

# Hong Kong Franchised Public Bus Operations

## The Kowloon Motor Bus Company (1933) Limited

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<sup>1</sup>. A workforce of more than 12,300 employees, including some 10,000 bus captains, ensures that customers enjoy high-quality services on a fleet of around 4,000 buses operating on 423 routes.



<sup>1</sup> Prior to the COVID-19 pandemic



Come rain or shine, KMB has always strived for a safe, innovative, eco-friendly and value-for-money service, making it the preferred choice of the public.

## COVID-19 Impact

It has been a challenging year for the whole community in recovery from the strike of COVID-19 since 2020. With a plunge in demand, measures were carried out to ensure that resources were efficiently utilised in the first half of 2021. Since mid-June 2021, the bus service levels have gradually resumed normal to meet the actual demand.

## Fare Adjustment

New KMB bus fares came into effect on 4 April 2021 with an average increase of 5.8% in the case of around 350 solely-operated routes and 8.5% in the case of 51 jointly-operated routes, while the price of KMB Monthly Pass remained unchanged, so as to provide a comfortable, convenient and value-for-money bus service for passengers.

## Preferred Choice of the Public

KMB is dedicated to providing bus services with the best travel experience for the public through a value-for-money service, a comprehensive bus service network, and innovative and eco-technologies.

## Value-for-Money Services

### KMB Monthly Pass

KMB continues to enhance its service by providing affordable and convenient journeys to passengers. KMB has launched the Monthly Pass Scheme (the “Pass”), the first monthly pass

for franchised bus in Hong Kong, under which passengers can take up to 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. Cross-harbour bus routes operated by KMB jointly with other franchised bus companies are also included in the Scheme. The price of KMB Monthly Pass remained unchanged despite fare adjustment in April 2021, which has made the KMB Monthly Pass even more attractive to passengers.

KMB has rolled out exclusive privileges for Pass holders under various programmes:

- ✔ A seamless protection for passengers on KMB journeys with a valid Monthly Pass, offered under the Bus Passenger MicroInsurance “BUS RYDE” in collaboration with microinsurance company YAS;
- ✔ A “Fare for Upgraded Journey” campaign which offers a discounted fare for KMB Monthly Pass holders travelling on Long-haul Bus Routes and Long Win Bus (“LWB”) Airport “A” Routes;
- ✔ With each purchase of the Pass, passengers can earn 780 points towards redeemable KMB masks and other special gifts under the KMB membership scheme, club1933; and
- ✔ A hotline with operators dedicated to serve the Pass holders for an enhanced travel experience.

# BUSINESS REVIEW



KMB has expanded its network by running new routes in Queen's Hill with concession schemes provided

## Rewards to Passengers

In collaboration with a number of corporations, KMB organised Free Ride Days on designated routes and days for passengers to enjoy a comfortable and unlimited bus service for free. Furthermore, as a means to thank the elderly for their contributions to society, KMB organised Free Ride Days on Cross-Harbour Routes and Recreational "R" Routes for seniors on weekends and public holidays in November and December 2021.

KMB and LWB have launched the new membership scheme club1933. In order to join the scheme, passengers are required to register via App1933 and travel on our services to earn points. Passengers can redeem gifts with the accumulated points at 15 designated locations in Kowloon and the New Territories. Furthermore, selected passengers have been invited to enjoy a privileged discount scheme for purchasing the KMB Monthly Pass.

KMB has also placed Fare Saver Kiosks in Kwun Tong, Mei Foo, Queen's Hill and Tseung Kwan O, which offer fare discounts of up to HK\$2 to passengers.

## Regional Short-haul Two-way Section Fare Scheme

The second Regional Short-haul Two-way Section Fare Scheme was implemented in Tseung Kwan O/Sai Kung on 17 July 2021. Passengers of 16 routes in the area can enjoy an intra-district ride with a single fare as low as HK\$5.4, saving HK\$5.9 at most for each journey.

## Comprehensive Network

At the end of 2021, KMB operated a total of 423 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.

In 2021, we implemented 89 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 new highway infrastructure; and
- ✔ Offering greater connectivity between routes making use of Bus-Bus Interchanges ("BBI").

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 residential areas in Pak Shek Kok, Queen's Hill, Wu Kai Sha and LOHAS Park, KMB further strengthened its services in the districts by introducing new routes and improving the frequency of existing routes.

