

3 March 2004

Wuxi Kowloon Public Transport Company Limited Opening Ceremony

Today (Wednesday, 3 March), the establishment of Wuxi Kowloon Public Transport Company Limited (“WKPT”), a sino-foreign joint stock company, was announced at the Wuxi Great Hall of the People in the presence of officials including Mr Mao Xiaoping, Mayor of Wuxi City, and the delegation led by Mr John C. C. Chan, KMB Managing Director. The Kowloon Motor Bus Holdings Limited (Stock Code: 0062) (“KMBH”) is one of the founding shareholders of WKPT, whose equity structure represents the first of its kind in the metropolitan public bus industry in Mainland China.

WKPT has a total of five shareholders: KMB (Wuxi) Transport Investment Limited, Excel Power Group Limited (both of them are wholly-owned subsidiaries of KMBH), Wuxi Communications Industry Group Company Limited, Guolian Group and Wuxi TV & Broadcasting Group. WKPT is principally engaged in the operation of public bus services and other passenger transportation businesses in Wuxi City.

Mr John Chan, KMBH Managing Director, said, “Our investment in the public bus market in Wuxi is part of our long-term business strategy. I strongly believe that with the continuously rapid economic growth of the Changjiang Delta, Wuxi City will become even more prosperous and, at the same time, WKPT will have a bright future. It is KMBH’s honor to work with Wuxi Communications Industry Group Company Limited, Guolian Group and Wuxi TV & Broadcasting Group. Our joint effort through WKPT will enhance the public bus system in Wuxi City, bringing even safer, more comfortable, more convenient and more caring services to the local public.”

Mr Mao Xiaoping, Mayor of Wuxi City, said at the ceremony, “The operation and management reform resulting in the establishment of WKPT is a valuable step forward. It is not only of significance to the reformation of the transportation industry, but is also a good example for further reforming other state-owned public service providers in Wuxi City.”

Mr Xue Jun, the Chairman of WKPT, added, “By setting up modern management systems, WKPT will be able to rigorously take advantage of its resources in management, expertise and services, aiming at satisfying customer needs, providing even better services and developing an efficient and quality metropolitan transport network. WKPT is committed to continuously growing and strengthening itself, as it strives to become a listed company.”

Currently, WKPT operates public bus services in Wuxi City under a franchise. With a fleet of more than 1,600 buses operating on 106 routes and with some 5,000 employees, WKPT has net assets of

around RMB 300 million. It is expected to generate a reasonable return for its shareholders. Having invested RMB 135 million for a stake of 45% in WKPT, KMBH will actively participate in WKPT's management.

WKPT originates from the re-organization of the former Wuxi Public Transport Group Company Limited, which has 48 years' history in public bus operations and a professional management team with ample experience. The Kowloon Motor Bus Company (1933) Limited, the flagship of KMBH, has 70 years' experience in public bus operations and presently operates more than 4,000 buses on around 400 bus routes in the Hong Kong Special Administrative Region ("HKSAR").

KMBH has been actively developing new businesses on the Mainland in recent years. Apart from the cross-boundary shuttle bus service between Lok Ma Chau in the HKSAR and Huanggang in Shenzhen, and two co-operative joint ventures in Dalian and Tianjin, KMBH invested RMB 80 million for a 31.38% interest in Beijing Beiqi Kowloon Taxi Company Limited ("BBKT") in March 2003. BBKT is the first sino-foreign joint stock company in the taxi and car rental business on the Mainland, and presently operates a fleet of around 4,000 taxis and rental cars in Beijing.

Furthermore, at the end of December 2003, KMBH entered into an agreement with Shenzhen Investment Holding Corporation and other founding parties to set up a sino-foreign joint stock company to operate public bus services in Shenzhen. KMBH will invest around RMB 387 million for a 35% stake in this joint stock company with about 3,300 vehicles and 10,000 employees. The establishment of the joint stock company is underway.

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