



The Kowloon Motor Bus Holdings Limited

(incorporated in Bermuda with limited liability)

(Stock code: 62)

2004 Final Results Announcement

Condensed consolidated income statement for the year ended 31 December 2004

	<i>Note</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Turnover	1	6,544,281	6,540,198
Other net income		67,140	96,395
Staff costs		(3,048,098)	(3,176,105)
Depreciation and amortisation		(901,700)	(903,034)
Spare parts, stores and fuel oil consumed		(883,895)	(721,025)
Other operating expenses		<u>(872,408)</u>	<u>(953,325)</u>
Profit from operations	1	905,320	883,104
Finance costs	2	(15,376)	(34,803)
Share of profit of associates		34,227	7,548
Share of profit of jointly controlled entity		<u>1,065</u>	<u>1,304</u>
Profit from ordinary activities before taxation	2	925,236	857,153
Income tax	3	<u>(181,478)</u>	<u>(259,581)</u>
Profit from ordinary activities after taxation		743,758	597,572
Minority interests		<u>(12,593)</u>	<u>(619)</u>
Profit attributable to shareholders		<u><u>731,165</u></u>	<u><u>596,953</u></u>
Dividends:			
Interim dividend of HK\$0.45 per share declared and paid during the year (2003: HK\$0.45 per share)		181,638	181,638
Final dividend of HK\$1.58 per share proposed after the balance sheet date (2003: HK\$1.58 per share)		<u>637,750</u>	<u>637,750</u>
		<u><u>819,388</u></u>	<u><u>819,388</u></u>
Earnings per share	4	<u><u>HK\$1.81</u></u>	<u><u>HK\$1.48</u></u>

Notes:

1 Segmental information

Turnover and contribution to the Group's profit from the principal activities during the year, after elimination of all material inter-company transactions, are as follows:

	Turnover		Contribution to profit from operations	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Operation of franchised public bus and non-franchised transport services	6,309,924	6,332,333	824,880	827,263
Media sales business	<u>234,357</u>	<u>207,865</u>	<u>75,655</u>	<u>33,690</u>
	<u>6,544,281</u>	<u>6,540,198</u>	900,535	860,953
Unallocated net operating income			<u>4,785</u>	<u>22,151</u>
Profit from operations			<u>905,320</u>	<u>883,104</u>

The Group's turnover and operating profit derived from activities outside Hong Kong were insignificant. Accordingly, no analysis by geographical segment is provided.

2 Profit from ordinary activities before taxation

Profit from ordinary activities before taxation is arrived at after charging/(crediting):

	2004	2003
	HK\$'000	HK\$'000
Finance costs:		
Interest on bank loans, overdrafts and other unsecured loans	15,400	34,803
Less: Borrowing costs capitalised into property under development	<u>(24)</u>	<u>—</u>
	<u>15,376</u>	<u>34,803</u>
Interest income from unlisted debt securities	(3,522)	(3,522)
Interest income from bank deposits	(9,493)	(17,631)
Gain on disposal of fixed assets	<u>(7,475)</u>	<u>(5,883)</u>

3 Income tax

	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
Provision for Hong Kong Profits Tax	137,074	135,983
Provision for PRC income tax	<u>735</u>	<u>1,871</u>
	137,809	137,854
Deferred tax:		
Origination and reversal of temporary differences and benefit of tax losses recognised	31,133	59,928
Effect resulting from increment in Hong Kong Profits Tax rate	—	61,406
Share of associates' taxation	11,839	393
Share of jointly controlled entity's taxation	<u>697</u>	<u>—</u>
Total income tax in income statement	<u>181,478</u>	<u>259,581</u>

The provision for Hong Kong Profits Tax is calculated at the rate of 17.5% (2003: 17.5%) of the estimated assessable profits for the year. Taxation for subsidiaries in the People's Republic of China ("PRC") is charged at the appropriate current rates of taxation ruling in the PRC.

4 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK\$731,165,000 (2003: HK\$596,953,000) and 403,639,413 shares in issue during the two years. The diluted earnings per share for the current and the previous year are not presented as there are no dilutive potential ordinary shares as at the year end.

5. Basis of preparation of financial statements

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (which includes all applicable Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

6. Recently issued accounting standards

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on the results of operations and financial position.

RESULTS

The Group's profit attributable to shareholders for the year ended 31 December 2004 was HK\$731.2 million (2003: HK\$597.0 million). This represents an increase of 22.5% compared with 2003. Earnings per share for the year were HK\$1.81 compared with HK\$1.48 for 2003.

