

CORPORATE SOCIAL RESPONSIBILITY



fostering values, fostering progress

TIH takes a long-term social and environmental view throughout its business

Overview and Strategies

The social and environmental aspects of doing business have never before held such importance as they assume in today's constantly evolving and socially aware global village. This is perhaps especially true for public transport operators. We, at TIH, are highly conscious of the importance of corporate social responsibility in all its ramifications: dedication to customers' and society's evolving needs, commitment to safety and training, a high level of environmental awareness, a responsible and caring attitude to both the community and our employees, and a willingness to communicate to all our stakeholders in a transparent and informative manner.

The Group is dedicated to the economic and social progress of our two major markets, Hong Kong and the China Mainland. Our policy is to strike an effective and caring balance between economic, social and environmental needs wherever our broadening business portfolio takes us.



responsive

Customer Service Initiatives

At TIH, we believe in innovation in every aspect of our business. This means constantly launching initiatives to enhance our customer service. The provision of quality customer service and an awareness of community needs are the core elements of our corporate culture. It is inevitable that the planning and handling of operational issues have social and environmental implications. We therefore pay extra attention to ensure that our decisions on operational issues are based on careful research results and potential impact assessment.

The Octopus Smart Card

The electronic Octopus Smart Card System has become increasingly popular for making public transport fare payments in Hong Kong. Today, the Group is the largest corporate user of Octopus cards in Hong Kong in terms of the number of card payment transactions. About 87% of our franchised bus fare revenue was collected via Octopus cards in 2006. The Octopus cards facilitate passengers to board our buses

quickly without having to fumble with coins for fare payments. In addition, they also enable the Group to reduce cash collection and administration costs.

From time to time, we look into ways to optimise and expand the Octopus Bus-bus Interchange Schemes ("Octopus BBI Schemes"), within the route networks of KMB and LWB and also on joint inter-modal schemes with other public transport operators. The implementation of the Octopus

BBI Schemes has provided extensive fare discounts to passengers and, at the same time, helped improve network coverage, saved operating resources and relieved traffic congestion along busy transport corridors. By the end of 2006, KMB had 61 Octopus BBI Schemes covering 246 bus routes, whilst LWB operated five such schemes on 12 routes including those serving Hong Kong Disneyland and AsiaWorld-Expo.

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To tie in with the HKSAR Government's "Action Blue Sky Campaign"「藍天行動」for conserving the environment, KMB advocates the rationalisation and cancellation of bus routes with low occupancy to reduce the overall fuel consumption and emission of particulates from bus operation. New Octopus BBI Schemes were introduced so as to keep the impact on passengers to a minimum. This arrangement of reducing buses achieves win-win solutions both in environmental and transportation terms.

Bus Fare Discount Schemes

The Group has a long track record of identifying ways to control costs and improve productivity and efficiency in order to provide our customers with a focused and reliable service that gives excellent value for money.

Over the years, KMB and LWB have reviewed and revised the fare concessions offered to Octopus card users in the wake of changing economic conditions. To coincide with the new fare adjustment mechanism for the franchised public bus industry in Hong Kong introduced by the HKSAR Government, KMB and LWB offered the following fare concession schemes for a period of 36 months from their respective effective dates in early 2006.

Cyber Bus Stops and Waiting Shelters

Currently, KMB has eight cyber bus stops installed at the Star Ferry, along Canton Road and Nathan Road. Route information, local and international news and weather information are disseminated via the light emitting diode and liquid crystal display panels at these cyber bus stops. Each cyber bus stop is equipped with a public address system that announces route information in Cantonese, English and Putonghua. Another popular feature of these cyber bus stops is access to the KMB website for point-to-point route search and service information.

As an ongoing effort to improve the waiting environment for our passengers, we have continued with our bus shelter improvement programme. During the year, KMB built 35 new bus shelters, bringing the total number of bus shelters to 2,360. Also, the 2,600 advertising panels installed at the bus shelters continued to generate advertising revenue. LWB constructed three new bus shelters in 2006, bringing the total number of bus shelters to 29 at the end of the year.

