Hong Kong Franchised Public Bus Operations

Franchised public bus operations are the Group's core business. The Kowloon Motor Bus Company (1933) Limited ("KMB") and Long Win Bus Company Limited ("LWB") provide passengers with world-class, environment-friendly and value-for-money bus services in Kowloon, the New Territories and Hong Kong Island, while taking the lead in terms of service excellence and green initiatives.

Leveraging our efficiencies

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

KMB, the Group's wholly-owned flagship subsidiary, has been providing extensive public bus services across the territory for more than 80 years. KMB serves approximately 2.6 million passenger-trips a day on its fleet of more than 3,800 buses running on some 390 routes. Its workforce of around 12,000 employees, including some 8,500 bus captains, is dedicated to providing the best service to its customers.

OPERATIONAL EXCELLENCE

With more than eight decades' experience in operating franchised public bus services, KMB sets its sights on long term operational excellence. The accreditation which KMB has obtained for different aspects of its operations, including quality management, environmental protection, and occupational health and safety, testify to the company's commitment to establishing the highest standards of operational excellence.

1999

KMB became the first public bus company and only the fourth organisation in Hong Kong to obtain ISO 9001:1994 certification on a corporate-wide basis for its quality management systems.

2002

KMB obtained of ISO 9001:2000 certification for its quality management systems.

2003

KMB's Lai Chi Kok and Sha Tin Depots received ISO 14001:1996 certification for their environmental management systems, making KMB the only franchised bus company in Hong Kong with both ISO 9001 and ISO 14001 accreditation. In the following two years, these two depots were upgraded to ISO 14001:2004 certification.

2007

KMB's four main operating depots at Lai Chi Kok, Sha Tin, Kowloon Bay and Tuen Mun were certified by the Q-Mark Council of the Federation of Hong Kong Industries as meeting the Green Mark Standard under the Hong Kong Green Mark Certification Scheme.

2009

KMB received the latest ISO 9001:2008 certificates from the Hong Kong Quality Assurance Agency ("HKQAA") on completion of upgrading audits in four certification areas: KMB Headquarters; Traffic Department and the four operating depots; the Overhaul Centre; and the Unit Overhaul Depot.

2012

KMB's Operations Division received Occupational Health and Safety Assessment Series (OHSAS) 18001:2007 certification from the HKQAA in recognition of the implementation of effective risk management systems in bus operations and maintenance activities. KMB is the first franchised bus company in Hong Kong to obtain this certification.

KMB received the latest ISO 9001:2008 certificates from the Hong Kong Quality Assurance Agency on completion of upgrading audits in four certification areas: KMB Headquarters; Traffic Department and the four operating depots; the Overhaul Centre; and the Unit Overhaul Depot.

The enhanced facilities at the Tai Lam Tunnel Interchange brings convenience to passengers in the New Territories

