

"HEALTHY CITY AND SAFE COMMUNITY"

KMB participated in the Kwai Tsing "Healthy City and Safe Community" programme. This effort recognises major health and safety issues and increases awareness of the importance of health and safety through promotional, educational and research activities. The programme also worked with the World Health Organisation and other international bodies to advance the goals of healthy cities and safe communities.

FRIENDS OF KMB

FRIENDS of KMB, the company's passenger club, continues to promote the "Helping Others" spirit and KMB's image as a socially responsible company. The club regularly invites its 1,400 members to participate in various social service, community building, civic, educational and environmental protection activities.

FRIENDS of KMB was awarded a "Gold Award for Volunteer Service" by the Social Welfare Department of the Government. This was the third time that FRIENDS of KMB was acknowledged for its voluntary work that amounted to 3,100 hours and involved more than 1,050 members in 2001.

THE COMMUNITY CHEST AND OTHER NON-PROFIT ORGANISATIONS

KMB was awarded the President's Award of Excellence by The Community Chest in recognition of the company's efforts in raising over HK\$1,800,000 in various fund-raising programmes for the year 2000/2001. The programmes included the Corporate and Employee Contribution Programme, Community for the Chest, Dress Casual Day, The Community Chest Police Open Day and the Christmas Greetings for the Chest Campaign.

KMB also supported many other charitable bodies and community activities through sponsoring various campaigns organised by the Government, professional bodies and charitable organisations. These included sponsorship of the Hong Kong Awards for Industry, the Hong Kong Awards for Services, the Hong Kong Management Association Quality Award, the Hong Kong Arts Festival and the World Environment Day 2001.

INTERNATIONAL DAY OF DISABLED PERSONS

KMB and LWB offered free rides to disabled persons and their escorts on 9 December 2001 in support of the International Day of Disabled Persons.

DISTRICT COUNCILS AND COMMUNITY GROUPS

Effective communication between KMB senior management and the various District Councils, political groups and environmental organisations is essential for the Company to formulate and implement its operational policies. To this end, 18 visits were arranged with these groups during 2001 to brief their representatives on KMB's operational and environmental protection efforts and bus service development plans.

FRANCHISED PUBLIC BUS OPERATIONS DIVISION

LONG WIN BUS COMPANY LIMITED ("LWB")

OPERATIONS

The market environment for North Lantau and the Airport began to improve during the year as a result of the ongoing development of the Tung Chung New Town. Service enhancements were made to Airbus route no. A43, which plies between Fanling in the Northern New Territories and the Hong Kong International Airport, to cater for the increased demand from cross-border travellers. Two bus routes, namely E31 and S64, were extended with improved frequencies to terminate at Yat Tung Estate in Tung Chung. To meet the travel demand arising from the increased population intake in this housing estate, the extension of these routes provides LWB with a strong foothold in the new North Lantau market that is expected to remain the driving force for the company's future growth in the area.

The total ridership of LWB for 2001 was 19 million passenger trips, a daily average of 52,052. This represents an increase of 10.1% over the previous year. The rise was mainly attributable to the population growth in Tung Chung. Total mileage operated for 2001 was 22.8 million kilometres, up 0.9% from last year.

LWB's performance on the two core competencies in bus operations was 1,823 : 1 on mechanical reliability and 100% on operational capability. This compared with the previous year's performance of 1,567 : 1 and 100% respectively.

FLEET AND DEPOT

FLEET SIZE AND DESIGN

At the end of 2001, LWB had 150 air-conditioned double-deck buses and 10 air-conditioned single-deck buses serving 15 routes between the New Territories and North Lantau Island and the Hong Kong International Airport. All double-deck buses are super-low floor buses with wheelchair access and equipped with many of the features recommended by the United Kingdom Disabled Persons Public Transport Advisory Committee. Apart from providing better accessibility to passengers with disabilities, these buses are more convenient for boarding and alighting by the elderly and passengers with luggage. In addition, LWB continued its participation in the exchange forum with groups representing the disabled to facilitate the use of public transport.



LWB provides world class bus service to and from the Hong Kong International Airport

FLEET AND THE ENVIRONMENT

LWB has always been adhering to high environmental protection standards. All air-conditioned double-deck buses of LWB are equipped with environment friendly Euro II engines. The Euro II engines comply with the exhaust emission level standards issued by the European Council of Environmental Ministers. Catalytic converters were also retrofitted to the single-deck air-conditioned buses equipped with pre-Euro engines in order to reduce the exhaust emission.

ULTRA LOW SULPHUR DIESEL ("ULSD")

LWB's entire fleet has been using ULSD with effect from January 2001.

