

KMB's Investment in Shenzhen Bus Group Company Limited

Today (Wednesday, 19 January), the establishment of Shenzhen Bus Group Company Limited (SBGC) was announced at the unveiling ceremony in the hall of the Public Transportation Group Building in Shenzhen, in the presence of officials including Mr. Zhang Siping, Vice Mayor of Shenzhen 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 the new company.

SBGC has a total of five shareholders: KMB (Shenzhen) Transport Investment Limited (wholly-owned subsidiary of KMBH), Shenzhen Investment Holding Corporation and three other strategic investors. KMB has invested around RMB 390 million to subscribe a 35% stake in the new company. Being a franchise grantee, SBGC will operate the public bus business in Shenzhen. Besides capital contribution, KMB will also be involved in the management of SBGC.

Mr. Zhang Siping, Vice Mayor of Shenzhen, said at the ceremony, "The foundation of the new bus group represents a strong alliance between the two powerful public transportation enterprises in Shenzhen and Hong Kong, under the mega trend of economic integration in the Pearl River Delta and the closer economic relationship between the two cities. Being an internationally renowned corporation with a great deal of successful experience in the public transportation industry, KMB would be able to build a stronger bus group in Shenzhen by making investments and taking part in the management. Not only will this enable the people of Shenzhen to enjoy safer, more convenient, and more comfortable public transportation services, but also give a positive stimulus to the economic development in Shenzhen "

Mr. John Chan, KMB Managing Director, said, "Geographically sharing a common river boundary, Hong Kong and Shenzhen have the closest ties with each other in trading, logistics and human resources. Under the Closer Economic Partnership Arrangement (CEPA), the economic integration between the two cities will be further strengthened. Being the largest KMB investment in Mainland China, the development of Shenzhen Bus Group Company Limited is especially meaningful to us since it represents a new milestone in KMB's development."

After the establishment of SBGC, the new company will operate 124 routes with a fleet of 3,503 public service vehicles, comprising 2,487 buses, 480 minibuses, 450 taxis and 86 coaches. Being one of the companies restructured in Shenzhen under the international

bidding programmes, SBGC is the largest public transport corporation in the city, responsible for 630 million passenger trips annually.

KMB has been proactively developing its business on the Mainland in recent years. Besides the cross-boundary shuttle bus service of "Huang Bus", and two co-operative joint ventures providing bus services in Dalian and Tianjin, in April 2003 KMB entered the taxi and vehicle rental market in Beijing by investing in the first sino-foreign equity joint venture company with shares in the PRC, Beijing Beiqi Kowloon Taxi Company Limited (BBKT). BBKT operates a fleet of around 4,500 taxicabs and rental vehicles with an initial capital of more than RMB 250 million. KMB invested RMB 80 million, which represents a 31.38% stake in BBKT. KMB also invested RMB 135 million in Wuxi Kowloon Public Transport Company Limited (WKPT), another Sino-foreign joint stock company in which KMBH has a 45 % interest, in Wuxi City in February 2004. WKPT currently operates some 1,800 buses on 106 routes serving Wuxi City.



The unveiling ceremony for the opening of Shenzhen Bus Group Company Limited was officiated by Mr. Guo Yuan, Vice Director of Shenzhen State-Owned Assets Management Office (third from left), Mr. Zhang Siping, Vice Mayor of Shenzhen (second from right) and Mr John C. C. Chan, KMB Managing Director (third from right).

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