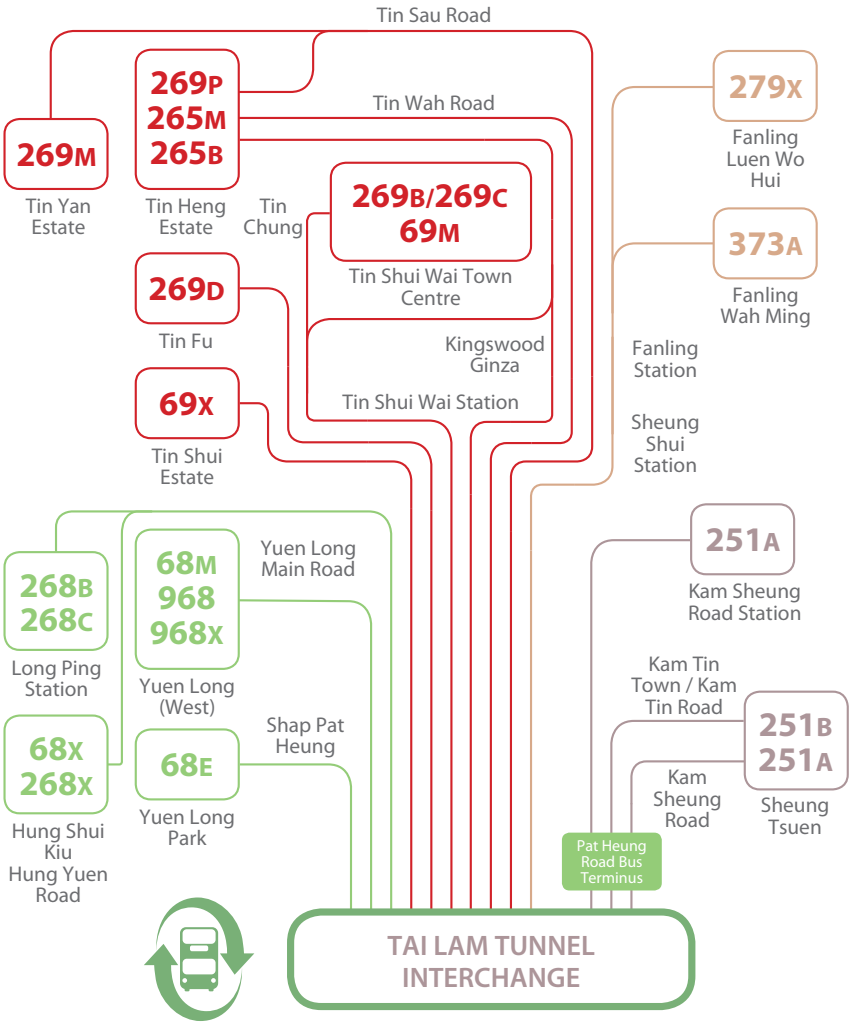
PERFORMANCE PLEDGE

We are committed to providing our customers with safe and efficient bus services at the highest standards. The key benchmarks set by the Group for the operational performance of its public bus services are mechanical reliability and operational capability.

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 2014, KMB achieved its mechanical reliability of 45,000 km: 1.

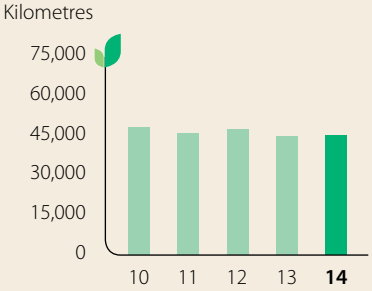
Operational capability refers to the ratio of actual to scheduled departures in the peak direction during the peak hours of 7:00 a.m. to 9:00 a.m. across the entire bus network. In 2014, we achieved an operational capability of 97.72%.

YUEN LONG BOUND ROUTE DIRECTORY



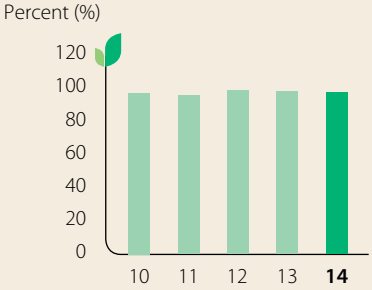
We are committed to providing our customers with safe and efficient bus services at the highest standards. The key benchmarks set by the Group for the operational performance of its public bus services are mechanical reliability and operational capability.

Mechanical reliability – KMB



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

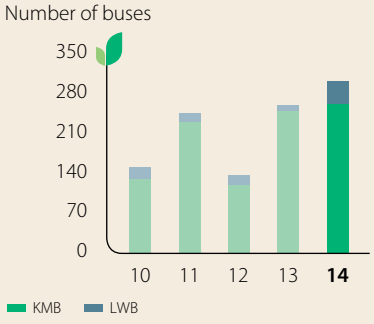
Operational capability – KMB



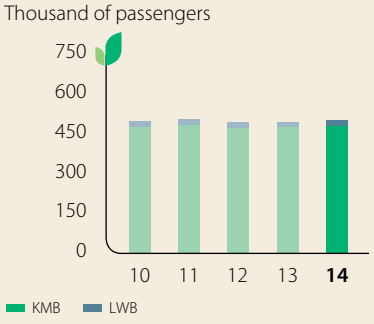
Percentage of actual number of bus departures to scheduled number of bus departures during morning peak hours (7am-9am) in the peak direction

