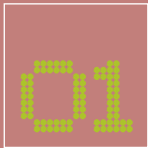
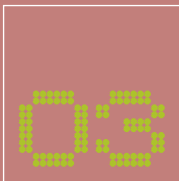


CORPORATE MILESTONES



New "Super Bus"

KMB made history by launching Hong Kong's first "Super Bus" featuring a wider bus saloon, a revolutionary straight staircase design and a new air-conditioning system with enhanced circulation inside the bus compartment. The Super Bus also adopts a new saloon design in a brand new ergonomic seat in meteor pink colour. A total of 120 Super Buses were ordered.

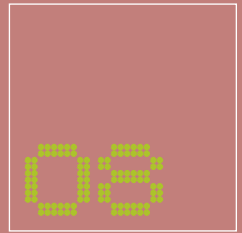


The "Wright Bus"

KMB again led Hong Kong's bus industry into a new era by ordering 50 "Wright Bus" which has a stylish body and meets Euro IV emissions standards. The Wright Bus also offers a wider bus body and a straight staircase design.

Beijing taxi business

Together with certain Mainland investors, the Group established a Sino-foreign joint stock company, named Beijing Beiqi Kowloon Taxi Company Limited ("BBKT"), in Beijing which operates taxi and car rental businesses with a fleet of more than 4,000 vehicles and some 4,200 employees. The Group invested about HK\$75.5 million for a 31.38% stake in BBKT.



Special general meeting

To leverage on the expertise of Sun Hung Kai Properties Limited ("SHKP"), Lai Chi Kok Properties Investment Limited, a wholly owned subsidiary of the Group, engaged certain members of SHKP to provide project management, building construction, marketing, letting and sales agency, and property management services for redevelopment of the Group's old Lai Chi Kok Depot site into a residential and commercial complex. In accordance with the Listing Rules issued by The Stock Exchange of Hong Kong Limited, these connected transactions required shareholders' approvals which were obtained at a special general meeting held on 26 August 2003.



KMB retreaded 500,000 tyres

KMB's Tyre Retreading Plant, the largest tyre retreading operation in Hong Kong, has been retreading bus tyres for over 30 years. It marked the production of the 500,000th retreaded bus tyre in September 2003. Tyre retreading is one of our waste recycling measures that helps environmental protection and reduce operating costs. Working to the ISO 9002 quality standards, the Plant ensures production of top quality retreaded tyres.



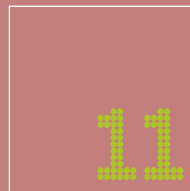
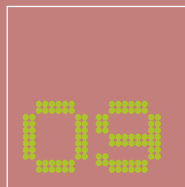
Included in Dow Jones Sustainability Index again

The Kowloon Motor Bus Holdings Limited was again included as a component company of the Dow Jones Sustainability Index ("DJSI") in the corporate sustainability assessment conducted in 2003. KMB achieved excellent results across all dimensions of corporate sustainability in the assessment. The DJSI is the world's first sustainability index which tracks the performance of the leading sustainability-driven companies worldwide. KMB has been a component company since 2000.



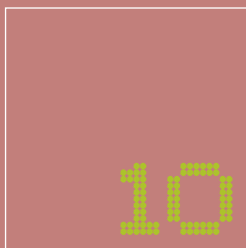
First tourist cyber bus stop

Hong Kong's first tourist cyber bus stop was installed at Tsim Sha Tsui by KMB. It provides tourists with a one-stop point for obtaining useful and comprehensive travel and transport information that enables visitors to explore the multi-dimensional attractions of Hong Kong more conveniently and confidently.



Advancement to ISO14001 accreditation

KMB's new Lai Chi Kok Depot obtained ISO14001 certification from the Hong Kong Quality Assurance Agency. This followed the earlier certification of our Sha Tin Depot. Being the first bus company in Hong Kong to achieve such accreditation, KMB again proved its firm commitment to operating in an environment-friendly manner.

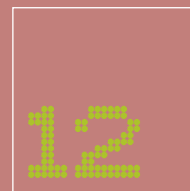


Investment in Wuxi bus operation

The Group signed an agreement to acquire a 45% interest in a Sino-foreign joint stock company in Wuxi, Jiangsu Province. This joint stock company, named Wuxi Kowloon Transport Company Limited, was formed in February 2004, and is currently operating some 1,600 buses on 106 routes in Wuxi.

Electronic Terminus Management System

KMB is developing an Electronic Terminus Management System that will facilitate the use of personal data assistants (PDA) by terminus supervisors to record bus arrival and departure times. The new system increases the speed of transmitting information from termini to bus depots and the relevant departments enabling faster decision-making on bus operations and allowing terminus supervisors to spend more time on serving passengers.



Investment in Shenzhen bus operation

KMB (Shenzhen) Transport Investment Limited, a wholly owned subsidiary of the Group, entered into an agreement to acquire a 35% interest in a Sino-foreign joint stock company to be formed in Shenzhen, Guangdong Province, to principally operate local public bus services with about 3,300 vehicles on 109 routes.

First diesel-electric hybrid bus launched

Park Island Transport Company Limited, a subsidiary of the Group, introduced three diesel-electric hybrid air-conditioned super-low floor single-deck buses, the first of their type in Hong Kong. Powered by the rechargeable batteries and the small diesel engines, these environment-friendly buses can achieve ultra low emission level.

