



THE KOWLOON MOTOR BUS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

2003 Interim Results Announcement

Condensed consolidated income statement for the six months ended 30 June 2003

	Note	Six months ended 30 June	
		2003	2002
		HK\$ million (Unaudited)	HK\$ million (Unaudited) <i>restated</i>
Turnover	2	3,155.3	3,450.3
Other revenue		37.0	38.8
Other net income		5.2	2.1
Staff costs		(1,587.4)	(1,636.9)
Depreciation and amortisation		(429.2)	(388.9)
Spare parts, stores and fuel oil consumed		(350.8)	(323.5)
Other operating expenses		<u>(452.2)</u>	<u>(447.2)</u>
Profit from operations		377.9	694.7
Deemed profit on partial disposal of a subsidiary		—	2.7
Finance costs		(21.4)	(28.6)
Share of profit less loss of associates		(1.2)	—
Share of profit of jointly controlled entity		<u>0.6</u>	<u>0.1</u>
Profit from ordinary activities before tax	3	355.9	668.9
Income tax expense	4	<u>(127.4)</u>	<u>(104.6)</u>
Profit from ordinary activities after tax		228.5	564.3
Minority interests		<u>3.0</u>	<u>(20.0)</u>
Profit attributable to shareholders		<u><u>231.5</u></u>	<u><u>544.3</u></u>
Dividend			
Interim dividend of HK\$0.45 per share proposed after the interim period end (2002: HK\$0.45 per share)		<u>181.6</u>	<u>181.6</u>
Earnings per share	5	<u><u>\$ 0.57</u></u>	<u><u>\$ 1.35</u></u>

Notes:

1. Basis of preparation

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700 “Engagements to review interim financial reports” issued by the Hong Kong Society of Accountants (the “HKSA”). The interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the “Exchange”), including compliance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim financial reporting” issued by the HKSA.

The Group has adopted SSAP 12 “Income taxes” with effect from 1 January 2002. As a result of the adoption of this accounting policy, the profit for the six months ended 30 June 2002 has been restated and decreased by HK\$27.8 million.

2 Turnover

Turnover comprises fare revenue from the operation of franchised bus and non-franchised transportation services and income from media sales business during the period, analysed as follows:

	Six months ended 30 June	
	2003	2002
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(Unaudited)	(Unaudited)
Operation of franchised bus services	2,957.3	3,230.7
Operation of non-franchised transportation services	109.5	83.0
Media sales business	<u>88.5</u>	<u>136.6</u>
	<u><u>3,155.3</u></u>	<u><u>3,450.3</u></u>

3 Profit from ordinary activities before tax

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

	Six months ended 30 June	
	2003	2002
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(Unaudited)	(Unaudited)
Interest on bank loans, overdrafts and other unsecured loans	21.4	28.6
Interest income	(12.6)	(21.5)
Gain on disposal of fixed assets	<u>(1.9)</u>	<u>(1.5)</u>

4 Income tax expense

	Six months ended 30 June	
	2003	2002
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(Unaudited)	(Unaudited)
		<i>restated</i>
(a) Current tax expenses		
Provision for Hong Kong Profits Tax for the period	54.9	75.6
Provision for PRC income tax	<u>0.9</u>	<u>1.2</u>
	<u>55.8</u>	<u>76.8</u>
(b) Deferred tax expenses		
Origination and reversal of temporary differences and benefit of tax losses recognised	10.2	27.8
Deferred tax expense resulting from increment in Hong Kong Profits Tax rate	<u>61.4</u>	<u>—</u>
	<u>71.6</u>	<u>27.8</u>
	<u>127.4</u>	<u>104.6</u>

The provision for Hong Kong Profits Tax is calculated at the rate of 17.5% (2002: 16%) on the estimated assessable profits for the period. Taxation for PRC subsidiaries is charged at the appropriate current rates of taxation ruling in the PRC.

5 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK\$231.5 million (2002 restated: HK\$544.3 million) and 403.6 million (2002: 403.6 million) shares in issue during the period.

