

Conversation with the Managing Director

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Edmond HO Tat Man

Managing Director





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2013 sees the landmark occasion of KMB's 80th anniversary. What do you see as the major contributions that KMB has made over the years?

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As the flagship of Transport International Holdings Limited ("TIH"), The Kowloon Motor Bus Company (1933) Limited ("KMB") has always stood out for the innovations it introduces. Nothing provides a better example of this than the fact that KMB, which researched, trialled and developed environmental and service quality innovations that run far in advance of the government's stipulated regulations. The innovations we adopt not only result in a better travelling experience for our passengers, they also help improve connectivity and mobility, thereby enhancing productivity and contributing to the economic development of Hong Kong.

In a very real sense, KMB has grown up with the people of Hong Kong, helping to contribute to the success story of which we are all so justly proud. Some people will still remember the introduction of Hong Kong's first double-deck bus in 1949. We have come a long way since then, progressively introducing the latest Euro engine technologies, including Hong Kong's first Euro V double-deck bus, which we rolled out in February 2009 when legislation, which is still effective today, only required that newly-registered diesel vehicles meet Euro IV emission standards. More recently, we became the first local public bus operator to introduce ETA ("Estimated Time of Arrival") technology on trial at the Tuen Mun Road Bus-Bus Interchange. Our smartphone app also enables passengers to check departure times in the vicinity of selected bus termini. Although KMB is now 80 years old, its constant quest for innovation and service excellence helps it retain its vigour.

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What vision do you have for KMB's future?

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The key to KMB's future development lies in new technologies. Electric bus is a very good example of this, as we look forward to deploying eight supercapacitor buses ("gBus") and ten battery-electric buses ("eBus") to serve our customers on seven routes in 2014. At the same time, the mounting financial pressure faced by KMB means that further impetus needs to be given to bus network reorganisation, which will allow KMB to generate the resources needed to continue to provide passengers with high quality bus services. At present, about 55% of KMB's 400 bus routes have a pressing need for route reorganisation. We will continue to proactively communicate our plans in consultation with the HKSAR Government and the District Councils under the 'area approach' so that bus route reorganisation can be implemented in North District and other areas in the New Territories starting from 2013.

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What is the rationale behind the route reorganisation proposals?

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Essentially, bus route reorganisation is a means of achieving improved bus service coverage, speed and efficiency which results in a win-win situation for the people of Hong Kong and KMB. Once fully implemented, the benefits would be felt in terms of faster and better bus services, less congestion and improved roadside air quality. Through extensive consultation with local communities and the Transport Department, we aim to reorganise outdated, inefficient and duplicated routes which have low patronage. The objectives are to "expressify" and "straighten" bus routes for greater efficiency, while leveraging bus interchanges to enhance connectivity and reduce duplication. We would expect, as an outcome of a successful bus route reorganisation, duplicated resources would be redeployed to serve routes with higher demand. With the concerted efforts of all the relevant parties, we look forward to progressively introducing a raft of enhanced options for our customers: more express services, more direct services and more interchanges such as the Tuen Mun Road Bus-Bus Interchange, which opened on 26 December 2012.

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Q What are the benefits of bus interchange schemes such as the one operating at the Tuen Mun Road Bus-Bus Interchange? Are there any plans to extend such schemes to other areas?

A Even in the relatively short period of time in which it has been operating, the Tuen Mun Road Bus-Bus Interchange has won praise from Tuen Mun residents for the benefits it brings in terms of saving time and money through its provision of efficient feeder services to access the urban areas speedily. The success of this scheme provides further momentum to our plans to upgrade some of our other major transport hubs, such as those at the Cross-Harbour Tunnel, the Tai Lam Tunnel and the Shing Mun Tunnels. Such interchange schemes will allow passengers to enjoy improved connectivity through a wider choice of different bus routes, in addition to faster, more direct and, in many cases, more economical services.

Q How could the HKSAR Government improve the efficiency and effectiveness of public transport in Hong Kong in the medium to long term?

A While the existing transport system in Hong Kong is undoubtedly one of the best in the world, traffic congestion is becoming an ever more alarming concern. There are a number of ways in which more efficient use can be made of road space to reduce congestion and benefit both the travelling public and the environment. The most effective medium to long term way to improve Hong Kong's above-ground transport would be to introduce technology-based transport management practices combined with a bus priority system, similar to those introduced in many places overseas. In the meantime, a commitment to removing unnecessary duplication of bus routes and to enhancing the cooperation between the operators of different transport modes can reap immediate benefits.

