

The KMB brand has been established over 70 years and represents a corporate culture of caring, safety, reliability, user-friendliness and responsible corporate citizenship





HOME BRAND
PROMISES

CORPORATE CULTURE

Concern for customer service



The disabled are served with our easy access buses and well-trained bus captains

As a major transportation provider in the HKSAR, the Group endeavours to provide quality customer service that meets and exceeds the expectations of our customers.

Bus fare discount schemes

Bus fare discounts for franchised bus customers

Being responsible corporate citizens, KMB and LWB have offered the following fare concession schemes for a period of 12 consecutive months starting from 1 October 2003 to relieve our customers' travelling expenses amid the domestic economic downturn, especially after the SARS crisis. The two schemes offering fare discounts of 10% and 5% respectively aim at helping relatively long distance passengers.

	Discount rates	Exceptions
Fares at or above HK\$15	10% on all KMB and LWB routes	Airport "A" and recreation routes
Fares between HK\$10 and HK\$14.9	5% on all KMB and LWB routes	Airport "A" and recreation routes
Passengers aged 65 or above	Flat fare of HK\$1 on Sundays and public holidays on all KMB and LWB routes	Airport "A" and racecourse routes

Bus fare discounts for local domestic helpers

KMB launched a programme that offered discounted fares to local domestic helpers trained by the Employees Retraining Board ("ERB"). For a one-year period from 1 November 2002 to 31 October 2003, this programme offered a 50% discount on bus fares on more than 300 KMB bus routes, including nine cross-harbour bus routes solely operated by KMB. The objective was to lower travelling expenses thereby encouraging those local domestic helpers who live in the New Territories to fill employment vacancies in Urban Kowloon and Hong Kong Island in order to ease the geographical mismatch between the domestic helpers and job vacancies.

The "Octopus" Smart Card

The entire fleet of KMB and LWB has been equipped with Octopus card readers since late 2000. In December 2003, 81.5% and 75.5% of KMB's and LWB's fare revenue respectively were paid by Octopus cards, up from 78.0% and 71.5% respectively in December 2002. This payment method has led to a reduction in coin volume and consequently enabled the Group to save costs on coin collection and administration. Passengers paying bus fares by Octopus cards while patronising the Group's bus-bus interchange schemes and bus-rail interchange schemes receive fare discounts on the second legs of their journeys.

KMB was one of the founders of the consortium that introduced the Octopus Smart Card system, the world's largest and most sophisticated fare payment system. Today, we have the largest number of Octopus card readers among Hong Kong's public transport operators.

Octopus Bus-bus/Bus-rail Interchange schemes ("Octopus BBI/BRI schemes")

Expansion of Octopus BBI schemes, both within the KMB route network and joint inter-modal schemes with other bus operators, benefits our passengers who can enjoy fare discounts on the second legs of their journeys and the convenience of extended network coverage. These schemes also help to save the additional operational resources, including buses, otherwise required to serve the bigger transportation network, thereby relieving traffic congestion on busy corridors. As at 31 December 2003, KMB had 44 Octopus BBI schemes covering over 200 bus routes. An Octopus BRI scheme between KMB and KCR West Rail (the "West Rail"), covering 18 feeder routes and three West Rail stations, was introduced upon the opening of the West Rail in December 2003.

Since December 2000, LWB has participated in a joint-operator Octopus BBI scheme with KCR Light Rail at Tin Shui Wai Town Centre. In January 2003, LWB and The New Lantau Bus Company (1973) Limited launched a new joint-operator Octopus BBI scheme at Tung Chung Town Centre. In addition, LWB introduced two Octopus BBI schemes at the Tsing Ma Control Area in June 2003 to provide discounted fares to passengers interchanging between LWB Airbus and other LWB bus routes running to and from North Lantau.

Bus-stop announcement system

KMB first introduced the on-board electronic bus-stop announcement system with light emitting diode ("LED") display panels on its buses in 1998. The voice announcements and LED displays have been well received by passengers, particularly those with visual or hearing difficulties. In 2003, KMB equipped 609 buses with the announcement system, bringing the total number of buses equipped to 2,653 at the year-end. KMB intends to make this system standard equipment on all buses in the near future.