6 Segmental information

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

	Turnover		Contribution to profit from operations	
	Six months ended 30 June		Six months ended 30 June	
	2003	2002	2003	2002
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Operation of franchised bus and non-franchised transportation services	3,066.8	3,313.7	369.8	571.5
Media sales business	<u>88.5</u>	<u>136.6</u>	<u>2.5</u>	<u>100.9</u>
	<u>3,155.3</u>	<u>3,450.3</u>	372.3	672.4
Unallocated net operating income and expenses			<u>5.6</u>	<u>22.3</u>
Profit from operations			<u>377.9</u>	<u>694.7</u>

Turnover and contribution to the Group's profit from activities outside Hong Kong are insignificant. Accordingly, no analysis by geographical location is presented.

INTERIM RESULTS

The Group's unaudited profit attributable to shareholders for the six months ended 30 June 2003 was HK\$231.5 million. This represents a decrease of 57.5% compared with HK\$544.3 million (restated) for the same period in 2002. Earnings per share for the period amounted to HK\$0.57 compared with HK\$1.35 (restated) for the same period in 2002.

During the period under review, the Group's franchised public bus operations were adversely affected by the outbreak of Severe Acute Respiratory Syndrome ("SARS") in March 2003, resulting in an abrupt decline in ridership that persisted throughout most of the second quarter of the year, and by the loss of passengers to the Mass Transit Railway ("MTR") Tseung Kwan O Extension since August 2002. Our non-franchised transport business and media sales business were also impaired as a result of the subdued local economy and consumer spending.

The Group adopted the Statement of Standard Accounting Practice ("SSAP") 12 "Income taxes" issued by the Hong Kong Society of Accountants with effect from 1 January 2002. In compliance with the SSAP 12, the Group provided for deferred tax in the amount of HK\$71.6 million during the period under review, of which HK\$61.4 million was due to the increase in corporate profits tax rate from 16% to 17.5% for the fiscal year 2003/04. Such deferred tax is of a non-cash nature.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK\$0.45 per share (2002: HK\$0.45 per share), totalling HK\$181.6 million (2002: HK\$181.6 million), for the six months ended 30 June 2003. This interim dividend will be paid on 15 October 2003 to the shareholders who are on the Register of Members at the close of business on 8 October 2003. The Register will be closed from 6 October 2003 to 8 October 2003, both dates inclusive. To qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates 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 3 October 2003.

REVIEW OF OPERATIONS AND RESULTS

Franchised Public Bus Operations

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

- Profit after taxation for the six months ended 30 June 2003 amounted to HK\$249.7 million (2002 restated: HK\$477.3 million), representing a decrease of 47.7% as compared with that of the same period in 2002.
- In the first half of 2003, fare revenue and patronage amounted to HK\$2,856.3 million (2002: HK\$3,118.7 million) and 513.4 million passenger trips (2002: 568.6 million passenger trips) respectively. These represent decreases of 8.4% and 9.7% respectively compared with the corresponding period in 2002. Such decreases were mainly attributable to the impact of SARS and the reduction in KMB's patronage of around

100,000 passenger trips per day due to the opening of the MTR Tseung Kwan O Extension since August 2002. To illustrate the adverse impact of SARS, KMB's monthly patronage for January and February 2003 was respectively 1.8% and 2.7% less than that for the same month in 2002, whilst the monthly patronage for March to June 2003 was respectively 7.1%, 24.1%, 13.4% and 8.9% less than that for the corresponding month in 2002. However, the decline in patronage and fare revenue was slightly mitigated by the introduction of new bus routes and more air-conditioned buses, improvement of frequencies on certain bus routes, enhanced marketing and promotional efforts, and natural population growth.

Advertising revenue for the first half of 2003 amounted to HK\$37.9 million. This represents an increase of 8.3% when compared to HK\$35.0 million recorded in the same period in 2002. The increase was primarily due to the increase of the licence fee payment recovered from a third party advertising agent.

