

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30 JUNE 2000

	Note	Six months ended 30 June	
		2000 HK\$'million	1999 HK\$'million
Turnover	1	3,051.6	2,871.1
Other revenue	2	80.7	59.7
Other net income		2.9	2.8
Staff costs		(1,543.4)	(1,582.8)
Depreciation		(264.7)	(243.7)
Spare parts and fuel		(385.9)	(294.9)
Other operating expenses		(420.5)	(378.5)
Profit from operations		520.7	433.7
Finance cost		(88.2)	(67.2)
Share of profit of associate		–	–
Share of profit/(loss) of jointly controlled entity		0.1	(0.1)
Profit from ordinary activities before taxation		432.6	366.4
Taxation	3	(69.0)	(65.4)
Profit from ordinary activities after taxation		363.6	301.0
Minority interests		(0.1)	(0.1)
Profit attributable to shareholders		363.5	300.9
Earnings per share	4	90.1 cents	74.6 cents

Notes:

1. Turnover comprises fare revenue and advertising income from the operation of franchised and non-franchised bus services.
2. Other revenue mainly comprises interest income earned during the period.
3. Hong Kong Profits Tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profits for the period.
4. The calculation of earnings per share is based on the profit attributable to shareholders of HK\$363,500,000 (1999: HK\$300,900,000) and 403,639,413 shares in issue during the period (1999: 403,639,413 shares).

RESULTS

The Group's unaudited profit attributable to shareholders for the six months ended 30 June 2000 was HK\$363.5 million (1999: HK\$300.9 million). Earnings per share for the period amounted to 90.1 cents (1999: 74.6 cents). These represent an increase of 20.8% over the same period of 1999. The Group's results were mainly derived from the operation of franchised bus services.

INTERIM DIVIDEND

The Board has declared an interim dividend of 33 cents per share (1999: 28 cents per share), totalling HK\$133 million (1999: HK\$113 million), for the year ending 31 December 2000. This interim dividend will be paid on 10 October 2000 to the shareholders who are on the Register of Members at the close of business on 5 October 2000. The Register will be closed from 3 October 2000 to 5 October 2000, 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, Central Registration Hong Kong Limited, at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on 29 September 2000.

FRANCHISED PUBLIC BUS OPERATIONS

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

- During the six months ended 30 June 2000, KMB recorded 535.7 million passenger trips (or a daily average of 2.94 million) made on its buses. This represents an increase of 2.5% over the corresponding period of the previous year. The fare revenue for the period under review amounted to HK\$2,880.0 million, representing an increase of 5.7% as compared with the first six months of 1999. The increase in fare revenue was primarily due to growth in ridership, addition of new air-conditioned buses and improvement of frequencies on certain bus routes. Additional marketing and promotional effort also helped boost ridership. KMB's bus operating costs for the period under review increased by 4.2% over the corresponding period of the previous year. Such increase was primarily due to a rise in fuel prices and enhanced operating activity level as a result of the introduction of new routes and buses as well as the improvement of service quality.
- Three new routes including two new town routes and one racecourse route were introduced during the first half of 2000. Upon last year's success in the pilot bus-bus interchange scheme employing Octopus contactless smart cards for fare payment, another bus-bus interchange scheme was launched in late March 2000. Passengers paying fares by Octopus cards on Route No.296A can interchange to five different bus routes at discounted fares. Such scheme minimizes traffic congestion along Kwun Tong Road, improves utilization of operational resources and extends KMB's bus network coverage. It has been well received by the travelling public. KMB is studying the possibility of introducing more bus-bus interchange packages in other busy areas. Certain packages under consideration may involve co-operation with railway corporations and other franchised bus companies.
- 117 new air-conditioned double-deck buses were licensed during the period under review. At 30 June 2000, KMB had a fleet of 3,915 double-deck and 260 single-deck licensed buses, of which a total of 2,465 or 59% were air-conditioned. In addition, there were 88 buses under construction and 218 buses on order.

Long Win Bus Company Limited ("LWB")

- The total ridership of LWB for the first six months of 2000 was 8.1 million passenger trips (a daily average of 44,579). This represents a decrease of 6.9% over the corresponding period of the previous year, due mainly to the implementation of service rationalisation measures to enhance resources utilisation on certain bus routes.
- During the period under review, LWB operated 15 bus routes, which comprised of three Airbus routes, six North Lantau external routes, three shuttle routes and three overnight service routes. To further improve operational efficiency, LWB continued to rationalise its bus routes by reducing its vehicle allocation on the less patronised routes and redirecting its resources to the well-received Airbus services.
- At 30 June 2000, LWB had 148 air-conditioned double-deck buses and 10 air-conditioned single-deck buses.

