

CHAIRMAN'S LETTER

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Dear Shareholders,

On behalf of the Board of Directors, I hereby report that the Group's underlying profit attributable to equity shareholders for the year ended 31 December 2025, excluding the effect of the change in fair value of investment properties and investment property under development, amounted to HK\$539.8 million, compared to HK\$265.5 million last year. Underlying earnings per share was HK\$1.04, compared to HK\$0.53 last year. The increase in underlying profit was mainly attributable to the improvement in the financial performance of the franchised public bus operations.

Reported profit and reported earnings per share attributable to equity shareholders were HK\$398.0 million and HK\$0.77 respectively, compared to HK\$187.3 million and HK\$0.37 last year. The reported profit for 2025 included a decrease in fair value of investment properties and investment property under development of HK\$141.8 million, compared to a decrease of HK\$78.2 million in the previous year.

Dividends

The Board of Directors has proposed an ordinary final dividend of HK\$0.50 per share for 2025. The dividend will be payable on 29 June 2026. Together with the interim dividend of HK\$0.30 per share, the total dividend for the year will amount to HK\$0.80 per share, compared to HK\$0.50 per share last year.

Financial Performance in 2025

The Kowloon Motor Bus Company (1933) Limited ("KMB") recorded a profit after taxation of HK\$360.7 million for 2025 (2024: HK\$126.8 million). Fare revenue for 2025 was increased due to the fare hike that took effect on 5 January 2025. However, this impact was largely offset by a decline in ridership and the increase in staff costs due to pay rises. The remaining improvement was driven by favourable external conditions, including a reduction in fuel and oil costs, driven by reduced fuel prices, together with a decrease in toll charges.

As for Long Win Bus Company Limited ("LWB"), the profit after taxation for 2025 was HK\$46.4 million (2024: HK\$41.7 million).



The Group's Non-Franchised Transport Operations Division, with Sun Bus Limited ("Sun Bus") as its flagship company, recorded a profit after taxation of HK\$29.7 million for 2025 (2024: HK\$20.6 million). Our Chinese Mainland Transport Operations Division reported similar positive results for 2025 compared to last year.

"KMB Tour HK" Showcases Hong Kong's Tourism Appeal with Open-top Buses

Hong Kong's economy encountered significant challenges in the previous year. Geopolitical turbulence, intensified international trade tensions and persistent shifts in passenger travel habits all impacted the Group's core public transport operations. In accordance with our commitment to serving the community, we proactively align with societal development needs, ensuring that we evolve with the times. Tourism is a vital pillar of Hong Kong's economy. Last year saw a significant increase in visitor arrivals, with this robust performance driving growth across various sectors. As Hong Kong's largest franchised bus operator, KMB fulfils its role as the "Heartbeat of the City", providing high-quality bus services for both residents and visitors.

As the number of short-stay visitors continues to rise, travellers are increasingly opting for convenient, direct transport services to facilitate seamless sightseeing. Two years ago, KMB launched the Recreation Route HK1, departing from the Star Ferry Pier in Tsim Sha Tsui and connecting multiple renowned local attractions. Last year, it further enhanced the service by introducing Open-top Buses and launching the new "KMB Tour HK" brand. Passengers are invited to experience the West Kowloon Cultural District, Nathan Road, Wong Tai Sin Temple, Kowloon City and other local attractions. On-board broadcast introduces each stop, offering passengers a comprehensive experience of Hong Kong's vibrant and multifaceted character. The route now features dedicated "Nighttime" services, guiding visitors to experience Victoria Harbour's dazzling night views and the vibrant atmosphere of the Yau Tsim Mong District. The Open-top Buses feature liveries that recreate KMB's most iconic liveries from different eras. Retro designs ranging from the "Hot Dog", "Whiteboard" and "Champagne Gold" to the current red "Heartbeat of the City" livery have transformed the buses into moving billboards, bringing a distinctive splash of colour to Hong Kong's streetscape.