Customer Service Centres

KMB's eight customer service centres, located at the public transport interchange hubs of Tsim Sha Tsui, Hung Hom, Sha Tin, Mei Foo, Tsuen Wan, Lam Tin, Tuen Mun and Tin Shui Wai, provide a convenient one-stop service to public transport users. Our friendly customer service ambassadors at these centres help passengers with route and timetable information and collect customer feedback. In 2006, in order to further enhance the quality of customer service, KMB pioneered the launch of the "Digital Map Passenger Enquiry System" in multi-media kiosks at its customer service centres, providing a convenient way for passengers to find their way to their destinations and view the surrounding environment and major landmarks on a three-dimensional map. KMB is the first public transport company in Hong Kong to introduce this electronic route search system for passengers. Our customers may also make use of the multi-media kiosks for browsing the KMB website. In addition, Octopus card services and KMB souvenir sales are available at these centres.

	Discount rates	Exceptions	Effective date
1. Passengers aged 65 or above	A flat fare of HK\$2.00 or half fare (whichever is the lower) on Sundays and public holidays	Airport "A" and racecourse routes	28 January 2006
2. Fares at or above HK\$15	20% fare discount for the return trip of the same route or route group on the same day	Airport "A", racecourse and recreation routes	19 February 2006 (note)
3. Fares between HK\$10 and HK\$14.9	10% fare discount for the return trip of the same route or route group on the same day	Airport "A", racecourse and recreation routes	19 February 2006 (note)

Note: The fare concessions under schemes (2) and (3) above have been extended to cover jointly-operated cross-harbour routes with effect from 1 July 2006.

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Our Customer Service Centres provide user-friendly, interactive, multimedia guides for passengers

Located at Hong Kong International Airport, LWB's customer service and ticketing office provides a one-stop shop for handling customer enquiries, ticketing, and lost and found services.

Enquiry Hotlines and Websites

Customer service hotlines and websites are effective communications channels between our customers and us. In 2006, KMB's hotline handled about 4.1 million calls — an average of about 342,000 calls per month. The 24-hour hotline system, which operates in Cantonese, English and Putonghua, provides bus route information, traffic news, fax-on-demand services, service updates, voice mail recording and short message service (SMS) on bus route information. In addition, our hotline operator service is available from 7:00 a.m. to 11:00 p.m. daily. LWB's customer service helpline handled

over 16,170 calls in 2006, an average of about 1,348 calls per month. The helpline also collates customer feedback and handles lost and found enquiries.

KMB's customer service hotline is widely considered an industry leader. In the Regional Contact Centre Awards 2006, which was organised by the Contact Centre Association of Singapore, our customer service hotline won the Gold Award in the Best Contact Centre of the Year (under 50 seats) category. In addition, the hotline won the Silver Award of the Contact Centre of the Year, and one of our hotline supervisors also won the Bronze Award in the Supervisor of the Year category at the 2006 Annual Call Centre Awards organised by the Hong Kong Call Centre Association.

The Group's website at www.tih.hk provides a range of information

about TIH and its subsidiaries. The KMB website, www.kmb.hk, features a popular point-to-point route search function and helps visually impaired and novice internet users overcome virtual barriers to access transport information. In 2006, the KMB website was awarded the Gold Prize in the e-Inclusion Campaign. The continuing popularity of the website was reflected in an average daily hit rate of 4.7 million in December 2006.

Customer Communications

The Group's focus remains on the provision of efficient, safe and customer-oriented transport services in Hong Kong and on China Mainland. We are always eager to receive comments that can help us identify customer needs and expectations. In 2006, our Passenger Opinion Cabin, a modified single-deck bus, visited 12 districts in Hong Kong to collect

passengers' opinions on KMB's services. During the year, KMB held six Passenger Liaison Group meetings ("PLGs"), chaired by specialist university lecturers, to gather opinions and assess public expectations. Representatives from the Transport Department of the HKSAR Government also attended these sessions as observers. Comments showed that our passengers are in general satisfied with KMB's services and that we have implemented changes as appropriate in response to various suggestions. LWB also held six PLGs during the year.