PROPOSED FINAL DIVIDEND

On 17 March 2005, the Board of Directors recommended the payment to shareholders registered on 19 May 2005 a final dividend of HK\$1.58 per share (2003: HK\$1.58 per share), totalling HK\$637.8 million (2003: HK\$637.8 million), for the year ended 31 December 2004. Together with the interim dividend of HK\$0.45 per share (2003: HK\$0.45 per share) paid on 13 October 2004, the total dividend for the year ended 31 December 2004 will amount to HK\$2.03 per share (2003: HK\$2.03 per share), totalling HK\$819.4 million (2003: HK\$819.4 million). Subject to the approval of shareholders at the forthcoming Annual General Meeting to be held on 19 May 2005, the final dividend will be payable on 20 May 2005.

The Transfer Books of the Company will be closed from 9 May 2005 to 19 May 2005, both dates inclusive. To qualify for the proposed final dividend, transfers must be lodged with the Company's Hong Kong share registrars, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on 6 May 2005.

REVIEW OF OPERATIONS AND RESULTS

Franchised Public Bus Operations

The Kowloon Motor Bus Company (1933) Limited ("KMB")

Profit from franchised public bus operations before taxation of KMB for 2004 amounted to HK\$831.5 million (2003: HK\$856.0 million), representing a decrease of 2.9% compared with that of the previous year. The profit after taxation, however, increased by 12.6% from HK\$599.8 million in 2003 to HK\$675.5 million in 2004.

KMB's fare revenue for the year amounted to HK\$5,808.8 million (2003: HK\$5,880.1 million), a decrease of 1.2% compared with 2003. The decrease was mainly attributed to the loss of patronage to the Kowloon-Canton Railway Corporation ("KCRC") West Rail since its opening in December 2003 and the offering of fare concessions to passengers for the full year in 2004 under the three fare concession schemes introduced since 1 October 2003.

Due to the recovery of the local economy after the subsidence of Severe Acute Respiratory Syndrome ("SARS") and the increase in the number of visitors from the Mainland after the extension of the Individual Visit Scheme to more cities in Guangdong Province, the total passenger trips of KMB slightly increased by 0.3% from 1,060.5 million in 2003 to 1,063.8 million in 2004, despite the loss of patronage to the new railways.

KMB's advertising revenue for the year amounted to HK\$74.5 million (2003: HK\$75.9 million), a decrease of 1.8% compared with the previous year.

Total operating cost for 2004 decreased by 0.8% compared with that for 2003. The decrease was due mainly to the reduction in staff costs resulting from the rationalisation of certain bus routes and the implementation of more stringent cost control measures to meet the challenges arising from the commissioning of new railway lines. The actual distance travelled by KMB's buses totalled 342.8 million kilometres during the year (2003: 344.3 million kilometres). Finance costs also decreased by 65.2% from HK\$29.0 million in 2003 to HK\$10.1 million in 2004 due to lower interest rates over the year. These cost savings were, however, largely offset by the drastic increase in fuel costs by HK\$151.3 million or 34.1% from HK\$443.8 million in 2003 to HK\$595.1 million in 2004 as a result of the surge in fuel prices.

Despite the persistence of deflation in Hong Kong over the past seven years, KMB has been facing huge cost pressure arising from increases in fuel prices, insurance premiums, tunnel tolls and wages. Clearly the consumer price indexes do not necessarily reflect changes in KMB's operating costs. Nevertheless, KMB has managed not to increase its bus fares since December 1997 through effective cost control.

During the year, KMB introduced 177 air-conditioned super-low floor easy access buses and disposed of 322 old non air-conditioned and air-conditioned buses, bringing the total number of buses from 4,295 at the beginning of the year to 4,150 at the year-end. As at 31 December 2004, 3,625 buses (87.3%) of the entire fleet were air-conditioned compared to 3,510 (81.7%) at the end of 2003. Also, KMB will take delivery of an additional 44 super-low floor buses in 2005.

At the end of 2004, KMB operated 405 bus routes. During the year, three new KMB bus routes were launched to serve the New Territories as well as another four recreational routes providing direct and reasonably priced services to audiences from the Hong Kong Coliseum travelling to Cheung Ching, Tuen Mun Pier Head, Siu Hong Court and Tin Heng Estate. These recreational routes only operate when needed which allow KMB to make better use of its revenue generating resources during over-night non-peak hours.