KMB's 12.8-metre bus carries more passengers in greater comfort

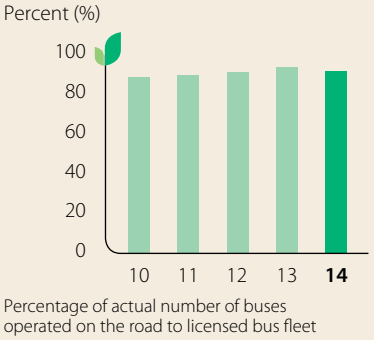
Number of new buses introduced to the fleet



Total fleet capacity at 31 December



Fleet utilisation – KMB



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

KMB's bus fleet	Air-conditioned double-deck buses	Air-conditioned single-deck buses	Total number of buses
As at 1 January 2014	3,668	177	**3,845**
Additions during year	295	1	**296**
Disposals during year	(281)	(5)	**(286)**
As at 31 December 2014	3,682	173	**3,855**

BUS FLEET AND FLEET UPGRADE

KMB's service improvement is driven by constant innovation and bus fleet modernisation.

In 1997, KMB introduced the world's first super-low floor, wheelchair accessible double-deck buses to Hong Kong. A range of innovative features, including the On-board Electronic Bus Stop Announcement System, the Octopus Smart Card System and Hong Kong's first "Multi-media On-board" platform, were progressively installed on KMB buses. Since 2003, KMB has been introducing buses featuring wider bus saloons and entrances, straight staircase and "square-case" designs for easier access to the upper deck and an advanced air-conditioning system that provides improved circulation inside the bus.

We continuously invest in environment-friendly buses that meet the strict exhaust emission standards of the European Council of Environmental Ministers to help promote a better environment. In 2009, we introduced Asia's first Euro V double-deck bus at a time when legislation, which is still effective today, required only Euro IV emission standards for newly-registered diesel vehicles. Further environmental improvement was achieved by collaborating with a British bus manufacturer to co-develop the Euro V double-deck E500 bus, which came into service in Hong Kong in May 2013. The new generation E500 bus, equipped with new driveline technology and a more energy-efficient air-conditioning system, has a lighter bus body for lower fuel consumption, resulting in 10% lower carbon emissions. The chassis is also compatible with future Euro VI engine development and hybrid technology.

As part of our ongoing fleet enhancement, we have been replacing older single-deck buses with brand new wheelchair accessible super-low floor single-deck buses with increased headroom.

In 2014, we continued to make substantial investments in new buses featuring the latest safety, environmental and design features. A total of 263 new super-low floor air-conditioned buses, consisting of 259 Euro V and one Euro V single-deck bus, and 3 Government-sponsored diesel-electric hybrid air-conditioned 12-metre double-deck buses ("hBuses") were added to the KMB fleet.

In August 2014, KMB introduced four 12.8-metre double-deck buses into service on Route 73X. These buses provide an additional passenger capacity of nine passengers to give a total capacity of 146. The 12.8-metre buses are identical to the Alexander Dennis Limited ("ADL") E500 Turbo 12-metre bus but for the additional 0.8 metre added to the mid-body length. It is expected that they will exhibit the same fuel efficiency and reliability that characterise the 12-metre version. KMB will look to expand its fleet of 12.8-metre vehicles to provide increased passenger capacity on routes with high demand.

As at 31 December 2014, KMB operated a total of 3,855 air-conditioned buses, comprising 3,682 double-deck buses and 173 single-deck buses.

In addition, 565 air-conditioned double-deck Euro V buses and eight supercapacitor single-deck buses were on order for delivery in 2015.

To improve its bus network efficiency and competitiveness, KMB constantly reviews the viability of bus routes in light of changes in the external operating environment, including railway expansion, population intake and redistribution, and the building of new highways. Strategic bus network reorganisation remains central to KMB's response to ongoing changes in market conditions.

BUS SERVICE NETWORK

At the end of 2014, KMB operated a network of 394 bus routes in Kowloon, the New Territories and Hong Kong Island. To improve its bus network efficiency and competitiveness, KMB constantly reviews the viability of bus routes in light of changes in the external operating environment, including railway expansion, population intake and redistribution, and the building of new highways. Matching resources to new demand patterns not only safeguards long term sustainability and customer service; it also enables expansion into new growth markets such as routes serving new estates and boundary-crossing points. Strategic bus network reorganisation therefore remains central to KMB's response to changing market conditions.