KMB's dedication to better communication and environmental protection was also recognised in 2006. KMB's promotion campaigns in community relations: "Equipping KMB Passenger Cabin for Providing More Congenial Services" and "Environmental Protection: Ride Green with KMB" won Silver Awards in the Community Relations and Environmental Protection categories at the 7th China Golden Awards for Excellence in Public Relations held by the China International Public Relations Association.

Information Publications

During the year, publicity material, including bus timetable guides, was regularly updated and published. To cater for the influx of frequent individual travellers from China Mainland, a leaflet on tailor-made trips was published in simplified Chinese characters with detailed information on bus routes and tips for bus travel in Hong Kong. We also published a "Dine and Fun" leaflet featuring exciting attractions and gourmet delights across Hong Kong. In line with the growing interest in natural habitats and a healthy balanced life, leaflets on ecotours and heritage tours were published to offer suggestions for refreshing

breaks. KMB's Service Charter was published as a statement of KMB's commitment to providing passengers with high quality bus services.

LWB distributed more than 8,600 copies of various information leaflets including Airbus Cards during the year. The Airbus Cards provide route and departure information on our Airport routes.

Marketing and Public Education

KMB sponsored a 15-episode travelogue programme (KMB presents "Hong Kong Tasty"), which was broadcast on TVB Jade every Monday from May to August 2006. The programme was designed to promote KMB's extensive network coverage, as well as serving as a platform to show how KMB helps citizens in each district to enjoy a better life. There was a 10-second roller feature with civic education messages at the end of each episode. To tie in with the television programme, 15 advertorial insertions were placed in TVB Weekly magazine.

To publicise our efforts in environmental protection, a total of 12 press sessions and briefings were

organised to promote various new environment-friendly initiatives, including the introduction of Euro IV bus engines, new outlets for tyre chips, collection of fluorescent tubes for recycling, use of synthetic gearbox oil, biological waste-water treatment and the "switch-off bus engines" campaign.

A series of press sessions was also held to raise public awareness of advances in bus technologies, including state-of-the-art bus air-conditioning systems, modern bus maintenance systems, safety bus windows and air quality inside buses. A feature on "zero-accident" bus captains helped publicise KMB's efforts in regard to bus safety.

To promote the importance of proper conduct on buses, a newly launched "Civic Education Campaign", which mainly comprised a series of 10-second civic education television programmes broadcasted from August 2005 to May 2006, won the Certificate of Recognition in the Social Responsibility category of the "2006 Golden World Awards" organised by the International Public Relations Association. Overall, our dedication to excellence was well recognised in 2006.



KMB regularly publishes informative brochures, leaflets and tour guides



professional

People and Safety

Our company ethos is “Caring for People”. We have a staff force of more than 13,000 people who are committed to the Group, the safety and efficiency of its operations and its culture of quality service and innovatory excellence. In line with this, we have cultivated a work environment that values performance and instils a sense of responsibility not only towards the Group and our customers but also towards the community at large.

Over the years, we have devoted a great deal of effort to enhancing the safety of our bus and ferry operations by providing intensive training to our bus captains and ferry crews, improving the design of our buses and carrying out stringent maintenance programmes for our vehicles and ferries. Training, motivation and rewards are the means by which we have sought to maintain and build this environment.

The table below shows the number of staff in each of the Group's divisions:

Division	2006	2005
Franchised Public Bus Operations		
• KMB	12,133	12,339
• LWB	432	417
Non-franchised Transport Operations	784	604
Media Sales Business [#]	69	126
Mainland Transport Operations [*]	7	7
Total	13,425	13,493

[#] 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

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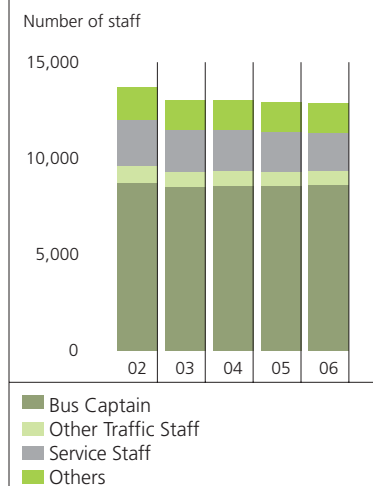
Staff Communications

