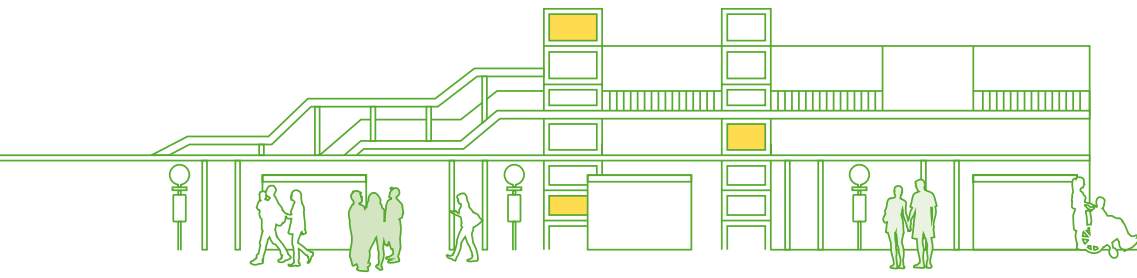


SUSTAINABILITY REPORT



Care for Customers

Our vision is to be a globally-recognised leader in public transport. We are committed to meeting our customers' needs and expectations and providing them with the highest quality transport services at good value for money.





The Tuen Mun Road Bus-Bus Interchange provides passengers with wider connectivity to and from other districts

OCTOPUS BUS-BUS INTERCHANGE SCHEMES (“OCTOPUS BBI SCHEMES”)

The Octopus BBI Schemes offered by our franchised bus services both provide fare discounts to passengers on the second leg of journeys and broaden our network coverage. They contribute towards a cleaner environment by improving bus utilisation and reducing traffic congestion on busy corridors. At the end of 2013, KMB operated 109 Octopus BBI Schemes covering 269 routes, while LWB had 16 Octopus BBI Schemes covering 12 routes, including those serving Hong Kong Disneyland and AsiaWorld-Expo. We will continue to explore ways of further enhancing

our Octopus BBI coverage, both on the KMB and LWB networks and through inter-modal schemes jointly operated with other public transport operators.