## Green and Smart

KMB shows its commitment to innovation by introducing a bus fleet with technological advances and environment-friendly features for a more desirable passenger experience. The Company aims to upgrade the entire fleet with new energy buses by 2050 to tie in with the Government's policy of achieving the carbon neutrality target.

## Bus Fleet and Fleet Upgrade

During the year, 142 double-deck buses have been licensed. The buses feature 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 stairs. Besides, new buses are equipped with safety facilities, including the Advanced Driver Assistance System, the Electronic Stability Programme and the Driving Monitoring System, and all seats are equipped with seat belts and grab handles, to ensure the safety of passengers and bus captains. The addition of four horizontal ventilation windows has become a standard feature on new buses,

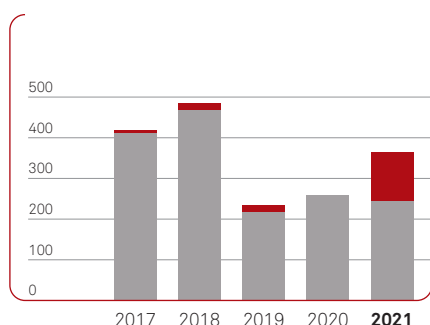
which allows passengers to open the windows to let fresh air into the compartment.

KMB has continued 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. Euro III model buses will be completely phased out within the next four years. To pursue the Government policy of achieving carbon neutrality by 2050, KMB plans to introduce 500 electric buses by 2025, accounting for one-eighth of the entire bus fleet.

As at 31 December 2021, KMB operated a total of 4,013 licensed buses, comprising 3,877 double-deck buses and 136 single-deck buses. The fleet currently features three hybrid double-deck buses and ten electric single-deck buses. In addition, 118 double-deck Euro VI buses, 16 electric single-deck buses and 52 electric double-deck buses were on order for delivery in 2022 and 2023.

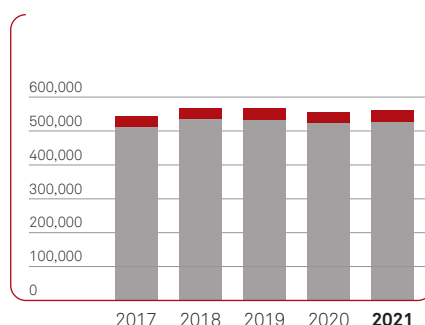
| KMB's Bus Fleet        | Double-deck Buses | Single-deck Buses | Total Number of Buses |
|------------------------|-------------------|-------------------|-----------------------|
| As at 1 January 2021   | 3,866             | 143               | 4,009                 |
| Additions during year  | 246               | 0                 | 246                   |
| Disposals during year  | (235)             | (7)               | (242)                 |
| As at 31 December 2021 | 3,877             | 136               | 4,013                 |

## Number of New Buses Introduced to the Fleet



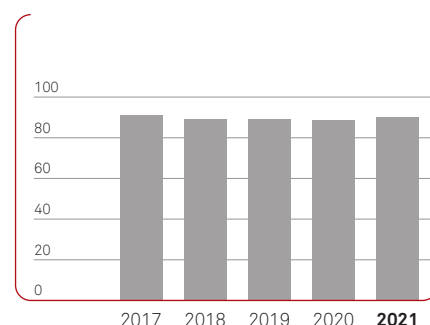
■ KMB  
■ LWB

## Total Passenger Capacity at 31 December



■ KMB  
■ LWB

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



### Notes:

- 38 buses transferred from LWB to KMB in 2020.
- 100 buses transferred from LWB to KMB in 2021.

# BUSINESS REVIEW



With solar panels installed at bus stops and on bus roofs, KMB extensively uses renewable energy to reduce carbon emissions and bring a greener travelling experience to passengers



The “New Long-haul Bus Services” are mostly deployed with the latest model of eco-friendly buses, which come with cutting-edge safety devices, comfortable seats, curtains and USB charging ports designed for modern-lifestyle bus journeys

## Renewable Energy

Dedicated to building a greener future, KMB has explored the application of renewable energy by extending the use of solar panels to depots, bus termini, bus shelters, bus poles and double-decker roofs. In May 2021, KMB introduced the third generation solar panel bus with thinner panels installed on its roof. Electricity generated by the panels will supply to the fans of the air-conditioning system, reducing the air temperature in the compartment by around 8-10°C as well as saving 5-8% of fuel consumption on each bus per day, which is equivalent to reducing about six tonnes of carbon emissions per bus annually. Solar panels installation has become a standard configuration for newly purchased buses.