The Group's successful staff relations are based on the excellent communications that are the bedrock of all our stakeholder initiatives. For our franchised public bus operations, the six Joint Consultative Committees comprising management and employee representatives provide a constructive and proactive channel for discussing matters that affect daily business operations. The Committee meets monthly at KMB and bi-monthly at LWB to discuss and examine issues such as the working environment, safety and operating procedures, and staff welfare. We also have a dedicated homepage for access by KMB and LWB staff. It contains a range of information such as management announcements, real-time weather reports, details of upcoming activities and reports on staff events. Periodic video compact discs "900 Tearoom" and a monthly in-house magazine are the other innovative and interactive means to keep all our frontline staff abreast of the company's policy and developments within both the Group and the industry. We also provide on-line orientation training courses and e-learning programmes.

General Staff Training

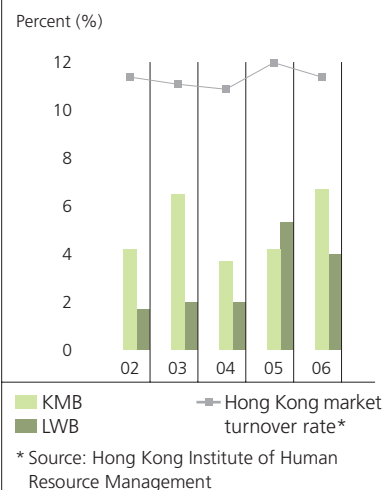
The Group believes that training is not only a practical end in itself but also a major investment in the Group's human capital both now and in the future. The year 2006 was a year of outstanding innovations and creativity, built on a focused platform of top down training. In 2006, a senior management workshop and a team-building workshop were organised to enhance the culture of innovation within the Group. The ultimate goal was the generation of

Number of staff in the Group at 31 December



greater value for all our stakeholders. Throughout the year, training sessions focusing on time management, interpersonal skills, holding effective meetings, problem solving and decision making, computer software applications and business writing skills were provided to our staff at KMB and LWB. A workshop on the Disability Ordinance was also held in conjunction with the Equal Opportunities Commission of the HKSAR Government. During the year, 292 of our staff attended safety training courses organised by the Occupational Safety and Health

Staff turnover rate



Council and the Labour Department of the HKSAR Government.

Outstanding Service Award

During 2006, KMB continued to organise the "Outstanding Service Award" to promote its quality service culture. A total of 62 staff members were recognised for their outstanding performance. In addition, the following awards were presented to KMB's and LWB's staff in appreciation of their commitment and contributions:

2006 Good Service and Safe Driving Annual Award for bus captains

Number of Bus Captains	KMB	LWB	Total
Good Service Annual Award	6,601	270	6,871
Safe Driving Annual Award	4,198	180	4,378

2006 Good Service and Attendance Award for terminus supervisors/ assistant terminus supervisor/customer service assistants

Number of Employees	KMB	LWB	Total
Good Service Award	432	17	449
Attendance Award	264	6	270

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The operating companies of the Group's Non-franchised Transport Operations Division continued to run good service and safe driving award schemes to recognise the outstanding performance of our drivers in 2006.

Bus Captain Training

We at TIH aim to continuously improve driver training in order to provide a safe, comfortable and reliable transport service for our passengers. As part of this commitment, we continued to invest heavily in the KMB Bus Captain Training School ("Training School"), which is responsible for training new bus captains and providing improvement courses for existing bus captains.

The newly recruited bus captains commence their training at the Training School with theory lessons in classroom emphasising safety and customer service, as well as practical on-road training. In addition to the HKSAR Government driving examinations, stringent internal assessments are made to ensure that all our bus captains are qualified and capable of taking up their responsibilities.