- During the period under review, bus operating costs slightly decreased by about 1.0% compared with the same period in 2002. Such decrease was due mainly to the implementation of more stringent cost control measures and the lower activity level during the SARS period. The decrease was, however, offset by the increase in depreciation, fuel costs and toll charges over the same period last year.
- KMB operated a total of 408 routes at the end of June 2003, compared with 405 at the end of 2002. During the period under review, five new routes were introduced. Two of these new routes provide overnight services that tie in with the round-the-clock cross-boundary arrangement at the Lok Ma Chau and Huanggang check-points. Another two routes provide cross-harbour services to meet overnight and recreational demand respectively. A special route was brought into operation in April 2003 to facilitate medical staff commuting between Princess Margaret Hospital and their temporary quarters at Tin Shui Wai (Tin Yan).

At the end of June 2003, there were 42 Octopus Bus-Bus Interchange Schemes covering over 200 bus routes. All the bus-bus interchange schemes introduced have been well received by our customers. KMB continues to explore the possibility of introducing more bus-bus interchange packages in other busy areas. Certain packages under consideration may involve co-operation with railway companies and other franchised bus operators.

- An additional 83 new air-conditioned double-deck buses were licensed during the period. At 30 June 2003, KMB had a fleet of 4,345 licensed buses, comprising 4,108 double-deckers and 237 single-deckers, of which a total of 3,403 or 78% were air-conditioned. In addition, there were 117 buses under construction and 110 buses on order.

Long Win Bus Company Limited ("LWB")

- LWB recorded a loss of HK\$4.4 million for the first half of 2003 compared with a profit of HK\$0.4 million (restated) for the same period last year.

- The total patronage of LWB for the first six months of 2003 amounted to 8.9 million passenger trips (or a daily average of 49,299), representing a decrease of 9.2% compared with the same period last year. The decrease was mainly due to the outbreak of SARS, which resulted in a substantial drop in the number of tourists travelling to and from Hong Kong. To illustrate the adverse impact of SARS, LWB's monthly patronage for January and February 2003 was respectively 4.6% and 2.9% more than that for the same month in 2002, whilst the monthly patronage for March to June 2003 was respectively 3.2%, 18.9%, 21.4% and 16.6% less than that for the corresponding month last year.
- LWB's advertising revenue decreased slightly to HK\$0.8 million for the first half of 2003, compared to HK\$0.9 million for the same period in 2002.
- LWB operated a total of 15 routes at 30 June 2003, same as at the end of 2002.
- As at 30 June 2003, LWB had 136 air-conditioned double-deck buses and nine air-conditioned single-deck buses.

Non-franchised Transport Operations

The Group's Non-franchised Transport Operations Division recorded a turnover of HK\$109.5 million (2002: HK\$83.0 million) and a profit after taxation of HK\$6.4 million (2002 restated: HK\$6.6 million) for the first half of 2003. The increase in turnover was mainly attributed to the full period operation of Park Island Transport Company Limited, which provided shuttle bus and ferry services for Ma Wan Island starting from December 2002. The weakened results were mainly attributable to the impact of SARS on the local non-franchised transport market. The decline in profit was, however, partly mitigated by the additional income generated from the shuttle bus and ferry service for Ma Wan Island and the patronage growth in the cross-boundary shuttle bus service. A review of the operations of the principal business units in this Division is set out as follows:

Sun Bus Holdings Limited ("SBH")

- The turnover of the SBH Group decreased by 25.3% as compared to the same period in 2002. This was due mainly to the significant loss in patronage of student and local charter hire customers during the period of the SARS outbreak.
- By providing quality bus services tailored for target customers' needs, the SBH Group aims to maintain its leading position in Hong Kong's non-franchised bus sector. During the period, the SBH Group increased its fleet size from 207 buses at 31 December 2002 to 216 buses at 30 June 2003.
- The SBH Group's various strategic business units, with Sun Bus Limited as the flagship, provide bus services to different client groups ranging from residential and commercial ones to employees and students. The SBH Group will continue to improve its service quality and further leverage on its enhanced economies of scale.

New Hong Kong Bus Company Limited (“NHKB”)

- NHKB jointly operates a cross-boundary shuttle bus service with its Shenzhen counterpart serving regular commuters and holiday travellers between Lok Ma Chau and Huanggang. Following the commencement of the round-the-clock cross-boundary arrangements at Lok Ma Chau and Huanggang check-points, NHKB has been providing 24-hour shuttle bus services since 27 January 2003. Despite the adverse impact of SARS, the average monthly ridership increased to 892,800 passenger trips for the first six months of 2003 from 637,800 passenger trips for the same period last year. As at 30 June 2003, five additional new buses were ordered by NHKB to meet the growth in travel demand.