Besides, KMB has continued the Solar-powered Bus Shelter Campaign, using solar energy to power up lighting or mosquito repelling devices. By the end of 2021, 1,950 bus stops have been equipped with solar power equipment. The Company plans to install over 22,000 solar panels in order to illustrate how its development blueprint for new energy would apply in practice.

## New Long-haul Bus Service

KMB launched the “New Long-haul Bus Services”, comprising Routes P960 [Siu Hong Station (North) – Wan Chai (North)] and P968 [Long Ping Station/Yuen Long (West) – Tin Hau] on 18 July 2021 to provide passengers an alternative choice with a more comfortable and relaxed bus journey.

The bus fleet on Routes P960 and P968 is mainly equipped with Euro VI environment-friendly engines and the following latest safety features:

- ✔ Advanced Driver Assistance System;
- ✔ Driving Monitoring System;
- ✔ GreenRoad System; and
- ✔ Seat belts on all seats.

As for on-board facilities, besides comfortable seats, the compartment also comes with curtains, USB charging ports, and free 5G Wi-Fi service. Coupled with the arrangement that no standee is allowed, all passengers boarding Routes P960 and P968 can enjoy a modern-lifestyle journey experience.



Committed to making good use of innovative technology, KMB has collaborated with other enterprises on developing an autonomous driving system, alongside the introduction of a diversified e-payment system to its fleet



### 5G Technology

Moving towards a Smart City is one of the key development directions of Hong Kong. With the rise of industry-leading 5G mobile network technology, KMB has explored the use of 5G technology in daily operations. As at 31 December 2021, 5G Wi-Fi service was provided on a total of 100 buses mainly operated on the Tuen Mun and Yuen Long District routes, so that passengers could enjoy ultra-fast 5G internet services in bus compartment.

### Electronic Payment System

Diversified e-payment services are offered to provide more bus fare payment options. KMB introduced the e-payment

system in February 2021. By the end of the year, 84 routes including the new long-haul service Routes P960 and P968 have started accepting e-payments. The entire KMB bus fleet of more than 4,000 buses has been equipped with e-payment systems by February 2022.

The e-payment system, which accepts the most payment methods compared to other public transport operators' systems, now supports ten platforms that enable contactless payment, mobile payment and QR code payment. Fare concession schemes, including the Regional Short-haul Two-way Section Fare Scheme and BBI discount schemes between KMB and LWB routes, are also supported by the e-payment system.



KMB is the first franchised bus company to have launched 5G Buses, offering complimentary ultra-fast 5G Wi-Fi service to passengers on board

# BUSINESS REVIEW



Through the new Estimated Travelling Time function of App1933, KMB can now provide an estimated journey time based on real-time traffic conditions

## App1933

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 2021, KMB rolled out the Estimated Travelling Time ("ETT") function on App1933. The new function estimates the journey time based on the actual traffic conditions. For example, if a traffic incident causes congestion on the road, the ETT will be updated accordingly. ETT has gradually expanded the number of locations to 50, assisting in selecting the most suitable transportation arrangements. Passengers can also obtain relevant information through TV screens or scan QR codes attached at bus stops with their mobile phones.

App1933 also provides the Bus Estimated Time of Arrival ("ETA") service of other franchised bus operators to make bus journey planning more comprehensive and easier for passengers. In spite of receiving nearby route information at bus stops through Bluetooth Beacon signal, App1933 carries

an enhanced intrinsic location-based function, enabled by its newly added "Relax Corner" feature, to provide relevant traffic conditions, weather information and bus route suggestions based on the current location of the user.

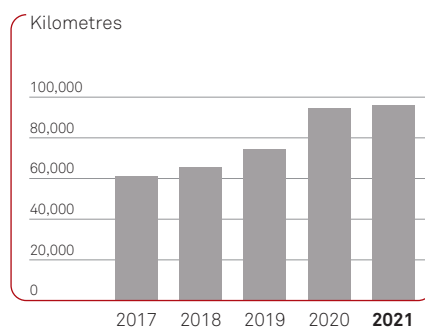
## Performance Assurance

KMB has provided reliable franchised bus services in Hong Kong for some 80 years and is an industry leader in operational and service excellence. KMB measures its operational performance by reference to the key performance indicators: mechanical reliability<sup>2</sup> and operational capability<sup>3</sup>. In 2021, KMB achieved 96,349 km : 1 in mechanical reliability and 100.7% in operational capability.