LWB had 109 double-deck buses equipped with the announcement system at the end of 2003. These buses serve all Airbus routes and North Lantau external routes. LWB is planning to extend this feature to the entire double-deck bus fleet in 2004.

Integrated bus service information display system

During 2003, KMB installed three additional integrated bus service information display systems at the bus termini at Sha Tin KCR Station, Tuen Mun Pier Head and Olympic MTR Station, bringing the total number to 16 at the year-end.

This system displays information such as the next departure times, bus route destinations and fares on large LED or plasma display panels. Messages may also be displayed to alert our customers about emergencies, major traffic disruptions, etc. The closed circuit television systems and public address systems installed at the bus termini enable monitoring of the local traffic and operating conditions at the regulators' offices and also the main control room at KMB Headquarters. KMB plans to install these systems at three more bus termini in 2004.

Cyber bus stop

Following the launch of Hong Kong's first cyber bus stop in early 2002 at the Star Ferry Bus Terminus, KMB installed the second cyber bus stop on Canton Road, Tsim Sha Tsui in early 2003 providing a one-stop information point that is particularly useful for tourists. Three LED panels on the cyber bus stop display bus route information, as well as local and international news and weather information. The public address system provides bus route information in Cantonese, English and Putonghua. The cyber bus stop also provides access to the KMB website for point-to-point route search and comprehensive bus service information.

Waiting shelters

During the year, KMB built 100 new shelters and about 2,200 advertising panels for improvement of waiting environment and generation of advertising revenue. New illuminated bus route information panels were also incorporated into the shelters to facilitate passengers reading bus route information at night. As at 31 December 2003, KMB had a total of 2,174 bus shelters.

LWB had 20 bus shelters at the year-end 2003.

Customer service centres

In 2003, a new customer service centre was opened for service at the Hung Hom Cross Harbour Tunnel Bus Interchange. This new centre provides bus route information, KMB homepage browsing facilities, KMB souvenir sales and Octopus card services. Bus route information and traffic news may be accessed from the multi-media kiosk and obtained from KMB's customer service staff in the centres. KMB operated a total of seven customer service centres as at the year-end. During the SARS period, from March to June 2003, these centres distributed free of charge facemasks to our customers.

KMB's customer service centres won the 2003 Hong Kong Award for Services: Customer Service Award organised by Hong Kong Productivity Council and Hong Kong Retail Management Association. The centres also won the Bronze Award in the Customer Service Excellence Award category organised by the Hong Kong Association for Customer Service Excellence in 2003. Also, a service centre representative won the Silver Award in the Staff Award Category in the same award scheme.

LWB's customer service centre in the arrivals hall of Hong Kong International Airport and the ticketing booth at the Ground Transportation Centre handled about 100,000 customer enquiries and ticket sales in 2003.



Our customer service centres provide helpful information to our local customers and tourists

Bus terminus upgrading

In 2003, KMB refurbished 12 bus termini at Chun Shek, Chevalier Garden, Kwong Yuen, Yuen Long West, Yuen Long East, Tai Wo, Tsim Sha Tsui East, Allways Garden, Cheung Hong, Kai Yip, Shun Tin and Sau Mau Ping (upper). The terminus refurbishment programme will continue in 2004.

Marketing and advertising

Marketing programmes

To mark its 70th Anniversary, KMB published a bilingual brochure which gives an account of the history of the company since its founding in 1933. The brochure discusses the evolution of KMB and how its culture of service excellence enabled it to become a world-class leader in bus transportation.

During the SARS period, KMB sponsored the "A Facemask for Everyone" campaign that involved providing free of charge facemasks to passengers at its customer service centres. Messages to remind our customers about the importance of personal hygiene were shown on display panels at our bus termini and on bus bodies.

A series of 10-second programmes was launched by KMB in September 2003 and ran for six months. Broadcast on TVB, ATV, Cable TV and RoadShow, these programmes promoted the importance of proper conduct on buses. We believe that the overall safety and quality of our bus services can be improved with passengers playing their own part.

Marketing programme awards

Marketing programmes designed to reinforce KMB's reputation as a leader in the public transport industry received a number of awards in 2003.