Park Island Transport Company Limited (“PITC”)

- PITC, a 65% owned subsidiary of the Company, commenced its shuttle bus and ferry services for Ma Wan Island in December 2002. A total of seven air-conditioned buses and six high-speed catamarans have been deployed to provide high quality services for the residents and visitors of Park Island, a prestige development on Ma Wan Island. PITC’s patronage increased from an initial daily average of 4,900 passenger trips in December 2002 to 11,500 passenger trips in June 2003. It is expected that the patronage will further increase with the population intake into Park Island in the second half of 2003. At 30 June 2003, two new catamarans were on order and will be deployed to service in late 2003 to replace two of the six currently in service. Six new air-conditioned buses will also be deployed to service in late 2003 to augment the existing fleet.

Media Sales Business

RoadShow Holdings Limited and its subsidiaries (“RoadShow Group”)

- The RoadShow Group markets advertising aimed at passengers of transit vehicles through a proprietary Multi-media On-board (“MMOB”) system, manages and markets display advertising spaces on bus shelters, billboards, panel light boxes, bus bodies and telephone booths. It has become a leading out-of-home media sales company in Hong Kong since its establishment in 2001.
- For the first half of 2003, the RoadShow Group reported a total operating revenue of HK\$71.6 million (2002: HK\$120.5 million) and loss attributable to shareholders of HK\$26.2 million (2002 restated: profit of HK\$61.4 million). These represent decreases of approximately 40.6% and 142.7% compared with the first half of 2002 respectively.
- Further information relating to the RoadShow Group is available in its 2003 interim report.

Mainland Transport Operations

Dalian, Tianjin and Beijing Operations

- At 30 June 2003, the Group's total interest in associates and jointly controlled entity on the Mainland transport operations totalled HK\$77.8 million (31 December 2002: HK\$5.7 million). Such investments are related to passenger bus services in Dalian and Tianjin and taxi and car rental services in Beijing. They continued to make steady progress during the period under review.
- The co-operative joint venture ("CJV") in Dalian was established in 1997 between a 60% owned subsidiary of the Company and Dalian City No.1 Bus Company in Liaoning Province. This CJV operates three routes deploying 46 double-deck and 30 single-deck buses.
- The CJV in Tianjin was formed at the end of 2000 between a 50% owned associate of the Group and Tianjin City Public Transport Holding Company Limited. This CJV has been providing public bus services since January 2001, deploying 110 single-deck buses on seven routes.
- In March 2003, Beijing Beiqi Kowloon Taxi Company Limited, an equity joint venture company ("EJV"), was established in Beijing by a wholly-owned subsidiary of the Company, together with Beijing Beiqi Municipal Taxi Group Co. Limited, Beijing Bashi Co., Ltd. and certain Mainland investors. The EJV is principally engaged in taxi hire and car rental businesses in Beijing and it owned about 4,000 vehicles at the end of June 2003. The Group's investment cost was HK\$75.5 million, representing approximately 31% of the equity interest of the EJV.

Property Development

- The redevelopment of the former Lai Chi Kok depot site continued in the first half of 2003. The site will be redeveloped into a residential and commercial complex with a total gross floor area of about one million square feet and a retail podium area of about 50,000 square feet. It is intended that four high-rise residential blocks will be constructed with about 1,300 residential units for sale and/or letting. Piling work is currently in progress and has been scheduled for completion by September 2003. It is expected that the development will be completed by June 2006. We shall closely monitor the property market conditions with a view to drawing up an appropriate timetable for marketing the property.
- On 17 July 2003, Lai Chi Kok Properties Investment Limited ("LCKPI"), a wholly-owned subsidiary of the Company, entered into contracts with Chun Fai Construction Company Limited ("Chun Fai") as the management contractor to construct and complete the sub-structure and super-structure of the above-mentioned development, Sun Hung Kai Real Estate Agency Limited ("SHKRE") for the provision of exclusive sales and letting agency services, and Hong Yip Service Company Limited ("Hong Yip") for the provision of property management services. All the three companies engaged by LCKPI are subsidiaries of Sun Hung Kai Properties Limited, a substantial shareholder of the

