



Business Review

Hong Kong Franchised Public Bus Operations



The Kowloon Motor Bus Company (1933) Limited ("KMB")

KMB, a wholly-owned subsidiary of Transport International Holdings Limited, is the largest franchised bus operator in Hong Kong, serving more than 2.8 million passenger-trips each day. A workforce of more than 12,600 employees, including some 8,900 bus captains, ensures that customers enjoy high quality services on a fleet of around 4,100 buses operating on 411 routes.





Business Review — ○ Hong Kong Franchised Public Bus Operations



KMB has been taking the lead in implementing the use of innovative technology in our bus fleet and forming a professional team to provide a safe, efficient and comfortable bus service

Bus Fleet and Fleet Upgrade

KMB shows its commitment to innovation by introducing a bus fleet with technological advances and environment-friendly features for a more desirable passenger experience.

In 2019, KMB introduced 140 Volvo B8L Euro VI double-deck buses and 73 ADL Enviro 500 MMC 12.8m double-deck buses featuring a light-directing glass window alongside the staircase connecting the two decks in place of the traditional sealed design, which lends a brighter ambience to the interior and enhances safety when passengers walk up and down. Besides, new buses are equipped with safety facilities including the Advanced Driver Assistance System, the Electronic Stability Programme and the Drowsiness Monitoring System, and all seats are equipped with seat belts and grab handles, to ensure bus captains' and passengers' safety.

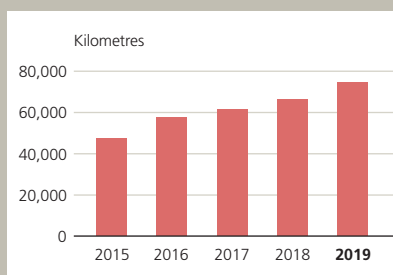
Operational Excellence

KMB has provided reliable franchised bus services in Hong Kong for some eighty years and is an industry leader in operational and service excellence. Reflecting the company's aim to achieve the highest operational and service standards, KMB has been ISO certified for Quality Management Systems (ISO9001) since 1999. KMB adopted the latest version of ISO9001 in 2018 and has been ISO certified for Environmental Management Systems (ISO14001) at its two largest depots since 2003. KMB has also been accredited with Occupational Health and Safety Management System (OHSAS18001:2007) certification for all its depots since 2012. To further improve occupational health and safety, KMB has been ISO certified

for Occupational Health and Safety Management Systems (ISO45001) for all its depots since June 2019.

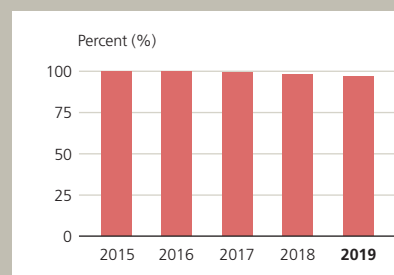
"Mechanical Reliability" and "Operational Capability" are the key benchmarks of efficient public bus services. Mechanical Reliability refers to the average number of kilometres a bus operates before it experiences one mechanical breakdown on the road with passengers on board. In 2019, the mechanical reliability of KMB's fleet was 74,278km:1. Operational Capability refers to the ratio of actual to scheduled departures in the peak direction during the peak hours of 7:00 a.m. to 9:00 a.m. across the entire bus network. In 2019, we achieved an operational capability of 96.67%.

Mechanical Reliability – KMB ○



Average number of kilometres operated before one mechanical breakdown while passengers are on board

Operational Capability – KMB ○



Percentage of actual number of bus departures to scheduled number of bus departures during morning peak hours (7am – 9am) in the peak direction

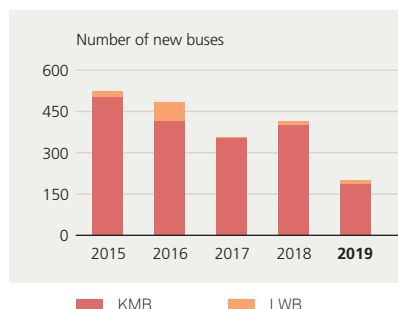
Note: Operational capability was affected by social unrest in the second half of 2019.



