses available on the market, KMB introduced Hong Kong's first Euro V double-deck bus in February 2009.

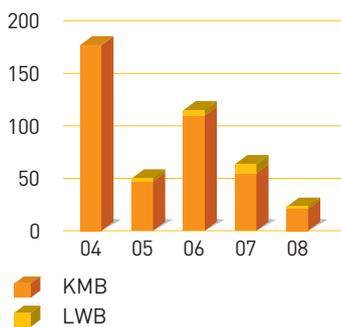


Commute in style on our modern fleet

Number of new buses introduced to the fleet

(Franchised Public Bus Operations)

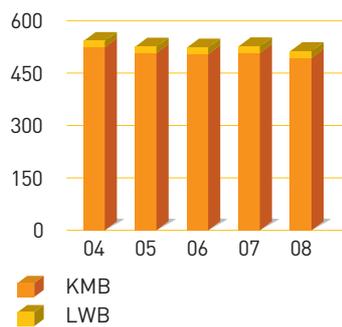
Number of buses



Total fleet capacity at 31 December

(Franchised Public Bus Operations)

Thousand of passengers



Fleet utilisation

Percent (%)



Percentage of actual number of buses operated on the road to licensed bus fleet

KMB's bus fleet	Air-conditioned double-deck buses	Air-conditioned single-deck buses	Non air-conditioned double-deck buses	Total number of buses
As at 1 Jan 2008	3,655	151	241	4,047
Additions during year	21	-	-	21
Disposals during year	(63)	(23)	(49)	(135)
As at 31 Dec 2008	3,613	128	192	3,933

The latest super-low floor air-conditioned double-deck buses have innovative features, such as straight staircases, enabling passengers to access the upper deck more easily, wider bodies, facilities for the disabled, and advanced air-conditioning systems, which give better control of the temperature and humidity in the bus. Feedback from our passengers indicates that these innovations are welcome improvements to the quality of KMB's service.

As at 31 December 2008, KMB operated a total of 3,933 buses (comprising 3,805 double-deck and 128 single-deck buses), of which 95.1% were air-conditioned.

At the end of 2008, KMB had on order nine air-conditioned double-deck Euro IV buses and 30

air-conditioned single-deck Euro IV buses for delivery in 2009.

ELECTRONIC TACHOGRAPH

Electronic tachographs, which record vehicle speed and other relevant operational information, are now standard on all new KMB buses. By logging the performance of our bus captains, the tachograph is able to provide enhanced safety monitoring among other benefits, and is particularly useful on long-haul and highway routes. At the end of 2008, 3,473 KMB buses were equipped with the electronic tachograph.

BUS SERVICE NETWORK

Bus Routes

A total of 399 bus routes were operated by KMB at the end of 2008. During the year, the expansion of the rail network in

Number of bus routes operated at 31 December

Number of bus routes



KMB's service areas put further pressure on our operations. In response, we continued to identify new openings for the launch of niche services.

In August and September of this Olympic year, KMB operated a new route to take spectators between University Railway Station and the Hong Kong Olympic Equestrian Venue at Sha Tin for the Olympic and Paralympic Equestrian Events. Two other routes were introduced in August to transport spectators between Fanling Railway Station (the Pak Wo Road and Fanling Station Road exits) and the Hong Kong Olympic Equestrian Venue at Beas River for the Cross Country phase of the Olympic Eventing Competition.



Never too late to catch a ride on KMB after shopping

OPERATIONAL REVIEW HONG KONG

Bus Network Rationalisation

KMB continues to respond to changing market conditions through strategic bus route rationalisation, which enables us to make better use of resources by running fewer buses while meeting the travel demand of our passengers. Not only does this result in better resource utilisation and cost savings, it brings benefits in terms of improved environmental management standards. Bus network rationalisation involves the cancellation of certain bus routes that are no longer required as a result of the introduction of new railway lines, as well as frequency reduction on routes with decreased passenger demand. Besides improving operational efficiency and helping to relieve traffic congestion on busy transport corridors, bus resources thus saved may be redeployed on other routes where demand is increasing, or eliminated by natural attrition. A summary is given below of the bus network rationalisation carried out in 2008:

	Number of bus routes involved	Number of buses saved
Cancellation / rationalisation	3	8
Frequency reduction	45	45
Total	48	53

INFORMATION TECHNOLOGY

KMB integrates advanced information technology into its daily operations to monitor and optimise operational performance, enhance internal and external communications, and boost productivity. KMB's data network covers headquarters, the four main

bus depots and 11 other depots, the eight Customer Service Centres and 149 bus termini. At the end of 2008, a total of 1,665 personal computers were installed at KMB facilities, connected via high-speed communication lines to 132 computer servers at headquarters. A total of 38 software applications, both programs developed in-house and proprietary software, are used in daily operational and financial management. Our information technology systems are constantly upgraded to enable us to improve the company's performance in customer service, human resources management, fleet and depot operations, and financial management.