Q 2013 is also an important year for Long Win Bus Company Limited (LWB), whose franchise has been renewed to run for a further ten years from May 2013. How do you see LWB developing in the next decade?

A Long Win Bus Company Limited ("LWB") continues to record patronage growth and perform well as it is less affected by recent railway development. In view of the planned opening of the Hong Kong-Zhuhai-Macao Bridge and the Tuen Mun – Chek Lap Kok Link in 2016, when LWB's Airport ("A") and External ("E") routes from New Territories West and North District in particular are expected to see significant growth, plans are being formulated to take advantage of this opportunity in making improvements to its services accordingly. Residents in the North-west New Territories will be major beneficiaries of this new infrastructure, as it will cut both journey distance and journey time to and from the airport, as well as creating opportunities for LWB to expand and enhance its services. To meet the increasing demand for its services, the next few years will see the replacement of the LWB fleet with the latest environment-friendly buses.

Q In view of rising public expectations regarding corporate social responsibility, what measures has the Group taken to strengthen its Environmental, Social and Corporate Governance ("ESG") performance?

A I am a firm believer that sound corporate governance is essential not only for maintaining stakeholder confidence but also for furthering our competitiveness. Enhancing communication with our key stakeholders enables us to share our latest developments while receiving feedback for further improvement. Our continuous dedication to the community is demonstrated through our ongoing support for, participation in and sponsorship of a wide range of community service and charity activities. We are likewise committed to working for a better environment through our contributions to environmental protection in three major areas: optimising resources, combating climate change and fostering a sustainable workplace.

To enhance environmental protection, in the next few years, we will continue to introduce buses with the latest Euro standards and trial zero-emission electric buses. In terms of community engagement work, KMB has recently established the External Affairs Section to further foster communication with our key stakeholders, including District Councillors, politicians, academics, green groups, transport policy think tanks and bus fan bodies, so that input from the widest possible range of parties can be assimilated in our strategic route reorganisation planning and implementation.

Q Can you outline some of the ways in which the Group keeps its business outlook consumer-centred?

A Now in its eighteenth year, our volunteer club "FRIENDS OF KMB" continues to thrive. A total of 3,650 members participate in a host of different community activities, such as the "KMB Elderly Safety Programme", an initiative which raises bus safety awareness across all of Hong Kong's 18 districts. In terms of technological advances, the launch of the KMB and LWB Smartphone App Version 2 in September 2012 allows more than one million users each day to access real-time traffic information, conduct route searches and select the most competitive bus routes in any district. The popular, award-winning KMB Website, specially adapted for use by the visually impaired and novice users, achieves an average hit-rate of ten million each day. In December 2012, KMB won the Grand Jury Prize in the Public Transport Category of the Prestigious Corporate Brand Awards, jointly organised by The Chinese University of Hong Kong and Ming Pao. The award, based on large-scale consumer surveys and jury reviews of companies achieving the highest scores in brand building, leadership and vision, was a strong endorsement of KMB's dedication to providing quality bus services.

Q What are the plans for the Group's Non-franchised Transport Division?

A The Group's Non-franchised Transport Division performed strongly in 2012 with a significant rise in both turnover and post-tax profit, which was largely attributable to business growth, particularly in cross-boundary passenger services, including the acquisition of two cross-boundary non-franchised bus operators. We will continue to leverage the high demand for both cross-boundary services and local tailor-made transport and chartered hire services by means of organic growth and prudent acquisition.

Q How did the Group's media sales business and Mainland transport operations perform in 2012?

A The Group's media businesses operated by the RoadShow Group performed satisfactorily in 2012, as it extended its advertising service portfolio to include billboards in addition to its existing core competencies of Bus-TV, as well as Bus-Body, In-Bus and Bus-Shelter advertisements. As one of Hong Kong's leading integrated media groups, RoadShow is set to further diversify its business portfolio as part of its ongoing expansion strategy. With regard to our China Mainland Transport Operations Division, our joint ventures in Beijing and Shenzhen performed steadily in 2012. Shenzhen Bus Group continues to serve around 2.4 million passenger trips a day and to trial buses and taxis using environment-friendly energy sources such as electricity and liquefied natural gas.