DEPOT AND THE ENVIRONMENT

The bus servicing site at Tung Chung Town Centre and the depot at Siu Ho Wan provide such support services as refuelling, coin collection, bus washing, routine maintenance and fleet parking. The Siu Ho Wan Depot is equipped with a waste water treatment system that treats waste water before discharging into the public drainage system and ensures compliance with regulatory requirements.

CUSTOMER SERVICE

OCTOPUS SMART CARD

The growing popularity of the Octopus Smart Card System, a fleet-wide feature, is reflected in the continued growth in the usage rate. On average, about 69% of our passengers use Octopus card for fare payment in 2001, up from the previous year's figure of about 60%.

JOINT-OPERATOR BUS-BUS INTERCHANGE SCHEME

LWB participated in a joint-operator bus-bus interchange scheme for its route no. E34 serving the Tin Shui Wai Town Centre and KCR Light Rail feeder bus route no. 659 offering a discounted fare. Since its inception in December 2000, the number of interchanging passengers increased in tandem with the population growth of Tin Shui Wai (North).

ELECTRONIC BUS-STOP ANNOUNCEMENT SYSTEM

The electronic bus announcement system with light emitting diode displays and voice announcements was installed on a total of 60 double-deck buses, up from 25 at 2000 year-end, for operation on all the Airbus routes and three external routes (viz. route nos. E33, E34 and E42). The system has been well received by passengers, especially the disabled. LWB's plan is to extend this feature to all its double-deck buses in 2002.

CUSTOMER OUTREACH

Dedicated to providing an efficient, safe and customer-oriented bus service, LWB instituted a variety of two-way communications channels with customers to seek their views on how LWB's service can be improved. These included the Customer Service Centre at the Airport, Passenger Liaison Group meetings and the Hotline / Hotfax, all designed to strengthen our ties with passengers.

CUSTOMER SERVICE CENTRE

LWB's Customer Service Centre at the Arrivals Hall and the ticketing booth at the Ground Transportation Centre of the Hong Kong International Airport's passenger terminal building provide passenger information, coin change and ticket sales services. During 2001, over 140,000 passenger enquiries and ticket sales were handled at these two outlets.

UNDERSTANDING CUSTOMER NEEDS

To help understand the needs and opinions of passengers towards airport transportation, a survey was conducted in March 2001 to assess LWB's bus services. The study showed that the overall service of LWB had met passengers' expectations and that LWB had provided convenient and comfortable services that give good value for money.

PASSENGER LIAISON GROUPS ("PLGs")

The PLGs provide an effective communication channel between LWB management and passengers. Six sessions were held during the year and the response from the general public was very satisfactory. There were useful discussions and exchanges on the main theme, "passengers' expectations on the future bus services in the Airport and Tung Chung and LWB's role in this future development". Other topics included service standards, bus service between the Airport and North Lantau, bus captain performance, vehicle design and operational issues.

CUSTOMER HELPLINE "2261 2791 / 2261 2792"

The operator-assisted Helpline, manned by courteous customer services representatives at the LWB Customer Service Centre in the Airport, received over 23,000 calls during 2001, representing an average of 1,989 calls per month, an increase of 24.7% over the previous year. In addition to answering enquiries, our representatives also receive customer opinions and handle lost and found.

ROUTE INFORMATION

Bus route information materials were provided to the public to facilitate the use of LWB services. 62,000 copies of the pamphlet "LWB Bus Services for North Lantau and the Airport" were issued. The "Airbus Card", with detailed routing and departure information, was most popular with the time-conscious air-bound passengers with a total of 66,000 copies distributed.



> Road Safety Award 2001

PEOPLE

LWB had a staff force of 408 at the end of 2001, up from 405 at 31 December 2000. Of this total number, 359 and 49 are traffic operations staff and service support staff respectively. In upholding the Group's human resources policy of "Caring for People", LWB continued to train, motivate and reward its staff and upgrade their skills to provide quality service to customers.

STAFF PERFORMANCE

During 2001, the company presented the following awards to its staff as an appreciation for their dedication to work and contribution to the company:

Good Service Annual Bonus> 259 bus captains were eligible for this award.

Safe Driving Annual Bonus> 181 bus captains were eligible for this award.

Safe Driving Award> Three bus captains were eligible for the 10-year accident free award and four for the 5-year accident free award.

Good Service Award> 19 customer service assistants were entitled to this award.

Attendance Award> Two customer service assistants were entitled to this award.

Loyal Service Award> 16 employees received this award.

STAFF COMMUNICATION

LWB has set up a Joint Consultative Committee as a communication channel between the management and employee representatives for discussing matters in relation to the daily operation of the depot and the workers. The Committee meets bi-monthly to discuss such topics as working environment improvements, safety and working procedures and welfare.

