

## The Kowloon Motor Bus Holdings Limited 2005 Annual General Meeting

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At KMB Group's Annual General Meeting today (Thursday, 19 May 2005), the Group's Chairman, Sir Sze-yuen Chung, reported the financial results for 2004. For the year ended 31 December 2004, the Group achieved satisfactory performance across its businesses. Profit attributable to shareholders was HK\$731.2 million, and earnings per share was HK\$1.81, both representing an increase of 22.5 per cent compared with 2003.

"These results have been achieved in a very challenging operating environment. As to our franchised and non-franchised bus operations in the HKSAR, we continued to face increases in operating costs. In particular, oil prices and tunnel tolls, which accounted for a significant portion of our operating expenditure, rose drastically during 2004. At the same time, the successive opening of new railways has posed more intense competition among different public transport modes," said the Group's Chairman, Sir Sze-yuen Chung.

"However, as a leading public transport provider, we are mindful of our responsibilities to the community. Despite the huge cost pressure, we have managed to maintain our fares at 1997 levels and continued to offer fare concessions to our passengers. This has been achieved through productivity enhancement and stringent cost control measures, but not by lowering our service standards."

While franchised bus services remain the backbone of the Group's business, the Group's non-franchised bus service operations in Hong Kong continued to grow over the past year. These services are carefully planned in terms of cost, comfort and service levels to meet new market demands.

RoadShow, the Group's media sales business, continues to expand, particularly in Macau and on the Mainland. The redevelopment of the Group's former Lai Chi Kok Depot site into a luxurious residential and commercial complex is progressing smoothly and is scheduled for completion by the end of 2006.

Following the joint venture transportation projects in Dalian, Tianjin and Beijing, the Group continued to take significant steps in the implementation of its business development strategy on the Mainland by establishing two new public bus joint venture companies in Wuxi and Shenzhen, which commenced operations in March 2004 and January 2005 respectively. The Group is now well positioned to expand further into other major population centres on the Mainland.

With a business portfolio that is expanding geographically, the Group remains aware of the importance of its responsibilities to stakeholders and the communities within which the Group operates. The Group's commitment to

corporate social responsibility is high on its corporate agenda and it is particularly pleased to have been invited to become a constituent member of the FTSE4 Good Global Index in 2004.

Sir Sze-yuen Chung said, "We have always recognised the importance of good corporate governance and the need to provide our stakeholders with transparent corporate information. We will continue to improve our internal control procedures, corporate governance practices and communication channels."

Sir Sze-yuen Chung added, "Our achievements over the past year are attributable to the dedication and hard work of the staff members of the Group. On behalf of the Board, I would like to extend my gratitude to our staff for their contributions and look forward to their continued support in the future."



At KMB Group's Annual General Meeting, the Group's Chairman, Sir Sze-yuen Chung (eight from the left), reported the financial results for 2004.