Electronic Bus Stop Announcement System

The on-board electronic bus stop announcement system has been installed on KMB's entire bus fleet. The system provides passengers with a convenient way of identifying their destination, giving voice announcements in Cantonese,

Putonghua and English, and showing the name of the next bus stop on light emitting diode ("LED") displays.

Traffic Operations Management System

KMB's Information Technology Department, in collaboration with other departments, has developed the Traffic Operations Management

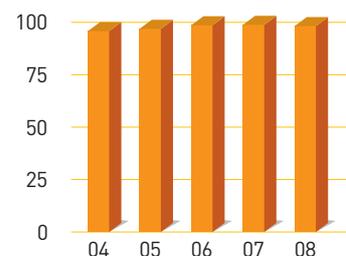
System ("TOM") to improve the efficiency of bus captain duty assignment and despatch. Depot staff use a handheld Radio Frequency Identification reader to identify the parking location of buses and upload the information to the system. Every day this information, together with vehicle registration number, route number, duty schedule and any ad hoc operational arrangements, can be retrieved by bus captains by placing their personalised Octopus cards on the system reader. TOM makes the daily assignment and despatch process more efficient and allows management to speedily obtain from depots information on duty allocation and despatch, as well as the latest operational arrangements. TOM also uses a fleet database to prioritise the deployment of buses with higher emission standards on routes operating on busy corridors.

Bus Service Information

The Integrated Bus Service Information Display ("IBSID") System displays bus route information, including destination, departure time and fares, on large LED display panels at bus termini.

Achievement of schedule

Percent (%)



KMB

Percentage of actual number of buses operated on the road to scheduled bus allocation



Traditional values in perfect harmony with the latest technologies

Urgent messages, concerning, for example, major traffic disruptions, are also given. At the end of 2008, 27 termini were equipped with the IBSID System. The system's closed circuit television function allows traffic and operating conditions in the area surrounding the termini to be monitored both locally and from KMB headquarters.

Our Information Technology Department developed the Electronic Terminus Management System ("ETMS") to ease monitoring of daily bus operations. Terminus supervisors use personal data assistants ("PDAs") to record bus arrival and departure times, which are instantly transmitted to control centres at depots and

relevant departments so that service adjustments can be made, along with any necessary operational decisions. At the end of 2008, 149 termini were equipped with ETMS.

Bus Maintenance Information System

Developed in-house, the computerised Bus Maintenance Information System ("BMS") holds operational information on buses, including type, history, and repair and maintenance logs, as well as recording the status and attendance data of maintenance workers. This assists management in assigning jobs and monitoring maintenance costs. BMS has been upgraded to keep track of the performance and durability of retreaded tyres, as part

of KMB's dedication to safety and environmental protection.

Advanced Finance and Administration Systems

KMB employs SAP e-Business Software for financial and human resources management, enabling the processing of large amounts of information for speedy decision making. By adopting this advanced proprietary system, together with e-tendering, e-payslips, an electronic document management system and company-wide use of email, the Company has substantially reduced paper consumption, and improved the efficiency of internal and external communications, as well as the distribution, filing and retrieval of documents.

OPERATIONAL REVIEW HONG KONG



LWB – first class bus services to and from the airport

LONG WIN BUS COMPANY LIMITED (“LWB”)

LWB has been operating bus services linking the New Territories to Hong Kong International Airport and North Lantau since 1 June 1997. LWB’s service area includes Hong Kong Disneyland, AsiaWorld-Expo and the Ngong Ping 360 cable car.

LWB’s bus network connects the Airport, Tung Chung and tourism developments on North Lantau with the New Territories. With the population increase in Tung Chung, the growth in travel demand to and from the Airport (including SkyPlaza at Terminal 2), and the strong patronage of Hong Kong Disneyland, AsiaWorld-Expo and Ngong Ping 360, LWB is well positioned to serve a steadily growing market.