Building a Better Environment with Notable Progress in Green Transport Development

The development of clean-energy transportation is a global imperative. The Group remains committed to advancing green mobility and actively supports the Hong Kong SAR Government's carbon-neutrality vision. Over a decade ago, the Group embarked on research into electric bus technologies and has since progressively introduced single-deck and double-deck zero-emission electric buses. This has enabled the establishment of Hong Kong's largest new-energy bus fleet, positioning the Group at the forefront of industry development. The Group's signature "Electric Green" buses continue to be deployed across more than 50 KMB routes, spanning long-distance services, busy urban corridors, and a variety of complex road conditions throughout Hong Kong. Their stable and quiet operation enhances passenger comfort, while performance in areas such as charging efficiency, driving range, and passenger capacity has consistently demonstrated that electric buses fully meet the operational requirements of Hong Kong's public bus network. They represent the optimal solution for the city's transition to clean-energy transportation. KMB's electric bus fleet cumulatively travelled nearly 8 million kilometres, resulting in a reduction of over 11,000 tonnes of carbon emissions. This marks a substantial and measurable contribution to Hong Kong's decarbonisation efforts.

The Group leverages its expertise in electric vehicle maintenance through the all-new Electric Vehicle Maintenance Training Workshop at the KMB Academy. As the number of electric vehicles in Hong Kong rises, the demand for relevant repairing services subsequently increases. To provide a more professional training environment, the brand-new Electric Vehicle Maintenance Training Workshop has been developed in accordance with the standards of the Electrical and Mechanical Services Department for high-voltage electric vehicle maintenance workspaces. It includes component models of various electric vehicles, enabling trainees to gain hands-on experience in understanding the structure and maintenance procedures of electric vehicles. Meanwhile, the KMB Academy is also preparing for the full-scale launch of the "Certificate in Diagnosis, Testing and Maintenance of

Electric Vehicles (High-Voltage)" (EVH) Programme. Together with the existing "Certificate in Electric Vehicle Maintenance Safety Awareness" (EVE) and "Certificate in Diagnosis, Testing and Maintenance of Electric Vehicles (Low-Voltage)" (EVL) Programmes. The KMB Academy will become the first private institution in Hong Kong to offer a comprehensive three-level electric vehicle maintenance training programme. These training programmes not only equip KMB's maintenance personnel with essential electric vehicle repair and maintenance expertise, but are also open to other industry practitioners, contributing to talent development in Hong Kong's electric vehicles maintenance sector and supporting the industry's evolving workforce needs.

During the year, the Group maintained sustainable deposits and secured green loan and sustainability-linked loan facilities totalling HK\$3,800 million. This amount represents over 50% of our committed loan facilities and underscores our commitment to supporting Hong Kong's transition toward zero emissions through various green finance arrangements.

The Group has established key sustainability performance targets focused on reducing greenhouse gas emissions from our bus fleet, strengthening green procurement practices and increasing average training hours. Looking ahead, we will continue to pursue appropriate financing solutions that can propel Hong Kong's transportation sector in its transition towards a more sustainable future.

Harnessing Technology to Shape the Future of Transport

As we enter the era of artificial intelligence and autonomous driving, technological advancement has created significant breakthroughs in the transportation sector. Last year, together with several members of the Board of Directors, I visited Shenzhen to experience the autonomous minibus operated by SZBG in Luohu. During the visit, we exchanged views on potential collaboration in autonomous driving initiatives and explored practical application scenarios in Hong Kong. The visit underscored our commitment to integrating innovative technologies into local transport development.

KMB continues to harness technology to enhance service quality by integrating AI into its mobile application APP1933. The new feature, "AI Route Search", enables users to input their current locations and destinations. The system leverages geolocation technology and big data analysis to identify user's positions and recommends the most suitable bus routes or interchange options, facilitating a seamless journey. In addition, APP1933 now features estimated journey time, showing the estimated arrival times of the next scheduled bus at each stop, as well as real-time en-route traffic conditions, enabling passengers to plan their journeys more efficiently.

Embarking on a New Journey with the Pet Bus towards a People-and-Pets Inclusive Society

With the rising trend of pet ownership in Hong Kong in recent years, the Group has identified pet travel as a key barrier within the city's public transport services. In response, the Group launched the pioneering "Pet Bus Tour", Hong Kong's first regular double-decker bus service designed specifically to accommodate pets. This initiative represents a significant milestone for the city's public transport sector and reinforces the Group's leadership in service innovation. Since its launch over a year ago, the service has recorded more than 20,000 passenger-trips. Initially introduced as a regular weekend service, it has since expanded to operate on weekdays, receiving strong public support and contributing to Hong Kong's gradual development into a more pet-inclusive city.