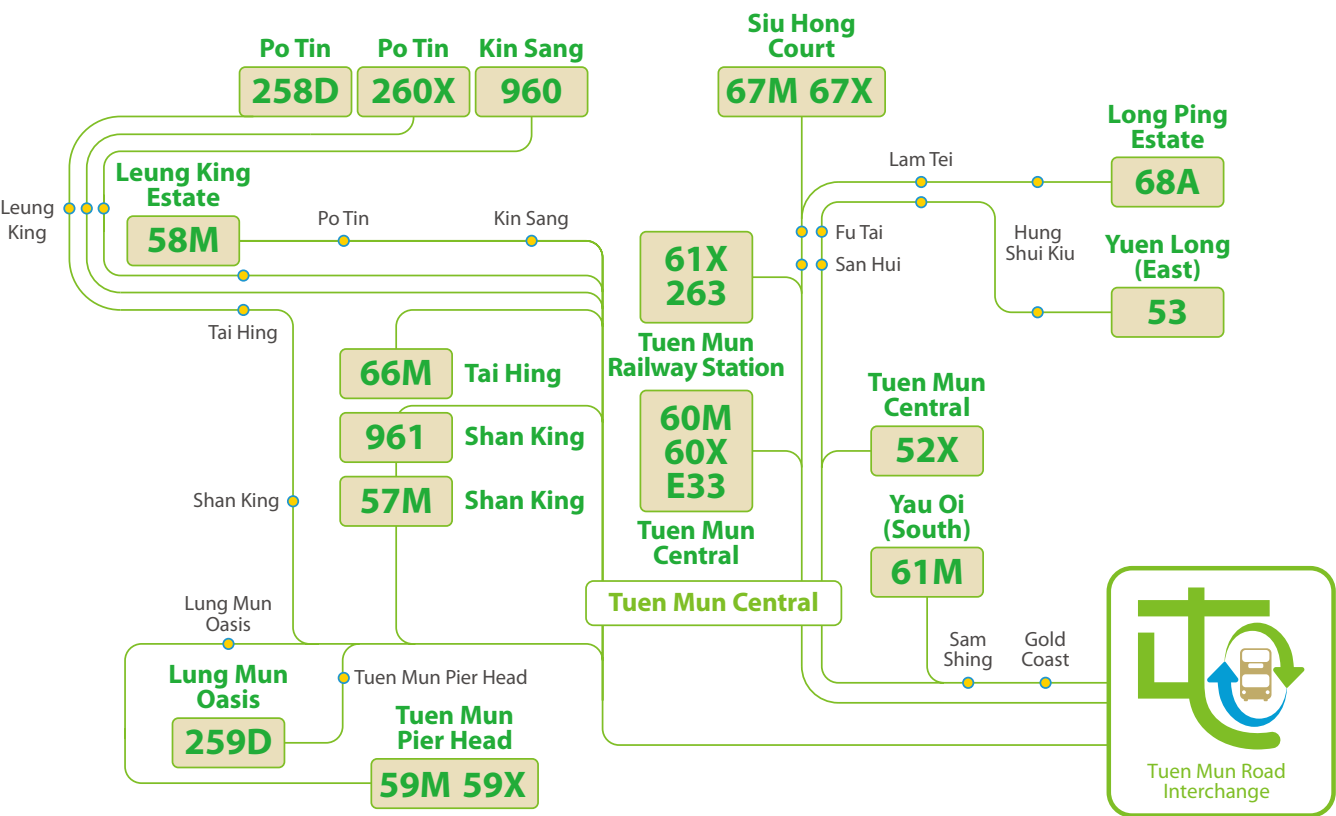
TUEN MUN ROAD BUS-BUS INTERCHANGE

Since opening at the end of 2012, the Tuen Mun Road Bus-Bus Interchange (“TMRI”) Discount Scheme has undergone several phases of expansion. Presently a total of 29 bus routes serve the TMRI and offer BBI discounts. The implementation of the TMRI scheme has also made possible bus route reorganisation including the redistribution of resources from lowly utilised routes to those with

growing demand. The number of passengers using the TMRI now stands at around 20,000 on a typical weekday. Besides facilitating more efficient use of resources, the TMRI scheme has improved overall network connectivity, bringing passengers faster and more direct bus services at reasonable fares. This is a win-win formula that can be adopted as a model in other districts within KMB’s operating area.



MORE ABOUT
TUEN MUN ROUTE REORGANISATION



FIVE ROUTE DAY PASS \$50
FOR UNLIMITED TRAVEL

To provide more convenient and enjoyable bus journeys for local passengers and tourists, KMB issued a brand new “Five Route Holiday Day

Pass” (“Holiday Day Pass”) on 7 April 2013. Holiday Day Pass holders were able to travel without limit on the day of purchase on the five designated routes to access tourist spots in Kowloon, the New Territories and Hong Kong Island.

With effect from 7 September 2013, the Holiday Day Pass was extended to run on weekdays and was renamed the “Five Route Day Pass” (“Day Pass”). The standard price of the Day Pass is HK\$52.50 (half fare HK\$26.30 for children under 12 and for senior citizens aged 65 and over), but passengers can enjoy a special fare of HK\$50 (half fare HK\$25 for children under 12 and for senior citizens aged 65 and over) during the promotional period, which runs from 7 September 2013 to 6 March 2014.

The five designated routes are:

Route	Full Fare (in HK\$)
B1 Lok Ma Chau Station ↔ Tin Shui Wai Station	12.70
968 Yuen Long (West) ↔ Causeway Bay (Tin Hau)	22.70
68X Jordan (To Wah Road) ↔ Hung Shui Kiu (Hung Yuen Road)	13.60
2 So Uk ↔ Star Ferry	4.70
6 Lai Chi Kok ↔ Star Ferry	4.90



THE OCTOPUS SMART CARD

Since its introduction in 1997, the electronic Octopus Smart Card System has proved extremely popular with public transport users in Hong Kong. Today, Octopus is the world's leading contactless smart card system, with the highest penetration rate, the highest transaction volume and the widest range of applications. The Group is one of the largest corporate users of Octopus cards in Hong Kong in terms of value and number of transactions. In 2013, about 90% of our franchised bus fare revenue was collected via Octopus cards, which provide convenience for passengers and cost savings for the Group in terms of cash collection and administration.

CRYSTAL BUS STOP POLES

To enhance our signage in busy urban areas, in 2013, KMB added 80 crystal bus stop poles, raising the total number of such poles to around 280. Designed for clarity and readability, the pole features a rectangular crystal bus-stop sign showcasing the traditional KMB red circular pattern. The pole's multi-sided, 360-degree rotating route information panel provides passengers with easy access to route information. Besides relevant route numbers, the signs display bus stop names in English and Chinese in larger fonts than traditional bus stop poles. The pole's pollution-free LED lighting is powered by a silicon rechargeable battery and has treble the lifespan and over six times the electricity-saving capacity of fluorescent tubes. Crystal bus stop poles are fitted with a timer to regulate the lighting operating time and further save energy.

BUS SHELTERS

Our bus shelter improvement programme aims to make the

environment more pleasant for passengers who are waiting for buses. In 2013, KMB added 20 new bus shelters, raising the total to 2,462. The installation of 2,750 advertising panels means that bus shelters are able to generate advertising income for our franchised bus operations as well as providing convenience to our passengers.