BUS CAPTAIN OF THE YEAR AWARD AND COMPETITION

LWB participated and achieved good results in the annual KMB Bus Captain of the Year Award event. LWB won the team competition and came first and third in the individual competition category of double-deck bus.

NON-FRANCHISED TRANSPORT OPERATIONS DIVISION

2001 was a satisfactory year for the non-franchised transport operations division of the Group. Average monthly turnover reached a record high of about HK\$11.9 million for 2001, compared with that of about HK\$8.6 million for 2000.

SUN BUS HOLDINGS LIMITED AND ITS SUBSIDIARIES ("SBH")

The Group began to provide non-franchised bus service in 1998. At present, SBH comprises six business units with Sun Bus Limited being the flagship, providing bus services to large residential estates, shopping malls, major employers and schools. These business units were established or acquired during the past four years to serve the various market segments that require different modes of operation and bus types. While their operations may differ, some major costs such as fuel, spare parts and administration overheads are pooled to benefit from the economies of scale.

SBH categories its services into two main areas: prestige premium services for clients seeking high quality; and popular services for the general public where value for money is the major aim.

SBH continued to expand to meet market demand for non-franchised services. Its fleet size grew to 205 buses at the end of 2001, compared with 177 at the year-end of 2000. To meet customer needs in different market segments, new models of buses manufactured in Europe and Japan were procured and put into service. In line with the Group's commitment to environmental protection, a pilot test of a battery-powered 24-seater bus was launched. Together with our introduction of new buses using the Euro III emission standard, more than 95% of SBH's bus fleet is equipped with environment friendly engines.

SBH's average monthly turnover experienced significant growth as compared with 2000 particularly with residential, student and commercial services. Turnover remained stable for the employee, tour and contract hiring services.

Whilst SBH expanded its business operation, its staff to bus ratio improved to 1.81 : 1 as of 31 December 2001 from 1.84 : 1 for the year earlier. To enhance its competitive edge, SBH will continue to leverage on the enhanced economies of scale.



Sun Bus Limited tailors service to meet customer needs

SBH is well positioned as one of the largest operators in the non-franchised bus industry in Hong Kong. Although faced with more intensified competition, we have confidence that our service culture and responsiveness to market needs will enable us to continue to provide quality service to our clients.



New 'Yellow Buses' are introduced to enhance service and meet rising demand

NEW HONG KONG BUS COMPANY LIMITED ("NHKB")

NHKB jointly operates the popular cross-boundary shuttle bus service, called the 'Yellow Bus' service, with its Shenzhen counterpart.

Plying between Lok Ma Chau in Hong Kong and Huanggang in Shenzhen, this shuttle bus service provides a direct and economical alternative cross-boundary transportation choice for the general public.

To meet rising demand, particularly during weekends and public holidays, five new super-low floor single-deck air-conditioned buses with larger carrying capacity were introduced in October 2001. At present, a total of 17 buses are deployed for this shuttle service.

MAINLAND OPERATIONS DIVISION

DALIAN PROJECT

A co-operative joint venture (the "CJV"), established in 1997 between a 60% owned subsidiary of the Company and Dalian City No.1 Bus Company in Liaoning Province, continued to make steady progress during 2001. The CJV operates three bus routes in Dalian City deploying 46 double-deck and 40 single-deck buses. In addition, the CJV also became a minority shareholder in an organisation that issues smart cards in Dalian, similar to the Octopus cards in Hong Kong.

TIANJIN PROJECT

This is a co-operative joint venture (the "CJV") between a 50% owned associate of the Group and Tianjin City Public Transport Holding Company. This CJV was established in January 2000. Since then, it has been operating seven public bus routes deploying a total of 109 single-deck buses in Tianjin City.

MEDIA SALES BUSINESS DIVISION

ROADSHOW HOLDINGS LIMITED ("ROADSHOW")

The Group established a new subsidiary, RoadShow, to launch multi-media services in December 2000. In June 2001, RoadShow was separately listed on the Main Board of The Stock Exchange of Hong Kong Limited. Its initial public offering in June 2001, together with the over-allotment option in July 2001, raised HK\$588.8 million (before issuing expenses) for RoadShow. Currently, the Group has a 73.3% interest in RoadShow.

RoadShow is principally engaged in out-of-home media sales for marketing advertising spaces on the exterior and interior of transit vehicles and also in a merchandising business of selling commemorative items in Hong Kong.

MULTI-MEDIA ON-BOARD ("MMOB")

The number of buses installed with MMOB systems increased significantly during the year. As of 31 December 2001, a total of 2,600 transit vehicles (including 2,400 KMB's and Citybus Limited's buses, and 200 minibuses) in Hong Kong was installed with MMOB equipment. With a daily viewership of approximately two million passengers, MMOB is perceived as an effective advertising medium that gives RoadShow a significant competitive advantage over traditional media channels.