The KMB "Pet Bus Tour" is structured around routes connecting popular pet-friendly destinations, enabling pet owners from different districts to enjoy cross-district outings with their pets and explore more areas of Hong Kong. KMB proactively collects passenger feedback and reviews boarding and alighting points across various districts, regularly refining and adjusting routes to ensure passengers' convenient access to a diverse range of pet-friendly locations and an enhanced travel experience. During festive periods, the service offers special themed routes, such as the "Christmas and New Year Night Pet Bus Tour" and "Lantau Island Tours" which allow pets and their owners to share in the unique seasonal atmosphere. Additionally, on the first Saturday of every month, the service designates "Senior Pets Free Ride Day", offering complimentary rides to senior pets to enjoy a special outing with their owners,

creating memorable moments in their later years. Through these initiatives, KMB integrates pet mobility into everyday life and promotes the principle of equal travel rights for people and pets.

To enhance flexibility, KMB has introduced a Monthly Pass Scheme for the "Pet Bus Tour". Whether travelling solo with a pet or as two passengers accompanied by a pet, Pass holders can enjoy unlimited rides on all routine "Pet Bus Tours" for 30 days. A concessionary scheme is also available for senior passengers, offering half-fare single tickets and a 50% off discount on the Monthly Pass to provide greater flexibility for the silver-hair community. Furthermore, a portion of the service revenue is donated to animal protection charities, reinforcing the Group's commitment to community wellbeing and the advancement of animal welfare.

Enhancing Bus Services in New Development Areas to Better Serve the Community

The continued population growth in new development areas has created rising demand for transport services. The Group is committed to investing in enhanced bus operations to provide the public with safe and comfortable journeys. In 2025, as several residential developments along Anderson Road Quarry Site Development Area reached completion, KMB introduced four new "Anderson Routes", offering direct connections between Kowloon East and Kowloon West, full day services to Choi Hung BBI, and direct links to core business districts on Hong Kong Island.

Following the intake of residents at the Yau Pok Road Light Public Housing in Yuen Long, KMB launched new routes serving Sheung Shui and Tai Lam Tunnel BBI. These routes provide convenient connections and offer residents interchange concessions across more than 80 KMB and LWB routes, facilitating seamless travel across Hong Kong Island, Kowloon and the New Territories while meeting residents' commuting needs. One of the routes also serves San Tin Huang Bus Station, enabling passengers to connect to Route B1 or the Lok Ma Chau – Huanggang Cross-boundary Shuttle Bus to or from Futian or Huanggang Port. A complimentary ride is provided for the lower-priced leg, providing a cost-efficient commuting option for cross-boundary travellers.

Strengthening Mobility through New Major Infrastructures

The commissioning of Hong Kong's largest sports development, the Kai Tak Sports Park, represents a key advancement in community infrastructure. The Main Stadium, accommodating approximately 50,000 spectators, serves as a major venue for international sporting and entertainment events. Both local residents and visitors look forward to enjoying world-class competitions and performances at this state-of-the-art facility. To support large-scale crowd dispersal, KMB has introduced multiple post-event special routes with direct connections to districts across the city. Specifically, a dedicated route provides Chinese Mainland audience with a seamless connection to San Tin Huang Bus Station, allowing them to transfer to the Huang Bus for onward travel to Shenzhen.

The newly opened Central Kowloon Bypass (Yau Ma Tei Section) ("Bypass") has significantly reduced journey time between Kowloon West and Kowloon East. In line with this development, KMB introduced two new routes to offer passengers from Tsuen Wan and Tuen Mun in the New Territories West direct trips to Kowloon East Business Area, facilitating more efficient commuting. Five existing routes have also been rerouted to operate via the Bypass, allowing more passengers to benefit from the enhanced connectivity.

Advancing Transportation Services for Greater Bay Area Integration

In tandem with the further integration of the Greater Bay Area, cross-boundary travel has become more frequent. In response to rising service demand, the Group has strengthened its transport provisions for boundary control points, contributing to positive business growth. With the increasing number of passengers crossing via the Hong Kong-Zhuhai-Macao Bridge, all LWB A-routes now directly serve both the Hong Kong Port of the Bridge and Hong Kong International Airport. Together with KMB's services connecting to Lok Ma Chau and Heung Yuen Wai Control Points, passengers benefit not only from interchange concessions with other KMB routes but also from enhanced services during long holiday periods, ensuring convenient transport for both local residents and visitors. The growing popularity of High Speed Rail has further shaped travel patterns. KMB continues to monitor services connecting to West Kowloon Station to ensure they meet evolving traveller needs.