KMB received the "Superbrands Hong Kong 2003" certification from the Hong Kong Superbrands Council, thus designating KMB as a leading brand in Hong Kong.

KMB also won the "Certificate of Recognition in the Golden World Award for Excellence in Community Relations" for its community campaign. This prestigious award was organised by the International Public Relations Association.

Media events

During 2003, KMB hosted 25 news media sessions to promote various events and activities to demonstrate the company's service to the public and to generate public awareness of a variety of social and environmental issues.

Customer service hotline

KMB customer service hotline "2745 4466"

The KMB's customer service hotline received 4.5 million calls in 2003, an average of 375,000 calls per month. The 24-hour hotline system, which provides bus route information, fax-on-demand services, traffic news, bus services updates and voice mail recording, is operated in Cantonese, English and Putonghua. The hotline's operator service is available from 7:00 am to 11:00 pm daily.

KMB's Digital Map Passenger Enquiry System won the "IT Excellence Award – Application Bronze Award" presented by the Hong Kong Computer Society. Utilising more than 100,000 landmarks and three-dimension images of prominent buildings, the Digital Map enables our hotline operators to provide bus route information to customers efficiently and accurately. In addition, it automatically identifies optimal bus routes according to customer preferences and provides real time information on traffic conditions throughout Hong Kong.

KMB's Hotline won the Bronze Award in the Customer Service Excellence Award 2003 organised by the Hong Kong Association for Customer Service Excellence.



Three-dimension Digital Map assists our hotline officers to better serve our customers

LWB customer service helpline "2261 2791"

In 2003, LWB's operator-assisted helpline received about 16,000 calls. The Helpline operators answer inquiries, receive customer opinions and handle lost and found property.

KMB website "<http://www.kmb.com.hk>"

The website <http://www.kmb.com.hk> provides a wide range of information about KMB, LWB and other Group companies, including financial information for our investors. One of the main features of the website allows passengers to determine how best to travel from one point to another using a bilingual route search function. To further assist our passengers, photographs of more than 4,200 KMB bus stops are placed on the website with each named for easy identification. Passengers can also use WAP mobile phones to access the KMB website.

The KMB website provides user-friendly facilities to those with visual impairments as well as to novice internet users. Novice users will see written elaboration in user-friendly text boxes when they browse images, hyperlinks and pop-up windows. Visually handicapped users can receive audio messages to assist them in their navigation. In August 2003, the KMB website was selected as one of the "Internet Content Rating Association's Labeled Websites" by the Television and Entertainment Licensing Authority and the Hong Kong Internet Service Providers Association. The popularity of the KMB website was reflected by an average daily hit rate of three million in December 2003.

Route information publications

A comprehensive Bus Guide was published in Chinese and English incorporating all KMB bus routes and maps with the location of bus stops. All proceeds from the sale of the Bus Guide were donated to The Community Chest of Hong Kong.

A total of 5,173 copies of the handout "LWB Bus Services for the New Territories, North Lantau and the Airport" and 23,123 copies of the "Airbus Card", with detailed bus routing and departure information, were distributed to the public in 2003.

Concern for safety



Brake testing is one of our numerous safety measures

The Group's number one priority has always been safety in all of its operations, from passenger services to bus maintenance. Over the years, a great deal of effort has been made to enhance the safety of our bus operations through the strengthening of bus captain training and performance monitoring as well as improvement in bus design and maintenance. As a result of our commitment to safety and the effectiveness of safety measures in place, KMB's average number of bus accidents involving personal injuries and deaths per million vehicle-kilometres declined over the years from 2.98 in 1999 to 2.67 in 2003.

Training courses for bus captains

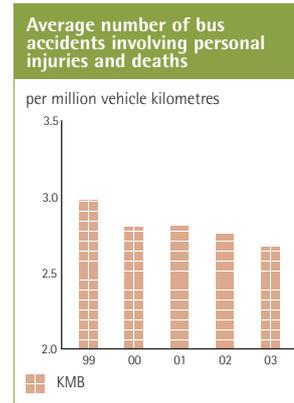
The KMB Bus Captain Training School is responsible for training new bus captains and providing enhancement courses for our existing bus captains.