PERFORMANCE ASSURANCE

By constantly reviewing its bus services, LWB ensures that the safety and reliability of its bus fleet are maintained at the highest levels. Statistics for the two key benchmarks of operational performance, mechanical reliability and operational capability, demonstrate LWB’s commitment to excellence. For 2008, LWB’s buses achieved 67,734 km : 1 in mechanical reliability and 101.8% in operational capability.

FLEET UPGRADE

In 2008, LWB added two new air-conditioned double-deck buses to its fleet to strengthen services on one external route and one Airbus route. To serve the increased number of passengers carrying luggage, conversion work to enlarge luggage rack space was completed on ten buses.

As at 31 December 2008, LWB operated a total of 154 air-conditioned double-deck buses and three air-conditioned single-deck buses. Wheelchair access and the electronic bus-stop announcement system are provided on all LWB’s

super-low floor double-deck buses, which are powered by engines at or above Euro II standard. LWB’s entire bus fleet is equipped with the electronic tachograph, which records vehicle speed and other operational information.

LWB’s bus fleet	Air-conditioned double-deck buses	Air-conditioned single-deck buses	Total number of buses
As at 1 Jan 2008	152	3	155
Additions during year	2	–	2
Disposals during year	–	–	–
As at 31 Dec 2008	154	3	157



● LWB’s bus termini on Lantau Island



Day and night LWB takes you wherever you want to go

LWB has ordered seven Euro IV super-low floor air-conditioned double-deck buses for introduction in 2009 to meet the growing demand for its services.

DEPOTS

LWB's depot at Siu Ho Wan provides daily bus maintenance, parking, refuelling and washing for its fleet. The depot's waste water treatment system ensures that the quality of waste water complies with

statutory requirements before being discharged into the public drainage system.

BUS SERVICE NETWORK

At the end of 2008, LWB operated 18 routes, the same number as in 2007. LWB continues to enhance the quality of its services to provide a more efficient and direct way for passengers to travel to and from Tung Chung and the Airport. The SkyCity development (which

includes AsiaWorld-Expo, a new passenger terminal, two office towers, and various retailing and entertainment facilities) has contributed to an increase in the number of people visiting the Airport. To cater for passenger demand, the five Airbus routes have been re-routed to serve Terminal 2.

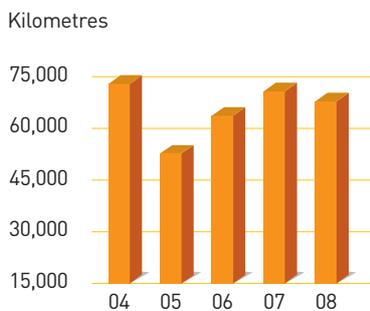
In November 2008, the operations of Routes A33 and E33 were revamped to provide better services for residents of Tuen Mun West



Express services offer hassle free journeys home

heading for the Airport and Tung Chung respectively. The services of Routes A43 and E41 were improved by deploying additional buses, while the frequency of services with low patronage, such as Recreational routes, was reduced. LWB will continue to look at ways to tap into tourism growth, while maintaining the highest standards of network coverage and service for local customers.

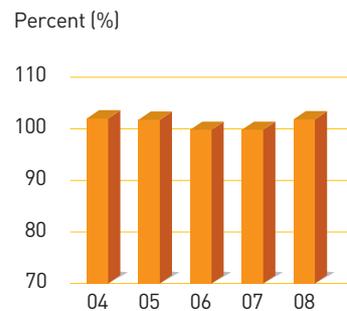
Mechanical reliability



■ LWB

Average number of kilometres operated before a bus has one mechanical breakdown while passengers are on board

Operational capability



■ LWB

Percentage of actual number of bus departures to scheduled number of bus departures during morning peak hours (7am-9am) in the peak direction

NON-FRANCHISED TRANSPORT OPERATIONS

The Group's non-franchised transport operations provide a wide range of transport services to students, shoppers, business commuters and those living in large residential estates, as well as to the general public through chartered hire services.



SUN BUS HOLDINGS LIMITED AND ITS SUBSIDIARIES (THE “SBH GROUP”)

The SBH Group is a leading non-franchised bus operator in Hong Kong. It provides customised high quality transport services to a range of customers, from those seeking premium services to those looking for value for money services.