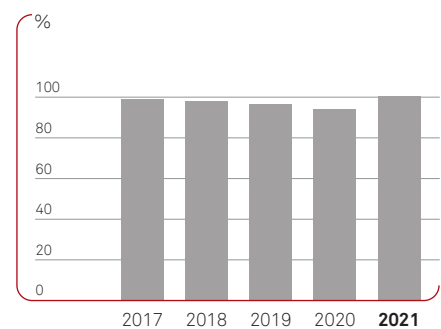
## Depots

Routine maintenance and repair services are provided at KMB's four major bus depots in Kowloon Bay, Lai Chi Kok, Sha Tin and Tuen Mun, while 12 smaller depots offer 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.

### Mechanical Reliability<sup>2</sup> – KMB



### Operational Capability<sup>3</sup> – KMB



<sup>2</sup> 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.

<sup>3</sup> 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 bus network.

## Management System Standards



### Quality Management Systems (ISO9001)

Year of Adoption Since

**1999**

(Adopted to the latest version in 2018)



### Environmental Management Systems (ISO14001)

Year of Adoption Since

**2003<sup>4</sup>**



### Occupational Health and Safety Management Systems (ISO45001)

Year of Adoption Since

**2019**

(Migrated from OHSAS18001:2007)

<sup>4</sup> The two largest depots of KMB have been certified.

## Major Depots Serving KMB and LWB Buses

| Depots              | Areas Served/Main Purpose of Depot | Gross Floor Area (square feet) | Number of Buses Served as at 31 December 2021 | Year in which Operations Commenced | Remarks   |
|---------------------|------------------------------------|--------------------------------|---|------------------------------------|---|
| <b>KMB Depots :</b> |                                    |                                |   |                                    |   |
| Kowloon Bay Depot   | East Kowloon                       | 768,038                        | 1,083   | 1990                               | The depot land was acquired at market price from the Government in 1986 under a Private Treaty Grant. |
| Lai Chi Kok Depot   | South and West Kowloon             | 648,946                        | 850   | 2002                               | The depot land has been leased from the Government on a short term tenancy <sup>#</sup> .             |
| Sha Tin Depot       | North and East New Territories     | 720,005                        | 1,146   | 1988                               | The depot land was acquired at public auction in 1984.  |
| Tuen Mun Depot      | West New Territories               | 148,961                        | 934   | 1979                               | The depot land was acquired at public auction in 1974.  |
| KMB Overhaul Centre | Bus overhaul                       | 380,915                        | N.A.  | 1983                               | The depot land was acquired at market price from the Government in 1979 under a Private Treaty Grant. |
| <b>LWB Depot:</b>   |                                    |                                |   |                                    |   |
| Siu Ho Wan Depot    | Lantau Island                      | 82,422                         | 256   | 1998                               | The depot land has been leased from the Government on a short term tenancy <sup>#</sup> .             |
| <b>Total</b>        |                                    | <b>2,749,287</b>               | <b>4,269</b>                                  |                                    |   |

<sup>#</sup> Under the short term tenancy agreements, rentals at market rates are payable to the HKSAR Government.



# 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 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.





LWB has continued to strengthen its bus network by introducing new routes and additional Bus-Bus Interchange concession schemes despite the impact of the COVID-19 pandemic

## COVID-19 Impact

Primarily relying on the transport demand generated from the tourism and related industries, LWB has suffered more heavily from the COVID-19 pandemic in terms of ridership than other franchised bus operators in urban areas. LWB has liaised with the Transport Department to reduce its service levels to meet the actual demand.

## Electronic Payment System

LWB is the first franchised bus company in Hong Kong to provide diversified e-payment services, providing convenience for passengers, especially those from overseas without access to the local currency or an Octopus card upon arrival in the city. The Company continued to enhance its e-payment system in 2021 and accepted payments using contactless JCB credit cards. Currently, the system accepts ten payment methods including contactless payment, mobile payment and QR code payment, making it, together with KMB's, the e-payment system which accepts the most payment methods compared to other public transport operators' systems.

## Bus Service Network

At the end of 2021, LWB operated 41 routes. Although the passenger demand in 2021 declined under the anti-epidemic measures, LWB continued to strengthen its bus network coverage riding on the commissioning of new infrastructure and new residential development on North Lantau Island.