For newly recruited bus captains, the School provides comprehensive courses with the use of Hong Kong's first and only indoor bus simulator to train them to drive in a professional and safe manner. Apart from driving examinations held by the Government of the HKSAR, stringent internal assessments are in place to ensure that bus captains are well qualified and capable of doing the job.

For experienced bus captains, the School provides enhancement training courses to reinforce their sensitivity to safety issues, knowledge of defensive driving techniques and driving skills. Route training courses are also provided to bus captains before they are assigned to drive on unfamiliar routes.



Bus captains are properly trained to drive safely and smoothly



Bus captain performance monitoring

A specialised KMB team closely monitors the performance of bus captains through a systematic performance assessment mechanism. Bus captains whose performance is not up to acceptable standards are required to attend remedial training courses. The Disciplinary and Monitoring Team will closely follow up with the subsequent performance of each retrained bus captain. Disciplinary actions are taken in the case of poor performers. Bus captains who demonstrate above average performance are also identified and granted various awards and bonuses, such as Outstanding Service Award, Safe Driving Award, Good Service Annual Bonus and Safe Driving Annual Bonus, etc.

High standard of bus design and maintenance

Design and maintenance of buses play a critical role in ensuring safe operations. We have been co-operating with major bus manufacturers in designing buses to ensure new bus types are compatible with the unique operating environment in Hong Kong. Standard equipment on our new buses, such as speed limiting devices as well as electronic tachographs that record bus operating information, help us monitor and ensure safe bus operations.

Under our current ISO certified maintenance programmes, KMB and LWB buses are subject to daily, monthly and annual inspections and examinations in our depots. In addition, the Transport Department of the HKSAR Government carries out spot checks on our buses on a random basis.

Caring for employees



A sense of belonging is fundamental to our quality service

"Caring for People" is our human resources management philosophy. Continuous effort has been made by the Group's management to promulgate a sense of belonging among our staff and to instill a culture of quality service and teamwork throughout the organisation. With this philosophy in mind, we train, motivate and reward our staff to reinforce their dedication to providing quality customer service.

The table below tabulates the number of staff in each of the divisions of the Group at the year-end of 2003 and 2002 respectively:

Division	2003	2002
Franchised Public Bus Services • KMB • LWB	12,569 399	13,247 402
Non-franchised Transport Services	536	503
Media Sales Business #	180	153
Mainland Transport Operation *	5	3
Total	13,689	14,308

including the employees of the Group's subsidiary companies on the Mainland
* excluding the employees of the Group's joint venture companies on the Mainland

Employee opinion survey

During 2003, KMB conducted an employee opinion survey which was designed to measure staff commitment to their work and enable management to better understand employees' priorities, expectations and current perceptions of the company. The 4,300 employees who responded to the survey indicated general satisfaction with their work, pay levels and working environment. Analysis also showed that employee satisfaction and commitment to the company depends on career opportunities, interaction with supervisors and senior leaders, performance recognition and availability of the necessary resources to accomplish their jobs.

Staff communications

Joint Consultative Committees

The six Joint Consultative Committees ("JCC") of KMB and LWB are effective communication channels which enable management and employee representatives to meet and discuss improvement opportunities in the workplace, safety, working procedures and staff welfare. To keep abreast of the latest developments in the bus industry in various cities on the Mainland, 65 JCC members visited Zhongshan, Zhuhai and Panyu in December 2003.

Staff intranet "<http://www.kmb.org.hk>"

A KMB homepage is maintained exclusively for KMB and LWB staff to keep them informed of the latest information, including management announcements, real-time weather reports, details of upcoming activities, reports of past staff events and a list of shops offering special discounts. The homepage also incorporates new training features, such as an on-line orientation training course and e-learning programmes on computer software, which enable individual staff to learn at their own pace.

Staff communication VCDs and magazines

As in previous years, periodic video compact discs (VCDs) entitled "Staff Canteen 900" and a monthly in-house magazine entitled "KMB Today" were produced and distributed to all KMB and LWB employees. These communication tools have been designed to keep our field staff informed of the latest development of our organisation and the industry.

Outstanding Service Award

During 2003, KMB organised the "Outstanding Service Award" to promote our quality service culture. Forty-eight staff, including 22 KMB bus captains, nine maintenance staff, eight operations staff and nine supporting staff, were recognised for their excellent performance.

