



Octopus Cites Consumer Protection as Key Reason for Permanent Suspension of Octopus EPS Add-Value Service

(Hong Kong, 21 December 2007) Octopus Cards Limited (OCL) today announced that after a detailed technical review of the root causes of the failed Octopus EPS add-value transactions by a Task Force comprised of internal and external experts, it has determined that even with extensive investment of resources and time to attempt to address those root causes, there can be no guarantee that the problem will not happen again. For that reason, OCL will not be re-starting that service which has been suspended since February this year.

"It's a very difficult decision as we need to strike a balance between inconvenience to a small group of customers and our commitment to protecting consumer interests. In our ongoing effort to protect consumer interests, we have decided to permanently suspend the Octopus EPS add-value service," said Prudence Chan, OCL's Chief Executive Officer.

The Task Force, which included representatives of OCL, EPSCO, MTR, hardware and software vendors as well as the network service provider, has devoted considerable time and resources since late July to addressing the issues related to the root causes of the failed Octopus EPS add-value transactions identified in the Independent Review by PricewaterhouseCoopers.

"We apologize to those customers who might be inconvenienced by the suspension of this service, and we ask those customers to use cash to add value to their Octopus cards at MTR stations and through our retail partners, or use Octopus' Automatic Add-Value Service (AAVS) to increase the value of their cards," said Ms Chan.

Octopus EPS add-value service accounted for 1.5% of the total Octopus add-value service prior to its suspension earlier this year.

OCL has stepped up its effort to introduce new and enhanced consumer initiatives since the February suspension of the Octopus EPS add-value service. This includes providing more

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information to customers and introducing more channels enabling them to review their transactions so they can better manage their Octopus card accounts. Specific actions include:

OCL is collaborating with a leading telecommunications company to enable customers to check their Octopus cards' 10 most recent transactions via a newly developed personal card reader connected to a broadband phone at home. This service will be rolled out in early 2008.

OCL is also developing a platform to enable customers to check their Octopus cards' 10 most recent transactions, using the card reader connected to a personal computer. This service is expected to be launched in 2008.

OCL has launched the "Friends of Octopus" programme, which is designed to strengthen OCL's two-way communication with customers with a view to giving them more input in the development of OCL's products and services. Over 33,000 members have joined since its launch in August this year.

OCL has also launched a Personalised Card Instant Issuance Programme to encourage, and make it easier, for customers to apply for Personalised cards. Personalised cards allow OCL to proactively communicate with customers should the need arise. A series of road shows have been running weekly since September this year to promote Personalised card applications. OCL has also waived the HK\$20 handling fee on Personalised card applications from 1 August 2007 to 31 July 2008.

These actions, and others that will be developed, are part of OCL's commitment to ensuring that customers who use our services each and every day continue to do so with the confidence and trust that have made us an integral part of daily life in Hong Kong.

As another sign of OCL's commitment to its customers and the community, it will be making a corporate donation of HK\$400,000 to St. James Settlement as financial support for the "Octopus Kids' Nurturing Programme" in 2008. Launched this year, this programme offers

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underprivileged school children an opportunity to participate in extra-curricular courses with a view to providing them with all-round development.

With the matter of the failed Octopus EPS add-value transactions nearing a close, Ms. Chan said, "I would like to thank the HKMA and Professor Andrew Chan, Independent Advisor to OCL, for their support. Most importantly, I really appreciate the understanding and patience of our customers throughout the whole incident."

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About Octopus

Launched in 1997, Hong Kong's Octopus is the world's leading and most extensive smartcard payment system, with over 1,000 service providers across different businesses including public transport, parking, retail, vending and kiosks, schools and leisure facilities, and access control for residential and commercial buildings. Merchants and Octopus holders embrace Octopus for both its simplicity and its convenience. Today, more than 16 million Octopus are in circulation, and the system handles over 10 million transactions a day, with transaction value exceeding HK\$85 million.

In recent years, Octopus has started to export its unique experience and technology overseas, offering consultancy services and holding workshops for parties from different parts of the world.

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