Company. In particular, the contract entered into between LCKPI and Chun Fai was subject to the approval of the Company's independent shareholders, as required under the Listing Rules. Shareholders' approval for such transaction was obtained on 26 August 2003 at a Special General Meeting of the Company convened for the aforesaid purpose. The other two contracts entered into with SHKRE and Hong Yip are regarded as ongoing connected transactions under the Listing Rules and are subject to certain disclosure requirements.

- The total construction cost of the foregoing property development is estimated to be not more than HK\$1.4 billion, which will be financed by the Group's working capital and bank loans.

FINANCIAL LIQUIDITY AND RESOURCES

The Group's policy is to maintain a healthy financial position such that cash inflow from operating activities together with undrawn committed banking facilities should meet the requirements for loan repayments and capital expenditures. Furthermore, a sufficient amount of cash is maintained to meet proposed service expansions and development of new businesses. The Group has been financed mainly by shareholders' funds and bank loans and overdrafts.

- The gearing ratio, representing the ratio of net borrowings to the total share capital and reserves of the Group, was 34% as at 30 June 2003 (31 December 2002: 15%).
- At 30 June 2003, the Group's net borrowings (i.e. total borrowings less cash and deposits at banks) amounted to HK\$1,404.0 million, representing an increase of HK\$714.5 million as compared with the net borrowings of HK\$689.5 million at 31 December 2002. An analysis of the Group's net borrowings by currency at 30 June 2003 is shown below:

Currency	At 30 June 2003		At 31 December 2002	
	Net borrowings/ (cash) in foreign currency million	Net borrowings/ (cash) HK\$ million	Net borrowings/ (cash) in foreign currency million	Net borrowings/ (cash) HK\$ million
Hong Kong Dollar		1,681.3		993.9
United States Dollar	(31.1)	(242.7)	(28.3)	(221.2)
British Pound Sterling	(1.3)	(17.3)	(6.7)	(83.2)
Renminbi	(18.3)	(17.3)		—
Total		<u>1,404.0</u>		<u>689.5</u>

- Bank loans and overdrafts at 30 June 2003 amounted to HK\$2,461.7 million (31 December 2002: HK\$2,268.0 million), of which HK\$100.0 million (31 December 2002: HK\$100.0 million) were secured by a fixed deposit placed with a bank. The maturity profile of the bank loans and overdrafts of the Group is as follows:

	At 30 June 2003	At 31 December 2002
	<i>HK\$ million</i>	<i>HK\$ million</i>
Within 1 year or on demand	612.6	438.3
After 1 year but within 2 years	258.9	277.1
After 2 years but within 5 years	1,127.7	1,140.1
After 5 years	462.5	412.5
	<u>1,849.1</u>	<u>1,829.7</u>
Total	<u>2,461.7</u>	<u>2,268.0</u>

- At 30 June 2003, the Group had stand-by banking facilities totalling HK\$1,721.0 million (31 December 2002: HK\$549.5 million).
- The finance charges for the period under review amounted to HK\$21.4 million (2002: HK\$28.6 million). This represents an average interest rate of 1.7% per annum for the first half of 2003, down from 2.6% per annum for the same period last year.
- Interest cover for the period under review, representing the ratio of profit from ordinary activities before tax to net finance charges, was 40.4 times (2002 restated: 94.2 times).
- At 30 June 2003, the Group's cash and deposits at banks (mainly denominated in Hong Kong Dollars, US Dollars, British Pound Sterling and Renminbi) amounted to HK\$1,086.4 million (31 December 2002: HK\$1,595.2 million).