In conjunction with the commissioning of the Tuen Mun-Chek Lap Kok Tunnel ("TM-CLKT"), the second phase of routes diversion, which involved the LWB routes serving Yuen Long and Tin Shui Wai, was implemented on 20 June 2021. The revamped service covers an enlarged servicing area of LWB in Yuen Long, Tin Shui Wai, Tung Chung East and Tung Chung North. Passengers in Tuen Mun are also benefited as the interchange network at the TM-CLKT Interchange has been further improved.

In addition, Route E43 plying between North District and Tung Chung was opened for trial operation. LWB will review passenger feedback and consider improvement plans for the service.

## BUSINESS REVIEW



LWB has purchased the latest model of Euro VI eco-friendly buses to provide a green and comfortable journey for passengers

To provide a better connectivity to South Lantau Island, LWB has set up a new BBI scheme between 13 LWB “E” routes and three New Lantao Bus Limited (“NLB”) routes since May 2021. The new BBI scheme facilitates passengers in different areas from the New Territories to South Lantau. LWB will explore more possibilities for strengthening the network and providing better service for the passengers.

### Bus Fleet and Fleet Upgrade

LWB introduced 119 new buses equipped with the latest safety devices in 2021, and transferred 100 buses to other operators. As at 31 December 2021, LWB operated 252 double-deck buses including 101 buses with 12.8 metres in length, and four electric single deck buses, all wheelchair accessible and equipped with the On-board Electronic Bus Stop Announcement 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, with safety briefings held from time to time and safety reminders circulated to bus captains. To enhance driving safety, the Driving Monitoring System and the Advanced Driver Assistance System were installed on LWB buses, which give early warnings to bus captains and assist their driving performance. In addition, the LWB customer service and airbus ticket offices at the Hong Kong International Airport Ground Transportation Centre and the Hong Kong Port of the Hong Kong-Zhuhai-Macao Bridge offer e-payment methods to provide more options for passengers and tourists.

| LWB’s Bus Fleet        | Double-deck Buses | Electric          |  | Total Number of Buses |
|------------------------|-------------------|-------------------|--|-----------------------|
|                        |                   | Single-deck Buses |  |                       |
| As at 1 January 2021   | 237               | 4                 |  | 241                   |
| Additions during year  | 119               | 0                 |  | 119                   |
| Disposals during year  | (104)             | 0                 |  | (104)                 |
| As at 31 December 2021 | 252               | 4                 |  | 256                   |

## Environmental Protection

LWB is fully aware of the importance of environmental protection. It continues to invest in environment-friendly buses to meet the stringent emission standards of the European Council of Environmental Ministers. With 100 buses transferred away, the proportion of Euro V or above and electric buses in the LWB fleet now stands at over 94%.

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

## 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<sup>1</sup> and operational capability<sup>2</sup>. In 2021, LWB achieved 134,616 km:1 in mechanical reliability and 100.6% in operational capability.

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

## Depot

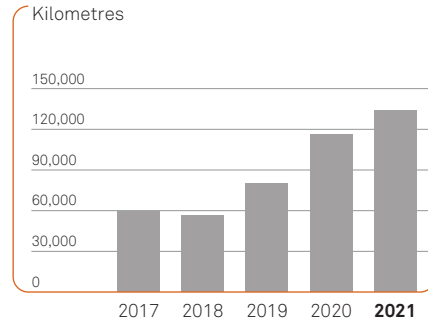
The depot at Siu Ho Wan provides daily bus maintenance, refuelling, bus washing and parking for the LWB fleet. The depot is equipped with a waste water treatment system to ensure that waste water quality complies with the statutory requirements before discharge into the public drainage system.



LWB carries out regular maintenance checks on its fleet to ensure the highest level of safety and service

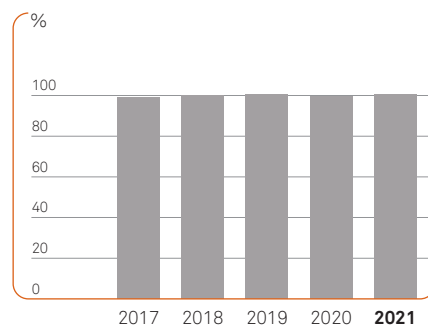
## Mechanical Reliability<sup>1</sup> –

### LWB



## Operational Capability<sup>2</sup> –

### LWB



<sup>1</sup> Mechanical reliability is the average number of kilometres a bus operates before it experiences a mechanical breakdown on the road with passengers on board.

<sup>2</sup> 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.