Careful strategic planning enabled KMB to meet the challenges resulting from the opening of two new rail systems — the KCRC's West Rail and Ma On Shan Rail. In New Territories West, KMB reorganised its bus service network by cancelling some bus routes and making service adjustments on others to meet the changes in demand. Resources made available as a result of the reorganisation are either deployed to other areas with increasing demand or eliminated through natural attrition. Similar bus network reorganisation will also be implemented by phases in areas affected by the Ma On Shan Rail starting from February 2005.

Long Win Bus Company Limited ("LWB")

LWB recorded a profit after taxation of HK\$16.3 million for the year (2003: a loss after taxation of HK\$3.3 million).

LWB's fare revenue for the year amounted to HK\$243.0 million, representing an increase of 12.0% compared with HK\$216.9 million for 2003. The total ridership of LWB in 2004 was 22.3 million (a daily average of 60,942) passenger trips, an increase of 15.5% compared with 19.3 million (a daily average of 52,766) passenger trips in the previous year. The increase was due mainly to the continued growth of population in Tung Chung New Town and the recovery of the travel demand for transport links to the Hong Kong International Airport.

Total mileage operated for the year was 23.5 million kilometres (2003: 22.7 million kilometres).

The advertising revenue of LWB decreased to HK\$0.6 million in 2004 from HK\$1.2 million in 2003.

LWB's total operating and finance costs for 2004 decreased by 0.2% compared with that for 2003. The slight decrease was due mainly to the savings in the major cost items and lower interest rate but was mostly offset by the drastic increase in fuel costs by HK\$6.6 million or 32.0% from HK\$20.6 million in 2003 to HK\$27.2 million in 2004 as a result of the surge in fuel prices.

At the end of 2004, LWB operated 15 bus routes and deployed 136 air-conditioned double-deck buses and nine air-conditioned single-deck buses serving Tung Chung and Hong Kong International Airport.

Non-Franchised Transport Operations

The Group's Non-Franchised Transport Operations Division reported a profit before tax of HK\$29.4 million for 2004 (2003: HK\$23.0 million), representing an increase of 27.8% compared with that for the previous year. Turnover increased by 9.7% from HK\$233.8 million in 2003 to HK\$256.4 million in 2004. The increase was due primarily to the recovery of the local economy and the growth in patronage of the cross-boundary shuttle bus service. This increase was, however, partially offset by the opening of the KCRC West Rail and the decline in residential, commercial and contract hiring businesses due to intensified competition in the relevant market sectors.

Sun Bus Holdings Limited and its subsidiaries (the "SBH Group")

The SBH Group is a major provider of various non-franchised bus services to residential estates, shopping malls, corporations, employers, schools, tourists, and contract-hire customers. Turnover of the SBH Group for the year amounted to HK\$102.1 million, a decrease of 8.5% compared with 2003. The decrease was mainly due to the loss of patronage on certain residential bus services to the KCRC West Rail and the intensified competition within the non-franchised bus service market.

At 31 December 2004, the SBH Group had a fleet of 230 buses (2003: 223 buses). During the year, seven buses (2003: 23 buses) were purchased for enhancement of service quality and replacement of older buses.

Park Island Transport Company Limited (“PITC”)

PITC, a 65% owned subsidiary of the Group, has been providing shuttle bus and ferry services for Ma Wan Island. At the year-end, PITC operated two ferry routes and two bus routes serving Ma Wan Island, with seven high speed catamarans, 15 air-conditioned single-deck buses and three air-conditioned single-deck diesel-electric hybrid buses. The patronage for the year was 5.1 million passenger trips, an increase of 27.5% compared with 4.0 million passenger trips for 2003. This increase was due mainly to further population in-take and the sales campaign of residential flats of Park Island Phase III.

New Hong Kong Bus Company Limited (“NHKB”)

NHKB, together with its Shenzhen counterpart, jointly operates a direct, economical, 24-hour cross-boundary shuttle bus service between Lok Ma Chau in Hong Kong and Huanggang in Shenzhen. With the growth in the number of visitors from the Mainland as a result of the extension of the Individual Visit Scheme to more cities in Guangdong Province, NHKB’s average monthly ridership for 2004 increased by 32.3% compared with the previous year. To cope with the increased demand, NHKB added two air-conditioned super-low floor single-deck buses to its fleet in 2004, bringing the total number of buses to 15 at the year-end.