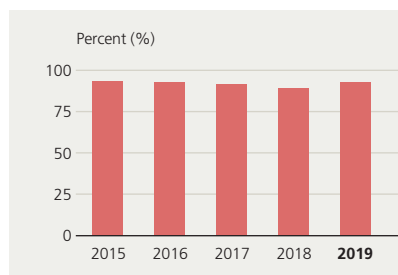
Business Review

Hong Kong Franchised Public Bus Operations

Number of New Buses Introduced to the Fleet



Percentage of Actual Number of Buses Operated on the Road to Licensed Bus Fleet – KMB



Total Fleet Capacity at 31 December



Innovation and support for the environment are two of the cornerstones of KMB's service. The first batch of solar panel equipped buses was deployed in October 2019, which reduces the temperature by around 8-10°C in the bus compartment when the engine is turned off. The captured solar energy drives the air ventilation system,



KMB provides affordable and convenient journeys for passengers, launching the Monthly Pass Scheme and upgrading App1933

extracting hot air from inside the bus compartment. This enhances the bus captains' working environment and passengers' ride, while saving an estimated 3% in fuel consumption.

KMB continues to invest in the latest environment-friendly buses. In 2009, it became the first public bus company in Asia to introduce Euro V double-deck buses. In 2017, it again led the industry by introducing the first diesel-powered double-deck bus with Euro VI emission standards in Hong Kong. All newly purchased KMB buses licensed since 2019 meet Euro VI emission standards, while Euro III and earlier model buses will be completely phased out within the next five years.

In 2019, 215 Euro VI super-low floor double-deck air-conditioned buses were added to the KMB fleet. As at 31 December 2019, KMB operated a

total of 4,081 licensed air-conditioned buses, comprising 3,938 double-deck buses and 143 single-deck buses. The fleet currently features three hybrid double-deck buses, ten electric single-deck buses and eight supercapacitor single-deck buses. In addition, 315 air-conditioned double-deck Euro VI buses were on order for delivery in 2020.

Bus Service Network

At the end of 2019, KMB operated a total of 411 bus routes. In a changing operating environment marked by railway commissioning, demographic changes and new highways, KMB reviews and arranges its resources to cater for the changing demand. KMB strives to operate an efficient, competitive and sustainable bus network while seeking opportunities for new market growth.

Business Review —
Hong Kong Franchised Public Bus Operations



In 2019, we implemented 54 route reorganisation proposals, which enhance the whole service network and bring the following benefits to the public:

- Eliminating wasteful duplication of routes;
- Allowing resources to be released for redeployment in high demand areas;
- Straightening routes that are unduly circuitous;
- Introducing new express routes that utilise the new highway infrastructure; and

- Offering greater connectivity between routes by using Bus-Bus Interchanges ("BBI").

To better serve passenger needs, almost 200 KMB buses provide two wheelchair spaces to provide for the requirements of those in need. A sticker is placed on the windscreen to indicate two wheelchair spaces. Starting in 2020, passengers with special needs can carry compressed oxygen cylinders for self-medical use when travelling on KMB buses per relevant legislation.

In view of demographic changes, urban development and passenger needs, KMB introduced new routes to expand the ridership. To tie in with the completion of a residential area in Tsuen Wan West and the development of Kowloon East Commercial Area, Route 33 was introduced to provide a more convenient whole-day bus service for passengers. KMB introduced Routes 213A, 213B and N213 for the convenience of people in On Tat and On Tai travelling to and from the urban areas in the morning peak and late at night. To continually improve services, KMB introduced a Morning Express Service of Routes 74F, 98B, 261S, 277A and 288C to provide more choices for commuters and students.

KMB launched a customer service centre at the Tuen Mun Road Bus-Bus Interchange (Tuen Mun-bound) providing passengers waiting for

buses with caring services including rest facilities, charging ports, free Wi-Fi and bus information display panels. KMB will expand the service by setting up a customer service centre at the Tuen Mun Road Bus-Bus Interchange (Kowloon-bound) in due course.