The SBH Group provides tailor-made services that meet individual client's needs

With Sun Bus Limited as its flagship subsidiary, the SBH Group offers a range of bus services tailored to specific market niches, including large residential estates, shopping malls, major employers, theme parks, deluxe hotels, travel agents and schools, as well as to the general public through chartered hire services.

In 2008, the SBH Group continued to expand its operations, being awarded the tender by the Airport Authority to provide quality airport-hotel coach services. At the end of 2008, the SBH Group had a fleet of 367 buses, an increase of seven buses compared to 2007, further enhancing our economies of scale. In 2009, the SBH Group will

**Sun Bus Limited
obtained
ISO 9001:2000
certification in 2008
– the first commercial
non-franchised bus
company in Hong Kong
to receive such
accreditation**

continue to introduce new buses as part of its ongoing fleet upgrade programme.

In pursuit of service excellence, Sun Bus Limited obtained ISO 9001:2000 certification in November 2008 – the first commercial non-franchised bus company in Hong Kong to receive such accreditation.

**Fleet size of the SBH Group
grew to**

367 buses



PITC's modern catamaran fleet links Ma Wan and Central

PARK ISLAND TRANSPORT COMPANY LIMITED ("PITC")

PITC runs the ferry and shuttle bus operations that serve the transport needs of Park Island's residents and visitors.



Easy-access buses take Park Island residents to and from the airport

Since December 2002, PITC has been providing ferry and shuttle bus services for Park Island, a prestigious residential development on Ma Wan Island. PITC currently operates two ferry routes from Ma Wan, to Central and Tsuen Wan, with a fleet of six high-speed catamarans. In 2008, to meet increased demand, PITC strengthened the frequency of its bus services and introduced two super-low floor single-deck buses and two coaches. As at 31 December 2008, PITC had a fleet of 26 buses, comprising 19 super-low floor single-deck buses, three diesel-electric single-deck buses, two coaches and two minibuses.

As at 31 December 2008, PITC operated four shuttle bus routes between Ma Wan and Tsing Yi Airport Railway Station, Kwai Fong Metroplaza, Hong Kong International Airport and Tsuen Wan Railway Station.

The growing population of Park Island and the increase in the number of visitors following the opening of Phase 1 of Ma Wan Park generated extra demand for our services in 2008. PITC will continue to monitor changes in bus and ferry patronage, and adjust resource deployment as needed.

NEW HONG KONG BUS COMPANY LIMITED (“NHKB”)

NHKB jointly operates the cross-boundary bus service, or “Huang Bus” service, with its Shenzhen counterpart, shuttling commuters and holiday travellers between Lok Ma Chau in Hong Kong and Huanggang in Shenzhen.

In 2008, NHKB operated the 24-hour cross-boundary shuttle bus service between Lok Ma Chau and Huanggang with a fleet of 15 air-conditioned super-low floor single-deck buses. Its terminus facilities at San Tin Public Transport Interchange include four air-conditioned waiting lounges and an information display system.

With the opening of the Lok Ma Chau Spur Line and the Lok Ma Chau Public Transport Interchange in August 2007, NHKB has faced growing competition from railway and public minibuss services. In July 2008, the launch of direct charter

flights between Taiwan and China Mainland further reduced demand for cross-boundary bus services. However, increased economic activity between Hong Kong and China Mainland and the extension of the Individual Visit Scheme to more Mainland cities are expected to generate new demand for cross-boundary transport. By continuing to offer convenient and quality service, NHKB aims to ensure that its shuttle bus service remains the means of cross-boundary transport preferred by most travellers.



● NHKB's bus termini



NHKB operates a convenient cross-boundary shuttle bus service around the clock

PROPERTY HOLDINGS AND DEVELOPMENT

Lai Chi Kok Properties Investment Limited is the owner and developer of the luxury residential development, Manhattan Hill, which has redefined the concept of metropolitan living in West Kowloon.



LAI CHI KOK PROPERTIES INVESTMENT LIMITED (“LCKPI”)

LCKPI is a wholly-owned subsidiary of TIH and the developer of Manhattan Hill, a luxurious residential complex in Lai Chi Kok, West Kowloon.

Manhattan Hill comprises five high-rise residential towers with a height ranging from 41 to 43 storeys above podium level. It has 1,115 luxury residential units, varying in size from 668 square feet to 5,008 square feet. The five-storey podium contains a clubhouse, landscaped gardens and public open spaces. Four levels of car park provide 390 car parking spaces for residents, tenants and visitors.