Mainland Transport Operations

At 31 December 2004, the Group’s total interest in associates and jointly controlled entity amounted to HK\$224.3 million (2003: HK\$79.9 million). The investments were in respect of the operation of passenger bus services in Dalian, Tianjin and Wuxi, as well as taxi hire and car rental businesses in Beijing. The Group’s Mainland Transport Operations Division reported a profit before tax of HK\$21.3 million for 2004 (2003: HK\$1.9 million).

Dalian

This co-operative joint venture (“CJV”) in Dalian was established in 1997 by a 60% owned subsidiary of the Group and Dalian City No.1 Bus Company in Liaoning Province. At 31 December 2004, the Dalian CJV had 16 double-deck buses and 67 single-deck buses operating on three routes serving Dalian City. This CJV made satisfactory progress and recorded a profit in 2004.

Tianjin

The CJV in Tianjin, formed between a 50% owned associate of the Group and Tianjin City Public Transport Holding Company Limited in Tianjin, has been in operation since January 2001. During 2004, the Tianjin CJV operated seven bus routes with 110 single-deck buses in Tianjin City, and continued to make steady progress.

Beijing

Beijing Beiqi Kowloon Taxi Company Limited (“BBKT”), a Sino-foreign joint stock company, was established in Beijing in March 2003. BBKT’s shareholders comprise KMB (Beijing) Taxi Investment Limited, which is a wholly owned subsidiary of the Group,

Beijing Beiqi Municipal Taxi Group Company Limited and three other Mainland investors. BBKT principally engages in the taxi hire and car rental businesses with a fleet of around 4,000 vehicles and about 4,000 employees. The Group's investment in BBKT was HK\$75.5 million, representing 31.38% of BBKT's equity interest. The businesses of BBKT saw significant growth in 2004 compared with the SARS-influenced 2003.

Wuxi

Wuxi Kowloon Public Transport Company Limited ("WKPT"), a Sino-foreign joint stock company in which the Group has 45% interest, was established in Wuxi City, Jiangsu Province in February 2004. WKPT currently operates some 1,700 buses on over 110 routes. The Group's investment in WKPT was RMB 135.4 million (HK\$127.2 million). WKPT achieved satisfactory results over the 10 months ended 31 December 2004.

Shenzhen

In December 2004, the Group obtained approval from the relevant Mainland government authorities to acquire a 35% interest in a Sino-foreign joint stock company, Shenzhen Bus Group Company Limited ("SBG"), which was formed from reorganisation of the existing Shenzhen Public Transportation Group Limited. SBG commenced operations in January 2005 and principally operates local public bus services in Shenzhen City, Guangdong Province, with around 3,500 vehicles on 120 routes. It is expected that SBG will make contribution to the profit of the Group in the coming years.

Media Sales Business

RoadShow Holdings Limited and its subsidiaries (the "RoadShow Group")

The RoadShow Group achieved significant operational and financial improvement in 2004 as compared with 2003. For the year ended 31 December 2004, the RoadShow Group reported a total operating revenue of HK\$198.1 million (2003: HK\$173.4 million) and a profit attributable to shareholders of HK\$20.1 million (2003: a loss of HK\$37.0 million).

The profit for the year was mainly attributable to the continuous improvement in the economic environment and the resultant upturn in consumer confidence in Hong Kong and on the Mainland. Its joint ventures on the Mainland achieved their revenue goals and made contributions to profit, a trend that is expected to continue.

Further information relating to the RoadShow Group is available in its 2004 final results announcement and annual report.

Property Development

Lai Chi Kok Properties Investment Limited ("LCKPI")

LCKPI, a wholly owned subsidiary of the Group, is the owner of the old Lai Chi Kok Depot site located at Po Lun Street, Lai Chi Kok, Kowloon. The old depot building was demolished in 2002 and is currently under development into a residential and commercial complex comprising about 1,100 flats in five residential blocks, with a total residential

gross floor area of about one million square feet and a retail podium area of about 50,000 square feet. LCKPI has engaged certain subsidiaries of Sun Hung Kai Properties Limited (“SHKP”) for the provision of services in relation to the development, construction, letting and sales, and management of the future residential and commercial complex.

During the year, LCKPI decided to upgrade the design, materials and quality of workmanship of the development to luxurious quality and standard. It is expected that as the property market in Hong Kong has been recovering, in particular the market segment of upscale domestic accommodation, the upgrade would be beneficial to the Group. The additional construction costs for effecting the upgrading works were estimated to be around HK\$457.6 million.

