

KMB's ubiquitous service brings
people to work, study and play



OPERATIONAL REVIEW

FRANCHISED PUBLIC BUS OPERATIONS DIVISION

THE KOWLOON MOTOR BUS COMPANY (1933) LIMITED ("KMB")

OPERATIONAL EXCELLENCE

INTERNATIONAL ORGANISATION FOR STANDARDISATION ("ISO") CERTIFICATION

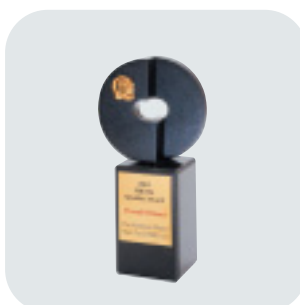
Following the attainment of ISO 9001 certification on a corporate-wide basis in November 1999, KMB obtained ISO 14001 certification for its Sha Tin Depot in November 2001. Our Sha Tin Depot is the first entity in the local bus industry to have achieved this coveted recognition.

The ISO 14001 standard "Environmental Management Systems - Specifications with Guidance for Use" is the framework for an effective environmental management system ("EMS"). The EMS systematically deals with all environmental aspects pertaining to the Depot's operation. Implementation of EMS assures that we comply with environmental regulations; improve environmental performance including that of our contractors and suppliers; meet customers' expectations; improve and maintain good public and community relations; improve cost control by conserving materials and energy; reduce liability incidents; and raise environmental awareness.

The EMS is discussed, reviewed, evaluated, continuously improved and adjusted, as necessary, in regular management review, steering group and training meetings. Training needs are identified to ensure that our staff are equipped to carry out their responsibilities. A regular internal audit programme ensures that the EMS is properly implemented and maintained.

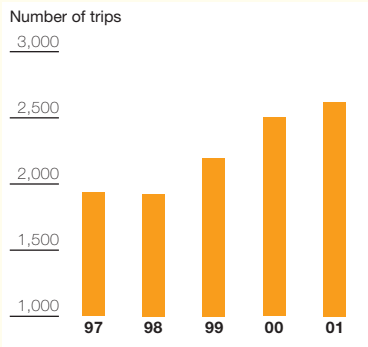
PERFORMANCE PLEDGE

The Performance Pledge on mechanical reliability and operational capability, the two core competencies in bus operation, reflects our commitment to provide passengers with high quality and reliable services.



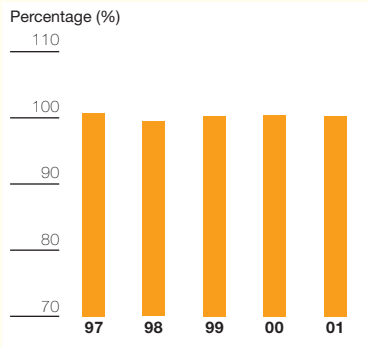
From left to right
> 2001 Hong Kong Grand Award for
Services : Productivity
> 2001 Overall Winner of HKMA Quality Awards

Mechanical reliability



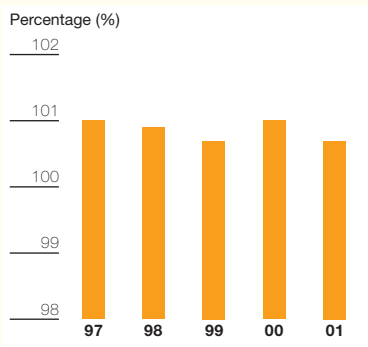
KMB
Average number of trips operated before a bus has one mechanical breakdown while passengers are on board

Operational capability



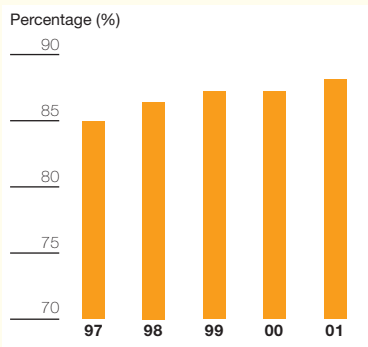
KMB
Percentage of actual number of bus departures to scheduled number of bus departures during morning peak hours (7am-9am) in the peak direction

Achievement of schedule



KMB
Percentage of actual number of buses operated on the road to scheduled bus allocation

Fleet utilisation



KMB
Percentage of actual number of buses operated on the road to licensed bus fleet

Mechanical reliability is defined as the average number of trips operated by a bus before it experiences one mechanical breakdown on the road with passengers on board. Operational capability is 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 overall bus network.

As recorded in the Performance Pledge Report 2000/2001 (for the 12-month period ended 30 June 2001), our performance was 2,618:1 for mechanical reliability and 100.18% for operational capability against the targets of 1,800:1 and 100% respectively.

DEPOTS

Modern maintenance facilities are fundamental to ensuring top performance in bus services. We continuously assess the capability of our depots and forecast our future requirements to ensure that the working environment is conducive to a high level of productivity and quality service. During 2001, several major projects were either started or completed to accomplish this objective.