Manhattan Hill’s construction management, marketing and sales programme have been supervised by Sun Hung Kai Real Estate Agency Limited (“SHKRE”), a wholly-owned subsidiary of Sun Hung Kai Properties Limited (“SHKP”). Management and security services are provided by SHKP’s subsidiary, Royal Elite Service Company Limited (“RESC”). Some RESC staff have attended management services training courses at Hong Kong’s Four Seasons Hotel.



Manhattan Hill provides residents with an exclusive quality lifestyle

1,173,600
square feet sold up to the end of 2008

“Offering a mix of shops, restaurants and banks on a total floor area of around 50,000 square feet, Manhattan Mid-town is expected to generate additional revenue for the Group starting from the second quarter of 2009”

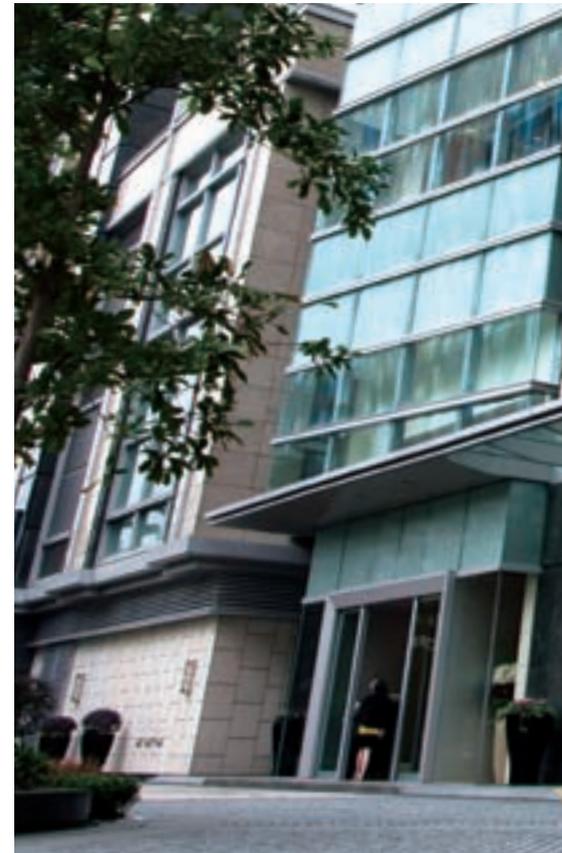
The sales campaign of the residential units of Manhattan Hill was first launched in November 2006 and the response was overwhelming. Up to the end of 2007, 1,080 residential units with a total saleable gross floor area (“saleable GFA”) of about 1,119,000 square feet (representing 94.0% of total saleable GFA) were sold. In 2008, a further 27 residential units with a total saleable GFA of about 54,600 square feet (representing 4.6% of the total saleable GFA) were sold. The handover of the residential units to the new owners began in July 2007.

In 2008, Manhattan Hill’s effective marketing strategy was recognised

when it won five marketing and design honours: an HKMA/TVB Award for Marketing Excellence and four awards in the Hong Kong Institute of Surveyors Property Marketing Awards. Besides winning the Best of The Year Award (Property Layouts), Manhattan Hill was also recognised for Top Ten Property Marketing, Top Ten Sales Brochures and Top Ten Property Layouts. These awards are further recognition of Manhattan Hill’s marketing and design achievements.

MANHATTAN LIVING

Overlooking Victoria Harbour and Stonecutters Island with panoramic views to the Central and Wan Chai



waterfronts on Hong Kong Island, Manhattan Hill is easily accessible by rail, via the Tsuen Wan Line, the West Rail Line and the Airport Express, by bus, via KMB services in Mei Foo, and by road, with connections to Route 3 and Route 8.

A commitment to environmental preservation is found in every design aspect of Manhattan Hill. The gleaming stone entrance lobbies, the landscaped podium and the contemporary interior finishing use the finest natural materials, providing residents with an exclusive quality lifestyle. Each apartment has a high ceiling and wide window openings that provide plentiful natural light. Energy



Manhattan Mid-town provides a new shopping experience in West Kowloon

efficient glazing and natural cross ventilation reduce the need for constant mechanical ventilation and cooling. At the mid-point of each tower, a double-height sky garden offers a place to relax and enjoy stunning views over Victoria Harbour. These landscaped podium gardens also provide a green lung for the surrounding area.

LCK COMMERCIAL PROPERTIES LIMITED (“LCKCP”)

LCKCP is a wholly-owned subsidiary of TIH and the owner of the commercial complex of Manhattan Hill.