At the year-end, the total construction cost incurred for the project amounted to HK\$323.2 million (2003: HK\$112.0 million). This amount was capitalised as property under development in the financial statements. At 31 December 2004, the commitment in the project was HK\$1,473.9 million (2003: HK\$1,202.8 million). The project will be partially financed by unsecured bank loans. It is expected that the whole project will be completed by the end of 2006. LCKPI will closely monitor the local property market conditions with a view to drawing up an appropriate timetable for marketing the property.

LIQUIDITY AND FINANCIAL RESOURCES

The Group’s policy is to maintain a healthy financial position such that net cash inflow from operating activities together with undrawn committed and uncommitted banking facilities should meet the requirements for loan repayments, capital expenditure and investment. Furthermore, sufficient cash balances are maintained to meet operational requirements, potential business expansion and development from time to time.

The Group’s operations were mainly financed by shareholders’ funds, bank loans and overdrafts in 2004. The major operating companies of the Group arrange their own financing to meet specific requirements. The main sources of financing for these companies are proceeds from operations and unsecured long-term bank loans. Uncommitted stand-by banking facilities and overdrafts are also maintained by these companies to facilitate routine treasury operations. Financing for the other subsidiaries of the Group is mainly provided by the holding company from its capital base. The Group reviews its strategy from time to time with a view to selecting the financing methods that provide the lowest finance costs with the required maturity and flexibility to fit the unique operating environment of each subsidiary.

The gearing ratio and liquidity ratio of the Group are as follows:

	2004	2003
Gearing ratio at year-end	0.38	0.22
<i>(the ratio of net borrowings to the total share capital and reserves)</i>		
Liquidity ratio at year-end	1.15	1.32
<i>(the ratio of current assets to current liabilities)</i>		

The increase in the gearing ratio was due mainly to the increase in the Group's net borrowings as a result of the redevelopment of the old Lai Chi Kok Depot site and the increased investments on the Mainland.

The Group's current assets mainly comprised of liquid funds, accounts receivable and property under development whilst current liabilities include the current portion of bank loans, bank overdrafts, accounts payable and other accruals.

Net borrowings

At 31 December 2004, the Group's net borrowings (i.e. total bank loans and overdrafts less cash and deposits at banks) amounted to HK\$1,621.8 million (2003: HK\$952.2 million), representing an increase of HK\$669.6 million compared with 2003. An analysis of the Group's net borrowings by currency at 31 December 2004 is shown below:

Currency	2004		2003	
	Net borrowings / (cash) in foreign currency million	Net borrowings / (cash) in HK\$'million	Net borrowings / (cash) in foreign currency million	Net borrowings / (cash) in HK\$'million
Hong Kong Dollar		1,736.9		1,140.1
United States Dollar	(10.6)	(83.0)	(11.3)	(87.9)
British Pound Sterling	(1.5)	(22.1)	(6.5)	(90.1)
Renminbi	(10.6)	(10.0)	(10.6)	(9.9)
Total		<u>1,621.8</u>		<u>952.2</u>

Bank loans and overdrafts

Bank loans and overdrafts, all unsecured, amounted to HK\$2,792.0 million at 31 December 2004 (2003: HK\$2,633.0 million, of which HK\$100 million was secured by a pledged bank deposit of the same amount).

At 31 December 2004, the interest-bearing bank loans and overdrafts were repayable as follows:

	2004 HK\$'million	2003 HK\$'million
Within 1 year or on demand	494.3	415.4
After 1 year but within 2 years	458.4	374.9
After 2 years but within 5 years	1,639.3	1,492.7
After 5 years	200.0	350.0
	<u>2,297.7</u>	<u>2,217.6</u>
	<u>2,792.0</u>	<u>2,633.0</u>

Cash and deposits at banks

At 31 December 2004, the Group's cash and deposits at banks amounted to HK\$1,170.2 million (2003: HK\$1,680.8 million). They were mainly denominated in Hong Kong Dollar, United States Dollar, British Pound Sterling ("GBP") and Renminbi.

Banking facilities

At 31 December 2004, the Group had stand-by banking facilities totalling HK\$1,945.7 million (2003: HK\$2,236.7 million).

Finance costs and interest cover

Due mainly to the further decline in market interest rates and repayment of loans in 2004, the total finance cost incurred by the Group decreased to HK\$15.4 million in 2004 from HK\$34.8 million in 2003. The average interest rate in respect of the Group's borrowings for 2004 was 0.63%, a decrease of 77 basis points compared with 1.4% for 2003.