For experienced bus captains, enhancement training courses reinforce their awareness of safety and sensitivity to passenger comfort. In 2006, the Training School continued to use the Vigil Vanguard System for enhancement training. The system captures on-road bus driving performance information, including passenger comfort indicators, bus speed and trip duration through the use of on-board video cameras and the Global Positioning System. Through analysing and discussing the findings in training classes, our driving instructors can focus on the causes of



Our highly trained team is ready to undertake bus maintenance at all times

on-road incidents and identify areas where driving techniques should be improved. Our training programmes are designed to ensure that our bus captains' competence is continuously upgraded, safety profiles enhanced and passenger satisfaction raised.

Bus Captains' Performance Monitoring

The performance of bus captains is monitored by our specialised team with a systematic performance assessment mechanism. Bus captains whose performance need enhancement are required to attend remedial training courses. The Disciplinary and Monitoring Team monitors the

performance of individual bus captains and disciplinary action is taken in the case of poor performers. Bus captains who attain above average performance are recognised with various awards and bonuses. Similar practices for monitoring performance are generally applied across the Group's non-franchised bus and ferry operations.

The Safe Driving Award for bus captains of KMB and LWB, which was first introduced in 1990 to recognise the efforts of our bus captains, has been an effective incentive in promoting road safety. The following awards were presented to KMB and LWB staff for their outstanding safety records during the year:

2006 Safe Driving Award for bus captains

Number of Bus Captains	KMB	LWB	Total
35-year accident free	2	0	2
25-year accident free	12	0	12
20-year accident free	32	0	32
15-year accident free	71	1	72
10-year accident free	147	3	150
5-year accident free	487	15	502
Total	751	19	770

Bus Design and Maintenance

The design and maintenance of buses is critical to safe operations and passenger satisfaction. Over the years, KMB's engineering team has liaised and collaborated with major bus manufacturers for the design of new bus types that are suitable for Hong Kong's unique operating environment. For monitoring and enhancement of safety, standard equipment such as speed limiting devices and electronic tachographs that record the on-road performance data of buses are used in our fleet.

In accordance with our ISO certified maintenance programmes, we ensure that daily, monthly and annual inspections and examinations of KMB and LWB buses are professionally performed at our depots. In addition, our buses are also subject to spot checks on a random basis by the Transport Department of the HKSAR Government.

Ferry Crew Training

Park Island Transport Company Limited ("PITC") believes that on-board safety is a key focus of its ferry operations. All members of our crews have appropriate maritime qualifications and seagoing experience and they participate in PITC's ongoing training and professional development programmes.

Newly recruited ferry crew members are required to attend training programmes to fully familiarise themselves with all aspects of the handling and navigation of our fleet of catamarans. The programmes also emphasise on-board safety and customer service. In addition, ongoing professional development programmes are provided to enhance crew skills in areas such as effective

radar and Very High Frequency (VHF) radio operations. We also encourage our crew to attend general training courses organised by the Vocational Training Council on passenger safety, medical first aid, fire fighting and survival techniques.

For handling emergency situations, crew members' ability to make prompt and effective response is trained and enhanced by regular emergency exercises. On-board fire-fighting, collision and equipment failure drills are regularly organised. We pay special attention to increasing our crew's awareness of safety and sensitivity to passenger comfort. We constantly review these standards and identify service improvement areas to upkeep PITC's outstanding service and safety records.

Technical and Apprentice Training

The KMB Technical Training School is responsible for providing training in the

latest bus transportation technology to our maintenance staff. During 2006, a total of 224 in-house training sessions were held for 1,795 skilled workers and 26 sessions were organised for a total of 353 engineers, supervisors and foremen in collaboration with our bus manufacturers.

KMB has continued to run a four-year apprenticeship-training scheme to train skilled maintenance workers. A total of eight apprentices graduated from the School in 2006. The total number of graduates since 1973 has reached 2,092. At the end of 2006, there were 131 apprentices in training. The high standards of KMB's apprentice training were again recognised during the year. Three of our apprentices won the first, third and fourth prize respectively in the automobile section of the 2006 "Best Apprentice Competition" organised by the Vocational Training Council. The winners were invited to visit the Nissan and Toyota plants in Japan.