Strengthening Community Bonds Through Compassion and Support

The Group is dedicated to fostering community well-being and actively supports social development. For six decades, KMB has played a meaningful role in supporting the daily mobility needs of Choi Hung Estate. To commemorate the 60th anniversary of the Choi Hung Bus Terminus and the upcoming redevelopment of the Estate, KMB launched the "Memories with KMB in Choi Hung" initiative. The project restored heritage elements of the Terminus, including bus shelters, the Terminus Supervisor Office and the former KMB Staff Canteen in nostalgic colour schemes. Several display panels and vintage bus seats were also installed, allowing the public to relive past travel experiences with KMB.

Through the "Donation of Used and Retired Bus Programme" and the "Donation of Caring Bus Stop Pole Programme", KMB continued to support schools and welfare organisations by donating retired buses and bus stop poles for educational and community-care purposes. The latter has proven particularly effective in supporting elderly residents with dementia by helping to minimise wandering behaviour within care facilities.

The past year also brought difficult moments for the city. The tragic fire at Wang Fuk Court in Tai Po deeply affected the community and underscored the close ties KMB and the residents it serves. Through the KMB Charity Foundation, KMB and LWB jointly pledged HK\$2 million in emergency financial assistance to affected families and launched an internal donation appeal to encourage staff support. In addition, all proceeds from KMB's "Pet Bus Tour" in December were donated to three animal welfare organisations to assist animals impacted by the incident. The Group stood alongside the Tai Po community, exemplifying unity and mutual care in times of hardship.

Kwun Tong Commercial Development Project Making Headway

Located in the prime area of How Ming Street, Kwun Tong in East Kowloon, The Millennity comprises two 20-storey Grade-A office towers, with a total gross floor area of approximately 650,000 square feet. The office towers have already been occupied by several major corporations. The Group believes The Millennity will serve as a sustainable source of long-term income.

Beneath The Millennity, the 10-storey large-scale shopping centre has been officially named Scramble Hill. It spans a gross floor area of approximately 500,000 square feet and features a pet-friendly sky garden, together with a wide range of dining, lifestyle, and entertainment offerings. Moreover, the development includes nearly 400 parking spaces in a four-storey basement parking garage. The development has achieved LEED Platinum pre-certification, WELL Platinum pre-certification, and a Platinum pre-certification for new buildings under BEAM Plus.

Our People, Our Priority

The Group remains steadfast in its people-centric values and is committed to cultivating a positive working environment. We recognise that dedicated and capable employees are essential to driving continuous organisational progress. In response to prevailing labour market conditions, KMB and LWB introduced greater workforce flexibility by offering full-time positions and a five-day work-week arrangement for bus captains.

In reviewing remuneration packages, the Group considered Hong Kong's overall employment landscape, movements in the Consumer Price Index and market salary trends. A pay increase of 2.5% was awarded to all employees. The Group remains dedicated to attracting, motivating and retaining talent, and expresses sincere gratitude to all employees for their commitment and service.

Challenges and Opportunities

The operating environment for bus services remains highly challenging amid global and local economic uncertainties, heightened geopolitical tensions, volatility in international oil prices and the continued expansion of Hong Kong's railway network. While the Hong Kong SAR Government has introduced various tourism-driven and economic-revitalisation initiatives, evolving travel patterns, most notably the pronounced increase in cross-boundary trips during long holidays have added further volatility to passenger demand.

Looking ahead to 2026, the Group will remain committed to its long-term development. We will continue to optimise fleet deployment with agility to ensure business sustainability, while embracing innovation to introduce new routes and service innovations to unlock business potential and create sustainable value for shareholders.

Acknowledgement

Over the past year, Hong Kong has actively charted a course for the development of its transport and tourism sectors. The Group remains steadfast in its service commitment, with every employee dedicated to delivering safe, high-quality transport services to our customers. I would like to express my sincere gratitude to my fellow Board members, all employees and partners of the Group, and our customers for their continued trust and support.

Norman LEUNG Nai Pang

Chairman

19 March 2026