Interest cover, representing the ratio of profit from ordinary activities before taxation to net finance charges (i.e. total finance costs less interest income), increased from 62.8 times in 2003 to 391.9 times in 2004.

TREASURY POLICIES

Currency risk management

The Group's major revenue sources are fare receipts from the franchised public bus services and revenue from non-franchised transport operations and the media sales business, all denominated in Hong Kong Dollar. Major expenses such as staff costs are also paid in Hong Kong Dollar. Therefore, financing in Hong Kong Dollar provides a natural currency hedge for the Group.

However, payments for certain expenditures such as purchase of new buses and overseas motor vehicle components are mainly denominated in GBP. In view of the trend that GBP would continue to strengthen against the Hong Kong Dollar towards the end of 2004, the Group had hedged certain amounts of GBP in the second half of the year by entering into forward foreign exchange contracts. This effectively fixed all GBP payments during that period to a preferred exchange rate. At 31 December 2004, there were no outstanding forward foreign exchange contracts. As the levels of foreign current assets and liabilities of the Group were relatively low compared to its total asset base and the amount of expenditure that required payments in GBP had been reduced during the year, foreign currency exposure did not pose a significant risk to the Group. However, the Group will continue to closely monitor the prevailing market conditions and devise suitable strategies against foreign currency risk.

Interest rate risk management

As at 31 December 2004, the Group's borrowings were mainly denominated in Hong Kong Dollar and on a floating interest rate basis. This provided flexibility to the Group to take full advantage of the low interest rates in 2004. The Group will continue to review its strategy on interest rate risk management in the light of the prevailing market conditions.

EMPLOYEES

As the provision of franchised public bus and non-franchised transport services is labour intensive, staff costs accounted for a substantial portion of the total cost of the Group. Due largely to the route rationalisation plans implemented by KMB as a result of the opening of the KCRC West Rail, the number of staff of the Group decreased by 0.2% compared with last year, mainly through natural attrition. The Group will continue to closely monitor and align the number and remuneration of its employees against productivity and market trends. The number and remuneration of employees of the Group (including employees of the Group's subsidiary companies on the Mainland) over the past two years are tabulated below:

	2004	2003
Number of employees at year-end	13,661	13,689
Total remuneration (in HK\$ million)	3,048	3,176
Remuneration as percentage of total costs	52%	52%

CONTINGENT LIABILITIES

At 31 December 2004, the Company has undertaken to guarantee certain bank loans granted to certain subsidiaries to the extent of HK\$820.0 million (2003: HK\$574.2 million). Additionally, together with an external party, the Company had undertaken to guarantee jointly and severally bank loans granted to PITC to finance its purchase of fixed assets and daily operations to the extent of HK\$135.0 million (2003: HK\$110.0 million). Such bank loans will be repayable by instalments commencing from February 2005 to August 2008.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "EXCHANGE")

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on the Exchange in force prior to 31 March 2004, which remain applicable to results announcements in respect of accounting periods commencing before 1 July 2004 under the transitional arrangements, will be published on the Exchange's website in due course.

By Order of the Board
S.Y. CHUNG
Chairman

Hong Kong, 17 March 2005

As at the date of this announcement, members of the Board of Directors of the Company are:

Independent Non-executive Directors

The Hon Sir Sze-yuen CHUNG,

GBM, GBE, PhD, FREng, JP

Chairman

Dr KUNG Ziang Mien, James, *GBS, OBE*

(with Mr KUNG Lin Cheng, Leo as alternate)

Dr Eric LI Ka Cheung, *GBS, OBE, JP*

Mr SIU Kwing-chue, Gordon, *GBS, CBE, JP*

Executive Directors

Mr John CHAN Cho Chak, *GBS, JP*

Managing Director

Mr Charles LUI Chung Yuen, *M.H.*

Ms Winnie NG

Mr LUI Pochiu

Mr Edmond HO Tat Man

Deputy Managing Director

Non-executive Directors

Dr Norman LEUNG Nai Pang, *GBS, JP*

Deputy Chairman

Mr KWOK Ping-luen, Raymond

(with Mr SHAM Yat Wah as alternate)

Mr KWOK Ping-sheung, Walter, *JP*

(with Ms Susanna LAU Shung Oi as alternate)

Mr YU Shu Chuen

Mr NG Siu Chan

Mr William LOUEY Lai Kuen

Mr George CHIEN Yuan Hwei

Mr Rafael HUI, *GBS, JP*

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