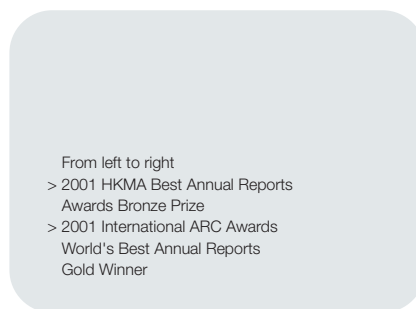
West Kowloon Depot> The construction of the new West Kowloon Depot proceeds at full speed and is scheduled for completion in early 2002 to replace the existing Lai Chi Kok Depot. The new depot will provide 400 parking spaces and maintenance service to 1,000 buses serving the West Kowloon and South-West New Territories regions. It will be well equipped with a wide range of environmental protection measures. These include an energy saving lighting system, a bus washing system with a built-in water recycling facility and a state-of-the-art waste water treatment system, as well as environment friendly fire service and air-conditioning and ventilation systems.

Temporary Depots> For the Tin Shui Wai (North) route package, two temporary depot sites at Tin Shui Wai Area 13 and the Yuen Long Tung Tau Industrial Area were granted to KMB by the HKSAR Government. The depot at the former site for accommodating 28 buses was commissioned in January 2001. Construction work at the new Tung Tau Depot commenced in December 2001. Upon completion in early 2002, the New Tung Tau Depot will provide servicing and parking for 44 KMB buses.

It is expected that KMB's temporary depot site at Sheung Shui Area 30A will need to be handed back to the Government in mid-2002. The replacement depots in the Tai Po Area 33 (Phase I) and Sheung Shui Shek Wu Hui were duly completed in July 2001 and January 2001 respectively.

FLEET UPGRADE

The quality of our buses directly affects the value of the services we provide. Continual upgrade of new buses purchased and replacement of old buses is one of the main operational strategies of KMB. From manifest stylish exterior to tiny underframe mechanical parts, we carefully select the right specifications to cater for the customers' demand and the expectations of the community.



From left to right
> 2001 HKMA Best Annual Reports
Awards Bronze Prize
> 2001 International ARC Awards
World's Best Annual Reports
Gold Winner



Euro III Green Buses win flagship status in KMB's environment friendly fleet

Air-conditioned Buses> During the year, KMB continued to improve service quality by adding 311 new air-conditioned double-deck buses to its fleet. The total number of air-conditioned buses increased from 2,653 to 2,963, comprising 2,714 double-deck and 249 single-deck buses.

At 2001 year-end, KMB had a total fleet size of 4,384 buses, of which air-conditioned buses represented 68%. A further 208 new buses have been ordered for delivery in 2002. To further improve bus saloon air quality and comfort, KMB introduced new generation bus air-conditioning systems for evaluation in 2001. Such systems are equipped with electrostatic air filters and sophisticated temperature control mechanisms, which can effectively filter 80% more dust particles and provide a better saloon environment in terms of temperature, humidity and air flow rate. These systems will be a standard feature in all new buses to be delivered in 2002.

Super-low Floor Easy Access Buses> KMB's super-low floor buses and electronic bus-stop announcement systems received awards from the Hong Kong Physically Handicapped and Able-Bodied (PHAB) Association and the Hong Kong Blind Union for services to disabled passengers.

A total of 311 super-low floor double-deck buses was introduced in 2001. At the end of 2001, there were 899 double-deck and 12 single-deck easy access buses deployed on 96 routes. With super-low floor design and wheelchair access, these buses provide better accessibility to the disabled, the elderly and young travellers.

Bus Tracking Capability> The trials of bus tracking systems continued during 2001. The objective is to identify and quantify the benefits, costs and constraints of such systems in actual operation. KMB aims to install a suitable system that will enable our operations staff to accurately and cost effectively track the locations of buses for better fleet management and advise passengers of the estimated arrival time of the next bus at the en route bus-stops.

As an essential part of the bus tracking system, a two-way messaging system providing real-time communications between individual bus captains and the KMB control centre personnel will enable faster and more effective responses to traffic incidents.

Electronic Tachograph> Also undergoing tests is an electronic tachograph that records a number of bus performance indicators, such as speed, for monitoring of bus captain driving skills. During 2001, these devices were installed on 300 buses that operated primarily on highway routes.

NEW ROUTES AND SERVICE EXPANSION

A total of nine new routes was launched in 2001 with seven intended to meet the demand generated by the development of the new towns in the New Territories, notably Tin Shui Wai. Three of these seven routes were the new routes specified in the tender package for Tin Shui Wai (North) won by KMB.

To help promote tourism in Hong Kong, KMB introduced a convenient hop-on-hop-off sightseeing bus route no. T1 - "Kowloon Circle" - in December 2001. This route serves 15 major tourist attractions in Tsim Sha Tsui, Nathan Road, Mongkok, Kowloon City, Wong Tai Sin and Hung Hom. Day passes for unlimited rides on this route on a specific day are being sold at KMB Customer Service Centres, the Hong Kong Tourism Board and designated ticket sales agents.

Another route introduced in 2001 was for an overnight bus service between Hong Kong Island and Sha Tin.