KMB Monthly Pass

KMB continues to enhance its service by providing affordable and convenient journeys to passengers. KMB launched the Monthly Pass Scheme, whereby passengers can take ten rides per day on KMB buses for HK\$780 (and two additional trips on Route B1). The Pass covers over 400 KMB routes, including regular routes, overnight routes and racecourse routes. Jointly operated cross-harbour bus routes operated by KMB are also included in the Scheme.

The KMB Monthly Pass Scheme has been well-received since its launch. Passengers have been able to buy the Monthly Pass through "App1933" since July 2019. After making the transaction, the Pass will be added to the user's Octopus Card. In this way, passengers can enjoy a KMB Monthly Pass anytime, anywhere. During the year, the KMB Monthly Pass Kiosks were increased from 63 to 111.

KMB's bus fleet	Air-conditioned double-deck buses	Air-conditioned single-deck buses	Total number of buses
As at 1 January 2019	3,964	148	4,112
Additions during year	217	0	217
Disposals during year	(243)	(5)	(248)
As at 31 December 2019	3,938	143	4,081



Business Review

Hong Kong Franchised Public Bus Operations

Express Routes for Holidays

KMB expanded the network of Express Routes in Sai Kung District, introducing two new routes comprising Route 92R (from Sai Kung to Star Ferry) and Route 289R (from Wong Shek Pier to Sha Tin Central Bus Terminus) to provide an express service for passengers travelling between Sai Kung District and the urban area on holidays.

Command and Control Centre

Hong Kong has been facing challenges since the second half of 2019. Subject to the actual traffic

conditions, KMB activated the Command and Control Centre to handle emergencies to ensure smooth bus operations, co-ordinate and support frontline staff and announce route service information to provide safe and quality bus services to the public. When the services of other public transport operators were disrupted, KMB maintained close contact with different government departments and mobilised resources to provide temporary routes to meet the mobility needs of the community. For example, in relation to the temporary closure of MTR University Station in late 2019, KMB introduced two bus routes, 82D and 274S, after discussions with the Transport

Department, providing services for passengers travelling from the Hong Kong Science Park and The Chinese University of Hong Kong to other districts.

Depots

Routine maintenance and repair services are provided in KMB's four major bus depots at Kowloon Bay, Sha Tin, Lai Chi Kok and Tuen Mun. Ten smaller depots supply minor maintenance services and parking. The KMB Overhaul Centre in Tuen Mun supports major overhaul services. Depot facilities are continually upgraded to ensure consistent service quality and a high level of productivity.



Major Depots Serving KMB and LWB Buses

Depot	Areas served/ Main purpose of depot	Gross floor area (square feet)	Number of buses served as at 31 December 2019	Year in which operations commenced	Remarks
KMB depots :					
Kowloon Bay Depot	East Kowloon	768,038	1,099	1990	The depot land was acquired at market price from the Government in 1986 under a Private Treaty Grant
Sha Tin Depot	North and East New Territories	720,005	1,168	1988	The depot land was acquired at public auction in 1984
Lai Chi Kok Depot	South and West Kowloon	648,946	881	2002	The depot land has been leased from the Government on a short term tenancy [#]
Tuen Mun Depot	West New Territories	148,961	933	1979	The depot land was acquired at public auction in 1974
KMB Overhaul Centre	Bus overhaul	380,915	NA	1983	The depot land was acquired at market price from the Government in 1979 under a Private Treaty Grant
LWB depot:					
Siu Ho Wan Depot	Lantau Island	82,422	279	1998	The depot land has been leased from the Government on a short term tenancy [#]
Total		2,749,287	4,360		

[#] Under the short term tenancy agreements, rentals at market rates are payable to the HKSAR Government.

Business Review —
Hong Kong Franchised Public Bus Operations



- The Command and Control Centre, operating 24 hours a day subject to the actual traffic conditions, executes effective contingency measures and information disclosure

Comprehensively Upgraded Smartphone App

KMB launched a new version of the KMB and LWB mobile app, App1933, in September 2016 which has been well received by the public. Passengers may check information about bus routes and estimated time of arrivals conveniently.