Staff performance

During 2003, KMB and LWB presented the following awards to staff in appreciation of their dedication and contribution:

Good Service and Safe Driving Annual Bonus for bus captains

Number of employees	KMB	LWB	Total
Good Service Annual Bonus	6,817	178	6,995
Safe Driving Annual Bonus	4,237	196	4,433

Safe Driving Award for bus captains

Number of employees	KMB	LWB	Total
15-year accident free	88	3	91
10-year accident free	164	4	168
5-year accident free	458	9	467

THE KMB BUS CAPTAIN TRAINING SCHOOL



Bus captains undergo comprehensive and specially designed training programmes that assure top performances

Through our unique indoor bus simulator, our bus captains can familiarise with the advanced driving cab of our buses in classroom



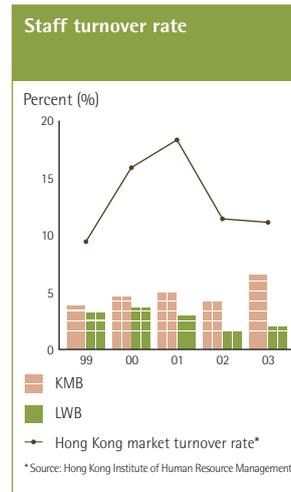
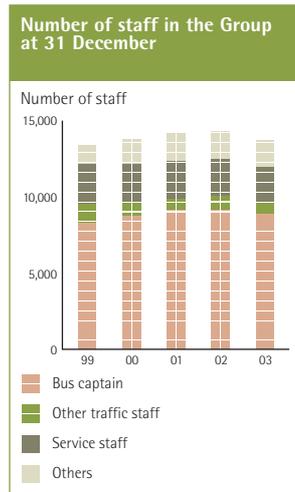
The Training School provides

training courses for newly joined bus captains on:

- theories on road traffic and safety
- practical bus driving skills
- use of bus equipment on-board
- routes familiarisation

training courses for experienced bus captains on:

- enhanced bus driving skills
- defensive driving skills
- updates of theories on road traffic and safety
- routes familiarisation
- remedial training



Good Service and Attendance Award for terminus supervisors, assistant terminus supervisors and customer service assistants

Number of employees	KMB	LWB	Total
Good Service Award	478	18	496
Attendance Award	297	5	302

Training

Technical training

The KMB Technical Training School, established in 1973, provides comprehensive training to our maintenance staff on the latest bus transportation technology. The current curriculum includes training in new bus technology such as "Neo-Man A34" Bus Prototype, Deans Door EPROM upgrade, Knorr Bremse Disc Brake System, Volvo B9TL BEA and AIC Training, Nexa Autocolor Products and Systems, Denso Air-conditioning System and Volvo VEC System. During 2003, 329 training sessions were held for 3,257 skilled workers and 22 for engineers, supervisors and foremen in conjunction with our vehicle manufacturers.

Apprentice training

The KMB Technical Training School also runs a four-year apprentice-training scheme for young school leavers. Whilst providing job opportunities and training to youngsters, the scheme ensures an adequate supply of skilled maintenance workers for KMB. In 2003, 14 apprentices graduated from the School, which brings the total number of graduates since 1973 to 2,042. At the end of 2003, there were 85 apprentices receiving training in the School.

The quality of our apprentice training standards was again recognised in 2003. Two of our apprentices won prizes in the automobile combined mechanical trade and electrical trade category of the "2003 Best Apprentice Competition" organised by the Vocational Training Council ("VTC"). The winners were invited to visit the Mazda Plant in Japan. Another apprentice won the "Outstanding Apprentice Award" in the vehicle trade category of the "2003 Best Apprentice Competition". He was invited to represent Hong Kong in the VTC Exchange Tour to Shanghai.

Bus Captain of the Year Competition

The Bus Captain of the Year Competition is a great opportunity for KMB bus captains to demonstrate their driving skills. The event also provided recreational activities for our employees and the public, including bus displays and game booths. The 2002-03 event was held at KMB Sha Tin Depot and over 13,000 members of the public attended.