FACILITY ENHANCEMENT AT BUS-BUS INTERCHANGES

In 2013, to tie in with the opening of new Bus-Bus Interchanges ("BBI") at Tuen Mun Road, Wah Ming and Sheung Shui, KMB upgraded the passenger waiting areas with additional facilities, including prominent rooftop signage, large graphic information boards, benches, queue railings with built-in seating and a free WiFi service. KMB has also introduced the pioneering Estimated Time of Arrival System ("ETA System") at the TMRI, which notifies passengers of the arrival time of the next bus on LED display panels.

CUSTOMER SERVICE CENTRES

KMB's eight customer service centres provide a convenient one-stop service for passengers, who may obtain bus route information from our customer service ambassadors. Octopus card services and KMB souvenirs are also available from the centres, which are located at public transport interchange hubs in Tsim Sha Tsui, Hung Hom, Lam Tin, Mei Foo, Tsuen Wan, Sha Tin, Tuen Mun and Tin Shui Wai.

By using the Digital Map Passenger Enquiry System in the centres' multimedia kiosks, customers can make route searches that show landmarks on their chosen routes on a three-dimensional map. A simplified Chinese

version has been installed in the system to meet the needs of the growing number of Mainland visitors. Customers may also use the multimedia kiosks to browse the KMB website.

To cater to the needs of cross-boundary passengers, in April 2013 KMB set up a ticketing office at Lok Ma Chau to provide Octopus services and sales of the newly launched "Five Route Day Pass".

LWB's customer service and ticketing office at the airport provides a one-stop centre for ticketing, customer enquiries and lost property handling.

CUSTOMER SERVICE HOTLINES

The award-winning customer service hotline (2745 4466) is an effective communication channel between KMB and its customers. In 2013, the hotline handled over 2.8 million calls, an average of about 234,000 calls a month. While a hotline operator service is available every day from 7:00 a.m. to 11:00 p.m., a trilingual hotline system providing bus route information, service updates, traffic news and a voicemail service in Cantonese, English and Putonghua, is available around the clock. KMB was the first local transport operator to send bus route information and digital maps of bus stop locations to customers' mobile phones via SMS.

LWB's customer service helpline (2261 2791) dealt with a total of 18,854 calls in 2013, an average of 1,571 calls a month. Besides responding to passengers' enquiries, comments and suggestions, the helpline handles lost and found enquiries.



The KMB fleet is serviced and maintained to internationally recognised standards

As a world-class public bus operator, our first priority is to ensure that safety in our daily operations meets or exceeds our customers' expectations.

SAFETY POLICY

We are committed to providing safe, reliable and high quality bus services to all our passengers. Our Safety Policy is based on a commitment made by all staff members to providing a safe and healthy environment for everyone who may be affected by our bus operations and work activities in order to minimise the risk of injury and ill health. Staff at all levels are responsible for ensuring that all legal requirements and other requirements applicable to our bus operations and work activities are in compliance.

As a world-class public bus operator, our first priority is to ensure that safety in our daily operations meets or exceeds our customers' expectations. We adopt a Plan-Do-Check-Act ("PDCA") framework for safety and health management and strive for continual improvement in safety performance in all aspects of our business.

Our Safety Policy is reviewed regularly to ensure its appropriateness for sustaining our operational excellence.



KMB's Operations Division has been accredited with Occupational Health and Safety Assessment Series (OHSAS) 18001 Certification since August 2012, a unique qualification in Hong Kong's franchised bus industry.

SAFETY MANAGEMENT SYSTEM

KMB's safety governance framework ensures that the highest levels of safety performance and sustainable operations are achieved in line with international standards. In 2012, KMB's Operations Division was awarded the Occupational Health and Safety Assessment Series (OHSAS) 18001 Certificate by the Hong Kong Quality Assurance Agency, the first franchised bus company in Hong Kong to receive such certification. The surveillance audit for OHSAS 18001 was conducted by the certification body

in June 2013 to ensure the continued effectiveness of the safety management system. No non-conformity was found in the surveillance audit.

KMB's safety culture is underpinned by a strategic plan for the development, implementation and review of a safety management system which goes beyond legal and statutory requirements. In pursuit of the highest achievable safety standards, KMB's PDCA approach seeks continual improvements in the safety performance and sustained operational

excellence of all aspects of its business, as well as enhancement of frontline staff's awareness of occupational health and safety issues.

Recognising that taking a proactive approach to risk management is key to all safety management activities, KMB has executed effective risk management measures based on OHSAS 18001 in the areas of bus operations and maintenance activities. We plan further to implement an effective risk control system which ensures that safety risks are controlled to levels appropriate to the nature of our operations.