In 2019, App1933 upgraded the Bus Estimated Time of Arrival ("ETA") service by providing the ETA of all jointly-operated routes, including routes run by other operators to make bus journey planning easier for passengers. App1933 has also introduced the New Positioning Information Function, through which passengers at the bus stops can receive nearby route information, important notifications and Bus Terminus Map Notification within the 10-metre effective range of the Bluetooth Beacon signal after turning on the positioning, Bluetooth and notification functions.

Application of Information Technology

The use of information technology can benefit passengers by providing bus arrival information via Estimated Time of Arrival ("ETA") display panels at bus termini and bus stops, as well as on App1933 and the KMB and LWB websites. In addition, information technology helps KMB manage and monitor its intricate operations with ease. Applications includes the Integrated Bus Service Information Display System (IBSID), the Electronic Bus Stop Announcement System (BSAS), the Terminus Management System (TER), the Traffic Operations Management System (TOM), the Bus On-board Monitoring System (BOM) and the Operations Communications Management System (OCM).

Other Promotions

KMB ran a Monthly Pass Lucky Draw in August 2019 and received an encouraging response, with nearly 50,000 passengers registering to win prizes. Passengers who registered a valid Octopus Card through App1933 earned a point for each ride in the lucky draw.

KMB introducing innovations that provide passengers with cost effective services. KMB worked with Industrial and Commercial Bank of China (Asia) Limited to launch the first joint transport credit card, "ICBC/ KMB UnionPay Dual Currency Card". Cardholders can enjoy a maximum 20% bus fare rebate whenever they pay for KMB and LWB rides, as well as other benefits, including a 15% discount at the KMB Online Shop and Pop-up Stores. KMB partnered with CITIBANK to enable Citi Octopus Platinum Cardholders to earn a year round 15% bus fare rebate when they pay for KMB and LWB rides using the card.



Business Review

Hong Kong Franchised Public Bus Operations



Long Win Bus Company Limited ("LWB")

LWB has been operating franchised public bus services to and from the New Territories, Hong Kong International Airport and North Lantau since 1 June 1997. LWB's network currently covers the Airport, Tung Chung, the Hong Kong Port of the Hong Kong-Zhuhai-Macao Bridge, Hong Kong Disneyland, the Ngong Ping 360 cable car and AsiaWorld-Expo.



Business Review
Hong Kong Franchised Public Bus Operations

Performance Assurance

LWB constantly reviews its bus services and maintenance regime to ensure that safety and efficiency are maintained at the highest level across its bus fleet. LWB measures its operational performance by reference to two key performance indicators: mechanical reliability and operational capability. Mechanical reliability is the average number of kilometres a bus operates before it experiences a mechanical breakdown on the road with passengers on board.

Operational capability is the ratio of actual to scheduled departures in the peak direction in the peak hours of 7:00 a.m. to 9:00 a.m. across the whole bus network. In 2019, LWB achieved 80,068 km:1 in mechanical reliability and 100.61% in operational capability.

LWB obtained ISO9001:2008 Quality Management Systems certification in November 2012. LWB has adopted the latest version of ISO9001 since August 2018.

Bus Fleet and Fleet Upgrade

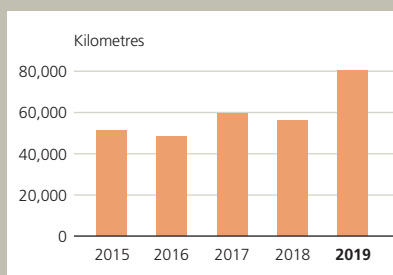
In 2019, LWB introduced 17 new Euro V super-low floor air-conditioned double-deck buses. As at 31 December 2019, LWB operated 275 super-low floor air-conditioned double-deck buses, and four air-conditioned electric single-deck buses, all wheelchair accessible and equipped with the On-board Electronic Bus Stop Announcement System. To meet growing passenger demand, 61 buses are 12.8 metres in length, offering a higher carrying capacity.