Out of more than 8,500 bus captains, 42 were selected as finalists based on their work performance, driving skills and knowledge of passenger safety and traffic regulations. The "Bus Captain of the Year" prize was presented to the overall winner.

Staff welfare and recreational activities

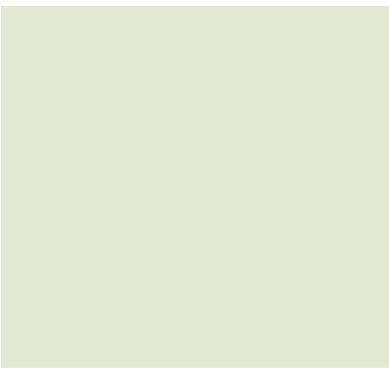
A variety of internal and external recreational activities were organised to promote teamwork during the year. These included a long distance run and soccer, table tennis, basketball and slogan competitions. KMB also sponsored staff tours to various attractions in Hong Kong.

Our employees also participated in the Community Chest Corporate Challenge Half Marathon, the Standard Chartered Hong Kong Marathon 2003, Green Power Hike, Hang Seng Table Tennis Competition, Outward Bound Challenge, Community Chest – Dress Casual Day, the Inter-Hong Games and various dragon boat races.

Concern for the environment



Diesel-electric hybrid buses of Park Island Transport Company Limited



The Group is committed to conducting its business in an environment-friendly manner. Various environmental protection procedures are implemented in our depot, office and fleet operations. In addition, our staff also participate in various environmental preservation activities such as tree planting.

In recognition of this commitment, KMB was granted the 2003 Environmental Performance Award in the Hong Kong Awards for Industry, organised by the Business Environment Council.

Environment-friendly bus fleet

We continuously upgrade our buses to ensure that they are in compliance with, and in many aspects exceed internationally recognised environment standards. Using innovative techniques and equipment, we lead the bus industry in Hong Kong, and even the world, by making various environment-friendly enhancements to our buses.

Ultra Low Sulphur Diesel ("ULSD")

All KMB and LWB buses have been using ULSD since January 2001. Today, the Group has the largest bus fleet in the Asia-Pacific region using ULSD. The use of ULSD has resulted in significant reduction in exhaust emission levels of sulphur oxides, nitrous oxides and particulates.

Euro engines

At the end of 2003, 1,489 KMB buses and all LWB air-conditioned double-deck buses were equipped with environment-friendly Euro II engines which meet the exhaust emission standards of the European Council of Environmental Ministers.

Euro III engines reduce emissions of nitrogen oxides by 28% and particulates by 33%, compared to Euro II engines. 703 KMB buses were equipped with Euro III engines at the end of 2003.

Catalytic converter

Catalytic converters are installed on all of KMB's buses with pre-Euro I or Euro I engines and LWB's single-deck air-conditioned buses with pre-Euro engines. With the catalytic converters, the exhaust emissions of pre-Euro I and Euro I buses are brought up to the standards of Euro I and Euro II engines respectively in terms of particulate matters.

Exhaust soot filter

Buses equipped with Continuous Regeneration Traps ("CRTs") can achieve a significant reduction of particulate matters and reduce smoke levels to virtually zero. The exhaust emission quality in terms of particulate matters also meets Euro IV engine standards.

At the end of 2003, KMB had a total of 385 Euro II and Euro III-engined buses equipped with CRTs plus an exhaust gas recirculation device, enabling them to meet emission standards at a level very close to Euro IV engine standards.

Air foam filter

At year-end 2003, KMB and LWB had 2,806 and 111 buses respectively using air foam engine filters to replace the conventional air paper filters. After numerous tests, the air foam filter was proved to be successful in reducing waste entering the engines and has a life span six times that of a conventional air filter. The entire KMB and LWB bus fleet will change to air foam filters in 2004.

Eco-Driveline

The pioneering Eco-Driveline on buses was developed by KMB by integrating an engine with high torque, six-speed double overdrive gearbox, an optimised final drive ratio axle and a sophisticated electronic control gear-shift programme. A total of nine KMB buses were equipped with Eco-Driveline at the end of 2003. The new system provides passengers with a smoother ride and also reduces fuel consumption and exhaust emissions by 6% to 10% respectively.