NON-FRANCHISED TRANSPORT OPERATIONS

Local Coach and Shuttle Bus Services

Sun Bus Holdings Limited ("SBH")

- In continuing the expansion of the Group's Non-Franchised Transport Operations Division, the fleet size of this division increased to 135 buses at 30 June 2000 compared with 62 buses at 30 June 1999. The whole fleet consisted of air-conditioned single-deck buses with carrying capacity ranging from 20 to 61 seats.
- With SBH as the flagship, the mission of this division is to stay ahead in the non-franchised bus sector by offering total service solutions with optimal value for money to customers. The division had a staff force of 185 full time employees at 30 June 2000 and its total monthly turnover increased to over HK\$7 million in June 2000.

Cross-Boundary Shuttle Bus Service

New Hong Kong Bus Company Limited ("NHKB")

- Together with its PRC joint venture partner, NHKB operates an efficient, direct and economical shuttle bus service between Lok Ma Chau on the Hong Kong SAR side and Huanggang on the Shenzhen side. Ten air-conditioned single-deck buses are deployed for this service. Owing to its popularity, the patronage of this service has been increasing and the average number of passenger trips reached approximately 400,000 per month in the first half of 2000, a 14% increase over the same period last year. Improvement of the bus carrying capacity and service quality is now being planned for meeting the increasing demand of the passengers.

PRC Operations

Dalian HK Macau Motor Bus Services Limited

- The investment was in respect of the operation of three bus routes in Dalian, PRC. Contributions from this bus operation to the Group were satisfactory during the period under review.

DIRECTORS' INTERESTS IN SHARES

At 30 June 2000, the Directors had the following interests in the issued share capital of the Company as recorded in the register of Directors' interests in shares:

	Shares of HK\$1 each			
	Personal Interests	Family Interests	Corporate Interests	Other Interests
The Hon Sir Sze-yuen CHUNG, GBM, GBE, PhD, FREng, JP*	18,821	–	–	–
Raymond KWOK Ping Luen	393,350	–	–	–
Dr the Hon WOO Pak Chuen, JP*	210,047	–	–	–
YU Shu Chuen	2,943	70,803	–	5,768,281 (Note 1)
Walter KWOK Ping Sheung, JP	61,522	–	–	–
NG Siu Chan	–	11,196,877	–	–
William LOUEY Lai Kuen	1,058,465	–	–	–
John CHAN Cho Chak, GBS, JP	2,000	–	–	–
Charles LUI Chung Yuen	11,779	–	–	2,379,590 (Note 2)
Winnie J NG	25,200	–	–	11,196,877 (Note 3)
Dr James KUNG Ziang Mien, OBE*	–	–	–	–
George CHIEN Yuan Hwei	2,000	–	–	–
The Hon Eric LI Ka Cheung, OBE, JP*	–	–	–	–
Norman LEUNG Nai Pang, GBS, JP	–	–	–	–
TSIM Tak Po (Alternate Director to Mr Raymond KWOK Ping Luen)	10,000	–	–	–
Lana WOO (Alternate Director to Dr the Hon WOO Pak Chuen, JP)	9,475	–	–	–
Patrick CHAN Kai Lung (Alternate Director to Mr Walter KWOK Ping Sheung, JP)	–	–	–	–

* Independent Non-executive Director

Notes :

1. HSBC International Trustee Ltd held 5,768,281 shares in the Company as trustee of a discretionary trust. Mr YU Shu Chuen is deemed to have interest in the discretionary trust.
2. Mr Charles LUI Chung Yuen and members of his family together have interests in certain private trusts which beneficially held 2,379,590 shares in the Company.
3. Miss Winnie J NG has interest in certain private trusts which beneficially held 11,196,877 shares in the Company.

At 30 June 2000, none of the Directors had any non-beneficial interest in the share capital of the Company.

At no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

The Company had been notified of the following interests in the Company's issued shares at 30 June 2000 amounting to 10% or more of the shares in issue:

	Shares held	Percentage of total Issued Shares
Sun Hung Kai Properties Limited	136,379,573	33.79%
Arklake Limited	68,584,752	16.99%
Kowloon Development Company Limited	49,366,720	12.23%

The register of substantial shareholders indicates that the interest disclosed by Sun Hung Kai Properties Limited includes the 68,584,752 shares disclosed by Arklake Limited.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's own shares.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Company has complied throughout the period with the Code of Best Practice as set out by The Stock Exchange of Hong Kong Limited in Appendix 14 to the Listing Rules, except that the independent Non-executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the Annual General Meeting in accordance with the Bye-Laws of the Company.

PROSPECTS

Although the local economy is picking up, KMB has decided to continue freezing its bus fares in 2000. With the understanding of its employees, the Group will continue to maintain their salaries and wages at the present level for a further year. In parallel with the continuous recovery of the local economy and improvement in the tourist industry, we are confident that there will be steady growth in our patronage. We will strive to further improve operational efficiency in our existing service networks and explore new business opportunities both locally and in China mainland. We strongly believe that our firm commitment and dedication to the transport industry will enable us to maintain the growth momentum for our business.

S.Y. Chung
Chairman

Hong Kong, 15 September 2000