LCKCP owns Manhattan Hill’s two-level retail podium, which is set to provide Manhattan Hill residents, as well as local householders and office workers, with high quality retail facilities. The new shopping mall, “Manhattan Mid-town”, will be positioned as a high-end retail complex to complement the image of Manhattan Hill and will provide a new shopping experience in the area. Offering a mix of shops, restaurants and banks on a total floor area of around 50,000 square feet, Manhattan Mid-town is scheduled to open in the second quarter of 2009 and is expected to generate additional revenue for the Group.

LCK REAL ESTATE LIMITED (“LCKRE”)

LCKRE, a wholly-owned subsidiary of TIH, is the owner of the Group’s headquarters building in Lai Chi Kok.

LCKRE owns a 17-storey commercial office building situated at 9 Po Lun Street, Lai Chi Kok, with a total gross floor area of about 156,700 square feet. The building is situated next to Manhattan Hill and is currently used by the Group for headquarters office and administrative purposes.

MEDIA SALES BUSINESS

As a leading out-of-home media company in Greater China, RoadShow offers an effective advertising medium for advertisers looking to market their products and services to a mass audience. Around 4,800 vehicles in Hong Kong are equipped with the proprietary Multi-Media On-Board (“MMOB”) system.

ROADSHOW HOLDINGS LIMITED AND ITS SUBSIDIARIES (THE “ROADSHOW GROUP”)

RoadShow Holdings Limited (“RoadShow”), established by the Group as its media sales arm, has been separately listed on the main board of The Stock Exchange of Hong Kong Limited since 28 June 2001. Currently, the Group has a 73.0% interest in RoadShow.

Being a leading media sales company in the Greater China region, the RoadShow Group capitalises on a vibrant advertising market consisting of bus

passengers and pedestrians traversing transit vehicle routes. It sells and markets business advertising on its proprietary Multi-media On-board (“MMOB”) system in Hong Kong, offering value added media sales, products and services at competitive prices. The RoadShow Group also runs a television programme syndication and media sales network covering more than 200 cities in China Mainland.



HONG KONG

The RoadShow Group's MMOB business centres on the installation and operation in public buses of equipment and Liquid Crystal Display ("LCD") units for broadcasting tailor-made programmes and advertisements. The MMOB system, with almost 20,000 LCD monitors in buses, broadcasts a wide variety of daily programmes and advertisements. At present, approximately 4,800 vehicles, including franchised buses and public light buses, are equipped with the MMOB system, reaching an audience of close to four million every day. During 2008, the RoadShow Group began to upgrade the LCD units on buses with a view to enhancing the system, which is an attractive medium for advertisers because of its ability to reach such a large daily audience in a powerful way.

RoadShow's customers comprise the major advertisers in Hong Kong, including advertising

agencies, as well as companies in the cosmetics, pharmaceutical, electronics, telecommunications, food and beverage, jewellery, leisure, media, finance, banking, insurance, retail, education, household, clothing, skincare, health food, fitness and real estate sectors.

Besides offering tailor-made sales packages to suit advertisers with different campaign objectives and budgets, the RoadShow Group provides value-added services with marketing integration. This includes the organisation of events and functions and the creation of branded content in addition to the production of television commercials. To increase media sales, various incentives are offered to encourage customers to commit to advertising bookings, including discounts, bonus spots and special advertising packages for long-term commitments.

Riding on the popularity of SMS services, RoadShow launched iClub in 2003 to offer a highly effective interactive platform for both

advertisers and passengers. As at 31 December 2008, around 327,000 iClub members had engaged in our popular daily quiz games and enjoyed special offers.

CHINA MAINLAND

Although the Mainland economy slowed sharply in the fourth quarter of 2008 and was expected to slow even further in 2009, the RoadShow Group aims to capitalise on the opportunities that may arise from the government's economic stimulus programmes. The 2010 World Expo in Shanghai and the 2010 Asian Games in Guangzhou are expected to offer a boost to the advertising and media sales business in those cities, which the RoadShow Group aims to take advantage of.

Within a prudent framework, the Mainland operation of RoadShow will continue to be an important element in its development strategy. RoadShow will explore investment opportunities which offer long-term, exclusive advertising rights that can benefit the RoadShow Group.



RoadShow's MMOB system
reaching about

4,000,000

audience daily in Hong Kong