The Eco-Driveline concept will be a standard feature for all new buses. It is expected to set a new trend for the bus industry.

Synthetic transmission oil

The use of synthetic transmission oil extends the oil drain interval substantially when compared to traditional mineral oil.

A total of 1,573 ZF gearboxes and 240 Voith gearboxes in KMB and all gearboxes in LWB have used synthetic oil since their introduction in 2001. The oil drain interval was extended from 30,000 kilometres to 100,000 kilometres, resulting in a 70% reduction in waste oil. The use of synthetic oil will be extended to all Voith gearboxes in 2004.

Synthetic oil has also been used in 46 MAN engines since their introduction in 2001 with their oil drain interval extended from 25,000 kilometres to 45,000 kilometres, resulting in a 45% reduction in waste oil.

Mileage-based engine oil change scheme

With the mileage-based engine oil change scheme, which is evaluated by computer-aided programmes, KMB achieved a 40% reduction in engine oil consumption and oil waste.

Revolutionary diesel-electric hybrid buses

Park Island Transport Company Limited introduced three diesel-electric hybrid air-conditioned super-low floor single-deck buses, the first of their type in Hong Kong, in December 2003. These environment-friendly buses are powered by rechargeable batteries with an energy-regenerating function while braking and moving down slopes. The small and newly-designed diesel engines on board only come into operation when the batteries run down to a pre-set level. The Group will continue to evaluate the performance of this type of diesel-electric hybrid buses.

Emission standard of Euro engines

Engine	Year first introduced to the fleet	Carbon Monoxide gram per kw/h	Hydrocarbons gram per kw/h	Nitrogen Oxides gram per kw/h	Particulates gram per kw/h
Euro I	1992	4.50	1.10	8.00	0.36
Euro II	1996	4.00	1.10	7.00	0.15
Euro III	2001	2.10	0.66	5.00	0.10
Euro IV	2003	1.50	0.46	3.50	0.02

All buses of KMB and LWB are fitted with engines which fulfil the above Euro I to Euro IV requirements respectively, including the pre-Euro I buses which are retro-fitted with catalytic converters.



Euro II and III engined buses become the mainstay of KMB's fleet

Environment-friendly non-franchised buses

As a result of a continual vehicle replacement programme, 100% (99% in 2002) of the fleet of the Sun Bus Holdings Limited Group and New Hong Kong Bus Company Limited (the "Huang Bus") was equipped with environment-friendly engines at the end of 2003, of which over 16% are equipped with the latest commercially available Euro III engines.

Environment-friendly bus depot

In the design, construction and operation of bus depots, environmental protection and energy conservation are paramount concerns. All depots are equipped with waste water treatment systems, water recycling facilities and environment-friendly fire service systems. In addition, the lighting, air-conditioning and ventilation systems are installed with energy saving features.

KMB's Lai Chi Kok Depot, a new environment-friendly bus depot in the West Kowloon Reclamation area, implemented the Automatic Building Management System in 2003, which uses electrical zoning control to substantially reduce electricity consumption.

KMB's Sha Tin Depot and Lai Chi Kok Depot were certified to the ISO 14001 : 1996 environmental management standards in November 2002 and November 2003 respectively.

Environment-friendly offices

The Group has introduced the "Green Office" concept in the design and renovation of our headquarters. This involves switching off office lighting when it is not needed, such as during lunch time and after office hours, by pre-set timers, or when light from outside is strong enough as determined by automatic sensors. Temperature control devices are installed to help maintain the office temperature within a comfortable range while minimising the use of electricity.

Waste treatment

Waste water

Waste water from our operations is treated according to regulatory standards before it is discharged into the public sewage system. In 2003, KMB maintained 11 automatic waste water treatment systems for its fleet and depots. Total daily treatment capacity amounted to 860 cubic metres.

Waste oil

Used lubricating oil from bus maintenance sites is collected by a registered waste oil recycling agent who handles the subsequent recycling or disposal processes in accordance with the statutory standards.

Solid chemical waste

In 2003, approximately 382,000 kilograms of solid chemical waste were disposed. The solid chemical waste was initially treated and stored by type at our bus depots in special areas, and then disposed of by a registered chemical waste collector at the authorised landfills.