LWB's bus fleet	Air-conditioned double-deck buses	Air-conditioned electric single-deck buses	Total number of buses
As at 1 January 2019	258	4	262
Additions during year	17	0	17
Disposals during year	0	0	0
As at 31 December 2019	275	4	279

LWB upgrades the bus fleet constantly and delivers extensive training to staff to maintain a high standard of service

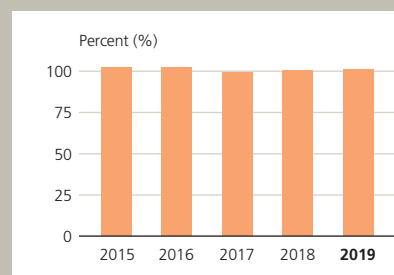


Mechanical Reliability – LWB



Average number of kilometres operated before one mechanical breakdown while passengers are on board

Operational Capability – LWB



Percentage of actual number of bus departures to scheduled number of bus departures during morning peak hours (7am – 9am) in the peak direction





Business Review

Hong Kong Franchised Public Bus Operations



○ LWB expands its bus service network continuously and provides day-long quality services

Bus Service Network

At the end of 2019, LWB operated 36 routes. To provide a more convenient bus service for passengers travelling between Tung Chung town centre, Tung Chung West and Tung Chung North, LWB converted Route E32A into a whole-day service in both directions. LWB improved its services in a number of ways by rerouting Route E31 to travel via Mun Tung Estate and renumbering Route A31P operating between Allway Gardens and the Airport (Ground Transportation Centre) as Route A38 and extending the coverage to include Tsuen King Circuit and Tsing Lung Tau on a whole-day basis, while enhancing the Airport-bound service in the morning peak to meet the needs of the community.

LWB arranged bus services for mega events at AsiaWorld-Expo and Hong Kong Disneyland to help the public travel to and from the city, comprising Routes X33, X34, X40, X43, X47, R33P, R34, R40, R41 and R42D.

In terms of overnight bus services, Routes NA43 and N31 expanded their service network. Route NA43 was extended to Lok Ma Chau (San Tin) Public Transport Interchange to strengthen the overnight feeder services to the boundary, while Route N31 extended its service to Ying Tung Estate and Mun Tung Estate, upgrading the service to urban areas.

Depots

The depot at Siu Ho Wan provides daily bus maintenance, refuelling, bus washing and parking for the LWB fleet. The depot is equipped with a waste water treatment system to ensure that waste water quality complies with the statutory requirements before discharge into the public drainage system.

Safety and Customer Service

Regular and thorough inspections of LWB's buses are undertaken to make sure that they are maintained at the highest standards. Driving instructors monitor bus captains' driving performance and customer service delivery, while safety briefings are held from time to time and safety reminders circulated to bus captains. To enhance driving safety, the Drowsiness Monitoring System and Advanced Driver Assistance System were installed on LWB buses, which give early warning to bus captains and assists their driving performance. In addition, the LWB customer service and airbus ticket offices at Hong Kong International Airport's Ground Transportation Centre and the Hong Kong Port of the Hong Kong-Zhuhai-Macao Bridge offer e-payment methods to provide more choices for passengers and tourists.

Business Review
Hong Kong Franchised Public Bus Operations



- LWB A-series buses offer a spacious compartment, luggage racks and seats with an armrest and seat belt to provide a comfortable and safe journey for passengers

Environmental Protection

LWB is fully aware of the importance of environmental protection and continues to invest in environment-friendly buses that meet the stringent emission standards of the European Council of Environmental Ministers. In 2019, LWB introduced 17 new Euro V buses, bringing the proportion of Euro V or electric buses in its fleet to over 80%. In addition, it has retrofitted Diesel Particulate Filters on all its Euro III buses to reduce the emission of particulates.

The electrostatic air filtration function in the air-conditioning system of LWB buses significantly improves the air quality in the bus compartment, while the Eco-driveline system reduces both fuel consumption and exhaust emissions.



- Professional bus repair and maintenance services minimise emissions and waste disposal