Drills are regularly organised as part of PITC's training programme



caring

Community Involvement

The Group has actively participated in a broad range of community programmes and charitable activities for many years. Our staff has outstanding community spirit and regularly takes part in various corporate and community events. Such events in 2006 included the Hong Kong Community Chest Corporate Challenge Half Marathon, the Standard Chartered Hong Kong Marathon 2006, Green Power Hike, International Dragon Boat Invitational Race 2006, Island District Long Distance Run, Orbis Pin Day and Pink Revolution.

FRIENDS OF KMB

We believe that KMB's passengers are fellow citizens and friends with shared concerns and aspirations. KMB's passenger club, FRIENDS OF KMB, is a model we plan to extend across our various commercial businesses. During 2006, its 2,750

members voluntarily gave a total of about 14,000 hours of their time to activities relating to community building, civic education, environmental protection and social service. Club members visited centres for the elderly, children's homes and a sheltered workshop and took part

in charity walks, raffle ticket sales, carnivals and environmental protection efforts. Since its inception eleven years ago, the club has recorded over 50,000 hours of voluntary service, which was recognised in 2006 by the Social Welfare Department of the HKSAR

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Government in naming the club second-runner-up of the Highest Service Hour Award 2005 (Private Organisation – Best Customer Participation). Also, FRIENDS OF KMB won the 2006 Best Practice Award – Customer Relationship Management, organised by Best Practice Management, and the Heart of Gold Award 2006 – Corporation and Business Entities, organised by Ming Pao Weekly, The Peace and Development Foundation, The United Nations Development Programme and The Better Hong Kong Foundation.

The Community Chest of Hong Kong and other Not-for-Profit Organisations

Over the years, many companies of our Group have been supporters of programmes that serve young people, the elderly, the less able and people in need. The Group is an active participant in community sponsorship programmes such as the Corporate and Employee Contribution Programme, Corporate Challenge Half Marathon, Dress Special Day and New Territories Walk for Millions organised by the HKSAR Government, professional groups and charitable organisations.

In 2006, KMB was presented an Award of Distinction by The Community Chest of Hong Kong and was also named a “Caring Company” by the Hong Kong Council of Social Service. Community

sponsorship commitments made by us over the year included those to the arts, cultural events and sports and to campaigns that focus on industry improvement and social awareness. Beneficiaries included the Hong Kong Arts Festival, the Hong Kong Sports Stars Awards, the Hong Kong Outstanding Youth Volunteers Scheme, the Hong Kong Girl Guides Association Grand Parade, the Hong Kong Awards for Industries and the Hong Kong Management Association Quality Award.

In addition, for five consecutive years, the Group’s subsidiary company, RoadShow Holdings Limited (“RoadShow”), has received the “Caring Company Award” organised by the Hong Kong Council of Social Service. RoadShow continues to support many charities and not-for-profit organisations through the publication of community service

messages and charity appeals on its Multi-media On-board (MMOB) system.

Assistance to Those with Special Needs

In November 2006, the Group offered free bus rides on its franchised bus routes to different categories of passengers in Hong Kong. On “Elderly Day”, free rides were given on both KMB and LWB buses to passengers aged 65 and above. Similar support was provided to disabled people and their escorts through a free ride offer on “International Day of Disabled Persons”. KMB and LWB have continued to work closely with disabled groups through exchange forums on improvements to facilitate the use of public transport by the disabled.



Our people are passionate about their participation in community events

A black and white photograph of a double-decker bus driving away from the viewer on a road lined with trees. The bus has the number 271 on its destination sign. The word "contributing" is overlaid in large green letters.

contributing

Caring for the Environment

As a socially responsible corporate citizen, the Group has shown a longstanding commitment to conducting its business in ways that reduce adverse impacts on the environment. Over the years, we have implemented many procedures to minimise and mitigate environmental impacts across the spectrum of our depot and fleet operations. KMB was honourably nominated as the ECO-Action Champion of ECO-PAGES 2006 by the Hong Kong Sustainable Communications Association. This reflected KMB's pledge to take a leading role in proactively protecting the environment and conveying the significance of building a sustainable future.

