

Group Profile

The Kowloon Motor Bus Holdings Limited ("the Company" and, together with its subsidiaries, "the Group") is Hong Kong's largest public transport operator carrying over three million passenger trips daily. The Group comprises six divisions: Franchised Public Bus Operations, Non-Franchised Transport Operations, Mainland China Operations, Media Sales Business, Property Holdings and Internal Financial Services.

The Group's flagship, The Kowloon Motor Bus Company (1933) Limited ("KMB"), was founded 68 years ago to provide franchised public bus services in Hong Kong. KMB's 4,200 buses serve some 400 routes covering Kowloon, the New Territories and, through the cross-harbour tunnels, Hong Kong Island. Another subsidiary, Long Win Bus Company Limited ("LWB"), was established in 1996 and serves the Hong Kong International Airport and North Lantau with 159 buses. Of the Group's 13,000 staff, some 8,400 are Bus Captains serving in the frontline. KMB was the first public bus company and the fourth corporation in Hong Kong to be ISO certified throughout its entire organisation. The Group's corporate culture is one of service excellence and total customer satisfaction.

The Group is also operating or investing in non-franchised passenger services in Hong Kong and public bus services in Mainland China.

The Media Sales Business division, set up in 2000, aims to become a leading provider of innovative multi-media products for the out-of-home media market.

Our Mission

Our policy is to do all we can to provide an efficient, reliable and user-friendly bus service to all public transport users travelling within our operating area.

Our objective is to make our buses the mode of public transport preferred by most public transport users most of the time; to maximise simultaneously the value for money given to our customers and the profit earned by the Group; and to contribute to the economic and social development of Hong Kong.

We will endeavour continuously to improve the quality of our service to meet the needs and expectations of public transport users within our operating area as a whole.

Our success
in providing
**TOTAL CUSTOMER
SATISFACTION**

is due to our people.

They possess a culture of customer service that sets us apart from other public transport companies, making KMB the market leader in providing a quality service that meets or sometimes even exceeds, the expectations of our customers.

Contents	page
Financial and Operational Highlights	4
Corporate Milestones	6
Chairman's Statement	8
Managing Director's Report	17
Operational Review	24
Financial Review	52
Profiles of Directors and Senior Executives	60
Report of the Directors	68
Financial Statements	
Auditors' Report	73
Consolidated Profit and Loss Account	74
Consolidated Statement of Recognised Gains and Losses	75
Consolidated Balance Sheet	76
Balance Sheet	78
Consolidated Cash Flow Statement	79
Notes on the Accounts	80
Corporate Directory	101