

THE KOWLOON MOTOR BUS HOLDINGS LIMITED 2002 ANNUAL GENERAL MEETING

At KMB Group's Annual General Meeting today (Thursday, 16 May 2002), the Group's Chairman, Sir Sze-yuen Chung, reported the financial results for 2001. Profit attributable to Shareholders for the financial year of 2001 was HK\$1,595.5 million, representing an increase of 86.7 per cent over that of 2000. Earnings per share for the year amounted to HK\$3.95. The Board has recommended a final dividend of HK\$1.46 per share. Together with the interim dividend of 40 cents per share paid in October 2001, the total dividend for 2001 amounted to HK\$1.86 per share, a rise of 17.7 per cent when compared to HK\$1.58 per share for 2000.

"The Group achieved strong growth despite the poor economic conditions in Hong Kong during 2001. This was attributed to our flexibility, economies of scale and our quality management systems and practices which enabled us to redeploy our resources quickly and efficiently to adjust to changing market conditions," said the Group's Chairman, Sir Sze-yuen Chung.

"Many people turn to bus transportation when the economy slows down primarily for cost considerations. We work hard to retain both these new customers, as well as our existing ones, by ensuring that they are totally satisfied with our service. By retaining existing customers and attracting new customers, and by adhering to stringent cost control measures, we have been able to avoid the need for fare increases for some four and a half years since December 1997. We will continue to emphasize bus service enhancement and productivity gain so that our customers can enjoy comfortable and reliable bus journeys at a reasonable cost."

There will be both challenges and opportunities over the next decade. From this year onwards to 2004, various new rail lines will progressively come into service. Whilst these developments will mean intensified competition, KMB is also presented with new opportunities. The development of new towns made possible by the new rail lines will over the long term create new demand for bus transportation.

KMB's bus-bus interchange schemes, where it develops co-operative arrangements with other transport operators, result in a more integrated and efficient public transportation network. KMB customers can transfer between KMB buses, between KMB buses and buses of

other companies, and between these buses and the railways. Because fewer buses are required in these co-operative arrangements, the Group is making improvements to the environment by easing traffic congestion and reducing pollution along urban routes.

"Looking ahead, we will explore new growth opportunities to diversify our business with new activities that are anchored in our core competencies and related to the bus transportation business," said Sir Sze-yuen Chung.

A major accomplishment during 2001 was the successful launching and listing of RoadShow Holdings Limited on the Main Board of The Stock Exchange of Hong Kong Limited. The Group established the new subsidiary in December 2000 to diversify into the out-of-home media sales business. The profit contribution from RoadShow was very significant to the KMB Group's profit growth in 2001 .

The construction of the new West Kowloon Depot to replace KMB's old Lai Chi Kok Depot has now been completed. The Group's property division will develop an upscale residential complex with a gross floor area of over one million square feet on the existing Lai Chi Kok Depot site. The redevelopment is planned for completion in 2005.

The Group's non-franchised bus business will continue to be developed in Hong Kong. The Group will also continue to explore business opportunities within the public transport sector on the Mainland.

Sir Sze-yuen Chung said, "The skills, dedication and service culture of our people have created a winning team, second to none in the bus transportation industry. Last year, their excellence in performance was independently affirmed and endorsed by external parties who bestowed various awards on KMB in a number of areas, including their efforts in quality management, high level of productivity, good human resources management practices as well as effective and creative marketing and advertising programmes. The award of ISO 14001 certification at the Sha Tin Depot was an affirmation of our commitment to environmental protection."