Environment-friendly Buses

At KMB and LWB, we continue to upgrade our bus fleets to comply with, and in many aspects exceed, internationally recognised environmental standards. Through the introduction of innovative techniques and equipment, we lead the bus industry in Hong Kong, and even the world, in making environmental enhancements to buses.

Euro Engines

At the end of 2006, all KMB and LWB buses were equipped with environment-friendly engines that meet the stringent exhaust emission standards of the European Council of Environmental Ministers. During the year, 109 buses with emissions complying with the Euro III standard were added to the fleet, bringing the total number of buses equipped with Euro II (or close to Euro II standard in

terms of particulate matters) and Euro III engines to 2,433 and 1,031 respectively at the end of 2006.

KMB took an industry lead by introducing the first two units of Euro IV air-conditioned double-deck buses to Hong Kong. These two buses include one Dennis Trident Enviro 500 equipped with Euro IV engine and one Volvo Olympian B9TL Euro IV prototype which have been licensed and under testing in the local operating environment.

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Catalytic converters were installed on all of KMB's 1,495 buses with pre-Euro or Euro I engines and LWB's nine single-deck air-conditioned buses with pre-Euro engines. With the catalytic converters and the use of Ultra Low Sulphur Diesel, the exhaust emissions of pre-Euro and Euro I buses have been improved to Euro I and Euro II engine standards respectively.

Apart from the installation of catalytic converters, a total of 30 Euro II and 584 Euro III buses are equipped with Diesel Particulate Filters. The exhaust emission of these Euro II and Euro III buses has met the Euro IV standard in terms of particulate matters.

Buses equipped with Continuous Regeneration Traps ("CRTs") can achieve a significant reduction of particulate matters and reduce smoke levels to virtually zero. At the end of 2006, KMB had a total of 504 Euro III-engined buses equipped with CRTs plus an exhaust gas recirculation device, enabling them to meet emission standards at a level close to Euro IV engine standards.

The numbers of KMB and LWB buses that met the respective emission standards as at 31 December 2006 are listed below:

Emission Standards	Number of licensed buses meeting such standards	
	KMB	LWB
Euro I	555	9
Euro II	2,433	136
Euro III	1,031	8
Euro IV	2	–
Total	4,021	153

The bus fleets of the Group's Non-franchised Transport Operations Division are also equipped with environment-friendly engines.

Ultra Low Sulphur Diesel ("ULSD")

At present, the Group has the largest bus fleet in the Asia-Pacific region using ULSD, which significantly reduces exhaust emission levels of sulphur oxides, nitrous oxides and particulates.

Revolutionary Diesel-Electric Hybrid Buses

PITC has three electric-diesel hybrid air-conditioned super-low floor single-deck buses that are powered by rechargeable batteries with an energy-regenerating function during braking and moving down slopes. Their micro-turbines are only powered by diesel when the batteries have run down to a pre-set level.

Environment-friendly Non-franchised Buses

The SBH Group and New Hong Kong Bus Company Limited's bus fleets are equipped with environment-friendly engines. Around 88% of the fleet operates with Euro II or Euro III engines.

Synthetic Transmission Oil

The use of synthetic oil has extended the oil drain interval substantially from 30,000 kilometres to 150,000 kilometres. All the gearboxes of KMB and LWB double-deck buses have been using synthetic oil since 2004. As a result, we have achieved a significant 80% reduction in oil wastes compared with using the traditional mineral oil.

Eco-Driveline

The pioneering Eco-Driveline on buses was developed by KMB by integrating an engine with a high torque, six-speed double overdrive gearbox, an optimised final drive ratio axle and a sophisticated electronic control gear-shift programme. This system not only provides passengers with a smoother ride but also reduces both fuel consumption and exhaust emissions by 6% to 10%.

Air Foam Filter

Our Group's double-deck buses have been using air foam filters since 2004. After extensive testing, the air foam engine filters were proved to have an average life span of about 12 months, which is 6 times longer than that of the conventional paper filters. While the operating performance of our buses has been maintained, the solid waste associated with the used filters has been greatly reduced.