Tyre retreading and recycling of scrap tyres

During 2003, KMB's tyre retreading plant retreaded approximately 32,600 tyres, bringing the total number of tyres retreaded since its operation to over 500,000. In addition, about 203 tonnes of tyre chips were collected and used for manufacture of playground flooring. Compared with 2002, tyre retreading and tyre chip collection in the year both decreased by 1%. All these measures help to minimise industrial waste and fully utilise our resources.



Tyre retreading helps us fully utilise resources

Community outreach



Being a responsible corporate citizen, we actively contribute to the society

The Group's concern for the community has been demonstrated by its active participation in a wide range of community programmes and charitable activities for many years. As a responsible corporate citizen, the Group continues to make contributions to the society through providing assistance to the youth, elderly, handicapped and people in need.

KMB's and LWB's contributions to the community earned awards from the Community Chest and other non-profit organisations during the year.

In 2003, KMB was selected as a "Caring Company" by the Hong Kong Council of Social Service. Also, KMB won the First Runner-Up in a survey on the public's ranking of public transport in Hong Kong organised by the Democratic Alliance for Betterment of Hong Kong.

Passenger Opinion Cabin

Our Passenger Opinion Cabin, a modified single-deck bus, made six visits during the year to different Hong Kong districts to sample customer opinions on KMB's bus services.

Passenger Liaison Groups

Six Passenger Liaison Group sessions ("PLGs") were organised by KMB during the year where management and participating passengers discussed our bus services. Transport Department representatives and university lecturers were invited to moderate and observe the sessions.

LWB also organised six PLGs during 2003 with topics involving "The development of Long Win bus network" and "Passengers' expectations on Long Win staff's service quality" which involved the bus network and service standards for the Airport and North Lantau area, bus captains' performance, bus design and other operational issues.

FRIENDS OF KMB

To promote the "Helping Others" spirit, FRIENDS OF KMB, our passenger club, continued to actively participate in various community building, civic, educational, environmental protection and social activities during the year. FRIENDS OF KMB had 2,200 members at the end of 2003, compared to 2,000 in 2002.

FRIENDS OF KMB received its fifth consecutive "Gold Award for Volunteer Service" from the Social Welfare Department of the Government in 2003. The club was also selected as one of the recipients of the Top 10 High Service Hour Award (2002) (Private Organisation) by the Steering Committee on the Promotion of Volunteer Service.

During the year, more than 1,000 members participated in over 5,500 hours of voluntary work.

The Community Chest and other non-profit-making organisations

In 2003, KMB received the "Award of Distinction" from the Community Chest in recognition of its active participation in various fund raising programmes during the year. These included the Corporate and Employee Contribution Programme, Dress Casual Day, Hong Kong and Kowloon Walk for Millions, the Community Chest Corporate Challenge Half Marathon, Christmas Greetings for the Chest, Adopt a Vintage Tree for the Chest and the Community, and the Community Chest Green Day.

In addition, KMB sponsored many community activities organised by the Government of the HKSAR, professional bodies and charitable organisations during the year. These included the Hong Kong Awards for Industry, the Hong Kong Awards for Services, the Hong Kong Management Association Quality Award, the Hong Kong Arts Festival, Horses Across Hong Kong, Operation UNITE and the World Environment Day 2003.

"KMB and You, Heading for a Brighter Future" Award Scheme

For the second year, KMB organised the "KMB and You, Heading for a Brighter Future" Award Scheme to reward candidates who achieved Grade "A" in 10 subjects in the Hong Kong Certificate of Education Examination. KMB awarded one-year KMB free-travel passes to 18 successful candidates in August 2003.

International Day of Disabled Person

As a token of our support of the International Day of Disabled Persons, KMB and LWB gave free rides to disabled persons and their escorts on 30 November 2003.

KMB Hong Kong International Dragon Boat Races 2003

For the fourth successive year, KMB was honoured to act as the title sponsor of the KMB Hong Kong International Dragon Boat Races at Sai Kung, one of the showcase events on the international sporting calendar in Hong Kong. KMB's dragon boat team won the 1st Runner-up in both the marathon and the half marathon races.