FUNDING AND TREASURY POLICIES

- Certain major operating companies of the Group such as KMB, LWB, the RoadShow Group, PITC and LCKPI arrange their own financing to meet specific requirements. Financing for the other subsidiaries of the Group has been mainly provided by the Company or their own capital base. Stand-by credit facilities and overdrafts have been maintained to facilitate routine treasury operations.
- The Group's major revenue sources have been fare revenue from the franchised bus services, revenue from non-franchised transport operations and the media sales business, mainly denominated in Hong Kong Dollars. Financing in Hong Kong Dollars has provided a natural currency hedge to the Group. At 30 June 2003, the Group's total borrowings were substantially denominated in Hong Kong Dollars and on a floating interest rate basis. This had enabled the Group to take full advantage of the low interest rates during the first half of 2003. However, it is the Group's policy to review its interest rate hedging strategy in light of prevailing market conditions from time to time.

- Foreign currency exposure did not pose significant risk for the Group as the levels of foreign currency assets and liabilities were relatively low compared to its total asset base at the end of the period under review. Certain expenditures such as purchase of new buses and motor vehicle components require payments by the Group in foreign currencies. It has been the Group's policy to closely monitor its exposure to foreign exchange movements in formulating its hedging strategy on an ongoing basis.
- Commitments outstanding and not provided for in the interim financial report of the Group as at 30 June 2003 amounted to HK\$583.3 million (31 December 2002: HK\$890.6 million). The commitments are mainly in respect of the redevelopment of the former Lai Chi Kok depot site, the construction of new bus depots, the capital contribution for investments and the purchase of buses, ferries and other fixed assets. The commitments are to be financed by bank borrowings and the Group's working capital.

CONTINGENT LIABILITIES

At 30 June 2003, the Company had undertaken to guarantee certain bank loans granted to certain wholly-owned subsidiaries to the extent of HK\$228.3 million (31 December 2002: HK\$275.0 million). Additionally, together with an external party, the Company had undertaken to guarantee jointly and severally a bank loan granted to a subsidiary to the extent of HK\$100.0 million (31 December 2002: HK\$75.0 million).

EMPLOYEES AND REMUNERATION POLICIES

Over 14,000 employees are employed by the Group for its franchised bus and non-franchised transportation services, and media sales businesses. Due to the labour intensive nature of the businesses, staff costs represent a substantial portion of the operating costs of the Group. The number and remuneration of the employees have been closely monitored to meet expansion or rationalisation plans and yet align with market trends. At 30 June 2003, the Group had 14,021 employees (2002: 13,999 employees), with total remuneration for the period amounting to approximately HK\$1,587.4 million (2002: HK\$1,636.9 million), representing 53% (2002: 56%) of the total operating costs for the corresponding period.

OUTLOOK

Whilst the businesses of the Group were adversely affected by SARS during the first half of the year, we believe that such impact would be of a short-term nature. With some improvement in the general economy, our ridership has seen signs of gradual recovery. KMB will face both challenges and opportunities upon the opening of the West Rail in the last quarter of 2003. We will continue to serve the travelling public with a user-friendly and efficient bus network with rationalised routes and new feeder services.

In view of the current economic conditions in Hong Kong and being responsible corporate citizens, both KMB and LWB have announced that they will implement bus fare concession schemes for twelve consecutive months commencing from 1 October 2003. Although these concession schemes will have an adverse effect on our fare revenue, we will strive to step up our efforts in increasing patronage and implementing more cost control measures in order to minimise the overall financial impact to the Group.

We anticipate that the redevelopment of our former depot site at Lai Chi Kok into a residential and commercial complex will provide a new income stream for the Group in the near future. The RoadShow Group will continue to expand its media sales business and bring contribution to the Group. Additionally, we are also expanding our transport and media sales businesses on the Mainland.

We believe that our professional management team and dedicated work force will be able to face challenges and materialise opportunities for the continued enhancement of value for our shareholders.

PUBLICATION OF DETAILED INTERIM RESULTS ANNOUNCEMENT ON THE WEBSITE OF THE EXCHANGE

A detailed interim results announcement containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on the Exchange will be published on the Exchange's website in due course.

By order of the Board
S.Y. CHUNG
Chairman

Hong Kong, 18 September 2003

This announcement is also available on websites:

<http://www.kmb.com.hk>

<http://www.irasia/listco/hk/kmb>