SAFE DRIVING CULTURE

Bus Design and Maintenance

KMB's engineers continue to co-develop with leading manufacturers new bus types that are particularly suited to Hong Kong's climatic and operational environment. New KMB double-deck buses are equipped with the three-in-one integrated safety CCTV monitoring system, which enables bus captains to monitor the upper deck, keep an eye on objects behind the bus when reversing and observe alighting passengers. To improve security on buses, prototypes of an on-board image-recording system covering the entrance and exit, the driver's cabin, the lower and upper decks and the staircase are being trialled. Various technological measures have been taken to improve safety, including speed limiting devices, which limit the speed of buses to 70 km/h. The electronic tachograph (KMBLOG) and the telematics system, which record vehicle speed and other operating parameters, have been integrated into our fleets. At the end of 2013, each bus in the KMB and LWB fleets was equipped with KMBLOG or the telematics system for fleet management.

Our franchised buses are subject to regular random checks by the Transport Department of the HKSAR Government. All buses in the KMB and LWB bus fleets are subject to an ISO-certified maintenance regime, comprising daily, monthly, half-yearly and annual road-worthiness inspections carried out at our depots. The upshot of our rigorous maintenance procedures is mechanical performance that our passengers can trust.

Bus Captain Training and Development

We are committed to bus captain training that safeguards passenger safety and enables the provision of reliable and comfortable bus services. KMB's Bus Captain Training School at Sha Tin Depot provides new and existing bus captains with comprehensive training programmes which ensure bus captains give top priority to safe driving. By recreating real-world driving environments, the Training School's state-of-the-art Driving Simulator Studio helps bus captains improve their overall driving skills and especially their response to unpredictable scenarios. We also organise a number of safety awards and competitions which promote the concept of excellence in driving to our bus captains.

To enhance bus captains' awareness of safe driving and reinforce our safe driving messages, bus captains are provided with driving aids which contain driving regulations and safety notes relevant to a bus captain's daily work, including the "Bus Captain Safe Driving Handbook", the "Safe Driving Card" and "Driving Tips". A safety video on defensive driving skills has been produced and uploaded to the staff website. Besides being required to watch the safety video, bus captains are also required to comply with the Bus Captain Working Procedures, as well as the procedures relating to Bus Terminus Safety Operations and Traffic Accident Handling.

To encourage our bus captains to uphold the principle of road safety, the Route Safety Performance Award and the Route Safety Improvement Award continued to be run in 2013 to promote the importance of safe driving.

In pursuit of improvement in its service quality, KMB puts a great deal of effort into building up a team of professional and safety-oriented bus captains committed to providing service excellence. In 2012, the "KMBuddy Driver Programme" was launched to help new bus captains quickly adapt to their work environment and make them more aware of road safety. Retired bus captains with extensive driving experience and a good safety record ride with newly appointed bus captains and help impart a positive driving attitude by sharing their driving experience. The programme was further extended in 2013 to reinforce its effectiveness.

DRIVING TIPS DATABASE FOR BUS CAPTAINS

A database of "Driving Tips in Special Attention Areas", the first of its kind in Hong Kong, is available on our staff website to help bus captains drive more smoothly and safely. The database provides bus captains with structured instructions and practical driving tips on bus routes in special attention areas across KMB's operating area, supplemented by photos and drawings. In this way, the expertise and knowledge of experienced bus captains can be shared with their colleagues. Key driving tips have been extracted to make up a "Safe Driving Tips Album", which is available at bus termini.



The staff website also provides a channel for bus captains to give their suggestions on driving tips, allowing the database to be continuously updated and fine-tuned in conjunction with the ongoing study of the routes involved. Taken together, these measures help provide our passengers with pleasant and safe journeys, while lending support to our bus captains.

CARE FOR PASSENGERS

In line with its policy of providing passengers with safe bus journeys, KMB launched a new series of safety messages on 27 July 2013. Broadcast on both the Bus Stop Announcement System ("BSAS") and the Multi-media

On-board ("MMOB") system, the safety messages serve as friendly reminders to passengers to hold the handrails whenever moving around or standing on buses.

For greater impact, KMB invited a renowned local actor whose voice is familiar to Hong Kong people to give the messages in Cantonese. The BSAS version consisted of five safety messages in Cantonese, Putonghua and English, the MMOB version was centred on a visual animation with the theme "KMB Bus Boy says: Please hold the handrails – Safety first". KMB followed this up by rolling out on 16 September

2013 a new safety video with a similar message called "Hold the Handrails – Safety First", which was broadcast in Cantonese on the MMOB system in KMB buses.

PROMOTION OF SAFE DRIVING

Since January 2013, seminars have been held on a monthly basis in association with the Police to further promote safe driving and share driving tips with new bus captains. In addition, October 2013 saw the introduction of a forum called "Tool-box talk", at which frontline supervisory staff convey daily safety messages to bus captains to enhance their safety awareness.



The KMBuddy Driver Programme helps new bus captains adapt quickly to their work environment