

MANAGING DIRECTOR'S MESSAGE



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Marching Forward with Renewed Vigour

Three years into COVID-19, the threat to the well-being of mankind caused by the pandemic has yet to wind down. Nevertheless, the world is finally on the road to normalcy. With the joint effort from all walks of life, Hong Kong's society, economy, and people's livelihood have regained momentum in development. KMB and the citizens of Hong Kong have weathered the storm and are all set to march forward.

Looking back at 2022, the Group was presented with unprecedented challenges. Hong Kong experienced the worst wave of COVID-19 outbreak in the first half of the year, with the number of confirmed cases reaching a new peak. Members of the public avoided travel in the prevention and combat of the pandemic, causing a drastic drop in ridership. In the meantime, a large proportion of frontline colleagues were infected and were forced to stop working. Despite our best efforts, service adjustments could not solve the predicament of a tight manpower supply, therefore placing enormous pressure on our operations. To protect our passengers and employees, we adopted a series of measures

to strengthen hygiene standards on board, including spraying antibacterial coating inside bus compartments, providing staff members with rapid antigen test kits, and continuing to protect them with masks manufactured by our factory. The dedication of our frontline coworkers has allowed the Company to ride over the most difficult time of the pandemic. My respect and gratitude to them defy description.

Another challenge we faced, other than the pandemic, is the changing travelling habits of the general public under the expansion of the railway network, which has caused a decrease in the service demand for certain bus routes. We swiftly responded by redeploying resources to locations with growing populations, such as Tseung Kwan O, North District and Tuen Mun, to fill other public transport vacancies and meet the travelling needs of the passengers. We firmly believe that despite the continuous expansion of the railway network, KMB can still play an integral and essential role in public transportation with appropriate redeployment of bus services.

My management team and I have consistently remained optimistic and proactive in overcoming the adversity. With a positive mindset, we waited patiently for the right moment to act, as we worked hard to put together a development plan to meet societal needs. In addition to introducing new routes to meet the residents' demands, we have also set up and renovated some 30 Bus-bus Interchanges (“BBIs”) by making use of the extensive coverage of KMB routes, and to further expand our already sizeable BBI network. These new

developments are much welcomed by passengers as they can travel across districts with a more economical fare. In order to solve housing problems, the Government planned to establish numerous new development areas to provide housing units. Such projects require transportation networks during the initial completion stage. Our bus services and BBI network can satisfy the transportation needs of the residents in a timely manner and at the same time fuel the momentum of the Group's business development.

To elevate our service offering and passenger experience, KMB has utilised new technologies to gradually offer free 5G Wi-Fi services for passengers on our 5G buses. Data is also transmitted back to our team for the evaluation of the number of passengers waiting at bus stops and the traffic volume, so that we can allocate our resources for a more flexible and efficient operation. We also have plans to enhance our bus stop facilities by setting up retail kiosks to meet our passengers' need for daily necessities.

While the Group is strengthening the growth in local business, we also attach great importance to the National 14th Five-Year Plan and the opportunities brought about by the synergised development of the Mainland and Hong Kong. Together with the Shenzhen Bus Group, we are developing a cross-border payment gateway for our joint network across the Greater Bay Area, in addition to the integration of bus service information of both bus networks. These collaborative measures ensure that the border will not become an obstacle for residents in both places to enjoy fast and convenient bus services. We will also learn from the experience of the Shenzhen Bus Group in utilising new energy sources to help us move forward in green transportation.

I sincerely believe that protecting the environment is not only for sustainable development but also for the health of everyone. As long as an environment-friendly measure is feasible from an operational standpoint, we will try our best to implement the measure. The Group has already set a target for reaching carbon neutrality and is doing its best to upgrade the entire fleet to use new energy. The first double-deck electric bus purchased by KMB was delivered at the end of last year. It has a similar passenger capacity as our diesel buses, with a driving range capable of handling most bus routes. With the gradual arrival of a new batch of electric double-deckers, coupled with the construction of two new energy bus depots, our operations are fully prepared to achieve our goals. We have also developed and installed environment-friendly wind curtains for buses to reduce the loss of energy and air-conditioning. Solar panels were installed on bus roofs and at bus stop facilities to provide renewable energy sources. All these prove that we do not backtrack from our firm commitment to protecting the environment.

Despite being in such a challenging operating environment, we have always tried our best to assume our corporate responsibilities and keep in mind the vulnerable groups in society. KMB's system to help find missing elderly with dementia using their Octopus card numbers has successfully assisted lost seniors in reuniting with their families. We have also provided passengers with information on caring for seniors on bus information panels. In the face of an aging population, we will continue to enhance service arrangements to cater for the needs of the elderly and to create an age-friendly environment. We will also continue to promote a culture of inclusiveness in the community by introducing KMB services to ethnic minority groups and offering suitable job opportunities. Further, we have been helping the disadvantaged by hiring people with Special Educational Needs to take up various positions and giving them an opportunity to set up market stalls at BBIs to gain social exposure. We support youth development by providing internships and short-term career-oriented courses and workshops for university students to help them equip themselves for future growth.

The pandemic has made us deeply appreciative of the importance of health and understand that development opportunities are hard-earned. We must grasp and cherish every opportunity. With society gradually stepping out of the shadow of the pandemic, people are expected to travel more often. We strive to continue to provide safe, reliable, and comfortable bus services while also looking for new vigour in expanding our business in new development areas. Rooted in Hong Kong, KMB was established 90 years ago with only a hundred single-deck buses and have since grown into a company with a large fleet of buses. The key to our growth is to put our customers first while staying true to our beliefs even in difficult times, and upholding the spirit of seeking breakthroughs and innovations. I wish that whenever the public sees a KMB bus, they will feel the "Heartbeat of the City" fueling them with motivation and hope.

Roger LEE Chak Cheong

Managing Director

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