In 2014, we submitted approximately 100 route reorganisation proposals to the Government, 70 of which were put forward for consultation with District Councils. 52 of these were agreed in principle by the relevant District Councils and implemented albeit with modifications. Many of these proposals were in line with KMB's "Area Approach" network restructuring, under which rather than looking at the performance of individual routes on a piecemeal basis, we review the entire route network of a particular district with the aim of devising a comprehensive reorganisation package based on sound transport planning principles. In this way, we can offer the following benefits to the travelling public:

- Eliminate wasteful duplication between different modes of transport and release resources for redeployment in new growth areas;
- Straighten routes that are unduly circuitous;
- Introduce new express routes that utilise the new highway infrastructure;
- Offer greater connectivity between routes by using Bus-Bus Interchanges on the 'Hub and Spoke' principle;
- Simplify the network of "historic" bus routes to improve their effectiveness.

Following the successful implementation of the Tuen Mun and North District Area Approach route reorganisations in 2013, KMB embarked on similar exercises in Yuen Long, Tai Po, Sha Tin and Kwai Tsing Districts. After extensive consultation with the relevant Districts Councils, implementation commenced in the summer of 2014 and continues into 2015. Improvements include launching of new routes via resource redistribution, the commissioning of the Tsing Sha Highway Interchange, the enhancement of the Tate's Cairn Bus-Bus Interchange Scheme, and the upgrade of facilities at the Tai Lam Interchange.

In addition, 124 proposals related to service frequency adjustments were submitted to the Government for consideration. As a result of the route reorganisation and service frequency adjustment proposals, 25 buses were saved and 14 buses redeployed to new routes, such as Route 88X between Sha Tin and Ping Tin, Routes 286C and 240X between Sha Tin and West Kowloon, and the two new railway-relief Routes T270 and T277, and other growth initiatives.

KMB makes use of Hong Kong's efficient infrastructure to take passengers to their destinations swiftly

The following table summarises the bus network reorganisation carried out in 2014:

	Proposed		Implemented	
	Number of proposals	**Number of buses to be saved**	**Number of proposals**	**Number of buses saved**
Route reorganisation	52	23	30	18 (78.3%)#
Service frequency reduction	124	9	73	7 (77.8%)#
Total	**176**	**32**	**103**	**25 (78.1%)#**

As percentage of proposed number of buses to be saved

Building on the route reorganisation work undertaken so far, we have drafted proposals for formal consultations in the remaining districts in its network area in 2015. By involving local communities and keeping stakeholders fully engaged in the reorganisation proposals, we are confident that full implementation of the route reorganisations will bring benefits to our customers and to the wider public through a more effective deployment of our fleet.

BUS SERVICE RELIABILITY

Deteriorating traffic conditions have been adversely affecting the reliability of our bus services over recent years with the result that many KMB routes are recording an actual journey time greater than that published in the Government gazette. To do our best to ensure that buses depart from the terminus on time, we rescheduled around 100 routes in 2014. We will not waver from our commitment to offering the kind of safe, reliable and value-for-money service that makes franchised bus the favoured mode of transport of Hong Kong residents and visitors alike.

We will continue to work with the HKSAR Government to mitigate traffic congestion and enforcement-related issues. Our advocacy will incorporate proposals for more bus priority measures, including traffic signal priority, extended hours for bus-only lanes and a vision for a Bus Rapid Transit (BRT) system, as found in other cities around the world.

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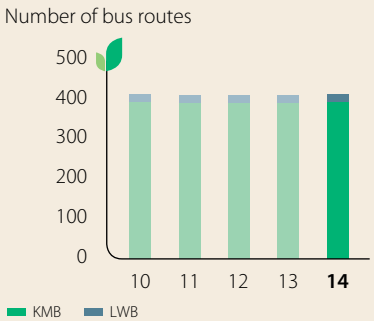
KMB carries passengers to every part of Hong Kong

BUS ROUTE PROMOTION

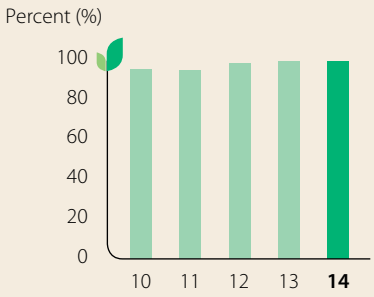
Widespread route promotion was put in place in 2014 to support the route reorganisation programme in Yuen Long, Tai Po, Sha Tin and Kwai Tsing Districts. A total of 60 bus routes were involved in the promotional activities, which included bus-stop poles, bus shelter panels, and KMB's website and smartphone app, as well as leaflets and flyers, which were handed out at the community level or mailed to residents of targeted districts.