KMB's brand new tyre retreading machine has commenced operation

Waste Treatment WasteWise Scheme

One of the environmental issues that the Group has focused on for many years is waste minimisation and treatment. In 2005, KMB implemented the WasteWise Scheme, which was promoted by the Environmental Protection Department of the HKSAR Government. In 2006, KMB was awarded the Gold WasteWise Scheme Logo in recognition of its efforts in waste reduction and management. Excellent results were recorded in resource saving and waste-reduction in daily operations, especially in waste paper, disposable batteries and fluorescent tubes collection, reduced sludge generation and procurement of long-life fluorescent tubes. The

solid waste management scheme enables the efficient use of materials and significantly reduces the amount of solid waste generated.

Waste Oil and Chemical Waste

During 2006, approximately 890,000 litres (2005: 963,600 litres) of consumed lubricating oil from our bus maintenance programmes were delivered to a registered waste oil recycling agent for treatment and approximately 335,880 kilograms (2005: 349,800 kilograms) of solid chemical waste went to the authorised landfill in Hong Kong.

Waste Water

Waste water continues to be treated according to regulatory standards

before it is discharged into the public sewage system. In 2006, KMB maintained 11 automatic waste water treatment systems for its fleet and depots with a total daily treatment capacity of 120 cubic metres.

Tyre Retreading and Recycling of Scrap Tyres

To demonstrate its commitment to environmental protection, KMB explores every possibility in the recycling of scrapped tyres. As one of our innovative recycling exercises, beginning in July 2006 scrapped tyres previously dumped to government landfill were collected by a tyre recycling agent who extracts various materials out of them and recycles them into a variety of products such

as playground flooring or other rubber products. Approximately 240 tones of tyre chips were collected by the end of 2006. To alleviate environmental impacts caused by industrial waste and to fully utilise resources, 32,400 tyres were retreaded in the KMB tyre retreading plant in 2006.

Recycling of Fluorescent Tubes

In 2006, KMB became the first enterprise in Hong Kong to participate in a fluorescent tube recycling campaign, thereby contributing to the reduction of the impact of solid waste on the environment. The used fluorescent tubes will be collected by a licensed contractor regularly for recycling. The contractor will remove mercury from the used tubes at a Government chemical waste treatment centre before they are crushed into glass granules, allowing the retrieved mercury, glass granules and other metal parts to be reused. In 2006, approximately 24,000 pieces of used fluorescent tubes were sent to the Government chemical waste treatment centre for recycling.

Self-developed Filter-compressing Machine

During the year, an in-house developed filter-compressing machine, which was first introduced in 2005, was used by KMB to compress disposed engine oil filters, thus reducing the volume of solid waste by 60%. Waste lubricating oil collected from this process will undergo a reclaiming and subsequent recycling process, which further helps environmental conservation.

Green Premises

TIH has paid special attention to environmental protection and energy conservation in the design, construction and operation of bus depots. All depots of KMB and LWB are now equipped with waste water treatment systems, water recycling facilities and environment-friendly fire service systems. Energy saving features have been incorporated in our lighting, air-conditioning and ventilation systems. Regular air sampling has been conducted in depot areas to ensure a fresh air working environment.

The design and renovation of the Group's headquarters in Hong Kong incorporates the "Green Office" concept. Pre-set timers switch off

lightings when they are not needed or when outdoor light is sufficient. Temperature control devices keep office temperatures within a comfortable range. From 2004 to 2006, the Indoor Air Quality Information Centre of the Environmental Protection Department has awarded our headquarters building the Indoor Air Quality Certificate (Good Class) in recognition of its hygienic work environment and excellent air quality.

In 2006, KMB joined the HKSAR Government's "Action Blue Sky Campaign" and set the temperature controllers in our air-conditioned premises to 25.5 °C to help enhance Hong Kong's air quality and conserve energy.



We are proud to be awarded the "Gold Wastewise Logo" for our waste treatment measures