Recognising the fact that tourists constitute an important segment of travellers, KMB's Five Route Day Pass, launched in 2013, continued to serve this market in 2014. A publicity campaign to promote routes running along the shoppers' paradise which is Nathan Road was also carried out.

Number of bus routes operated at 31 December



Achievement of schedule – KMB



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

KMB's four major depots in Kowloon Bay, Sha Tin, Lai Chi Kok and Tuen Mun provide routine maintenance and repair services for its bus fleet. We make continuous improvements to our depot facilities to maintain a consistently high level of productivity and service quality.

DEPOTS

KMB's four major depots in Kowloon Bay, Sha Tin, Lai Chi Kok and Tuen Mun provide routine maintenance and repair services for its bus fleet. 11 smaller depots provide parking and minor maintenance services, while major bus overhaul work is carried out at the KMB Overhaul Centre in Tuen Mun. We make continuous improvements to our depot facilities to maintain a consistently high level of productivity and service quality.

KMB SMARTPHONE APP

The KMB/LWB free Smartphone App Version 2 (the "App") gives users access to real-time special traffic information and enables them to make route searches on a map or by means of major landmarks. It also suggests bus routes with the fewest en-route stops and lowest fare to the user's destination of choice. The "Nearby Bus Stop" function uses global positioning technology to

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 2014	Year in which operations commenced	Remarks
KMB depots:					
Kowloon Bay Depot	East Kowloon	768,038	1,028	1990	The depot land was acquired at market price from the Government in 1986 under Private Treaty Grant
Sha Tin Depot	North and East New Territories	720,005	1,112	1988	The depot land was acquired at public auction in 1984
Lai Chi Kok Depot	South and West Kowloon	648,946	852	2002	The depot land has been leased from the Government on a short term tenancy[#]
Tuen Mun Depot	West New Territories	148,961	863	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 Private Treaty Grant
LWB depot:					
Siu Ho Wan Depot	Lantau Island	82,422	179	1998	The depot land has been leased from the Government on a short term tenancy[#]
Total		**2,749,287**	**4,034**		

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

identify the location of the user and list all bus routes in a 200-metre radius as well as the location of the relevant bus stops. For greater peace of mind, the App features the "Alight Reminder" function, which emits an alert sound (or vibration) two bus stops before the selected destination is reached. The App has traditional Chinese, simplified Chinese and English versions. By the end of 2014, around three million iPhone, iPad, iPod Touch, Android and Windows phone users have downloaded the App. In mid-December 2014, KMB further enhanced the App by introducing an Estimated Bus Arrival Time function which provides real-time bus trip information to facilitate journey planning. Android smartphone users were invited to register for the "KMB and LW Smartphone App" Beta Test and become testers. With the App, they could check in advance the estimated bus arrival time in both directions of 21 KMB and LWB bus routes, which serve different parts of the territory, making bus ride planning a trouble free experience. KMB closely monitored the results and officially launched the App on Android and iPhone platforms in January 2015.

iPhone Version

Android Version

INFORMATION TECHNOLOGY

Information technology is used extensively to monitor performance, communicate internally and externally, and enhance productivity. At the end of 2014, a total of 2,022 personal computers were in use across KMB's facilities, linked via high-speed communication lines to 155 computer servers at headquarters. In this way, the operations at headquarters, bus depots, bus termini and customer service centres are integrated. The data network uses a total of 48 software applications, including in-house developed programs and proprietary software, for day-to-day operational purposes and financial management. By continuously upgrading our information technology systems we are able to improve our customer service through enhanced fleet and depot operations, human resources management and cost control.

KMB's advanced information technology enhances productivity, provides effective monitoring of daily operational performance and improves internal and external communications.

CUSTOMER SERVICE

Bus Estimated Time of Arrival Display

Developed in-house, the Bus Estimated Time of Arrival ("ETA") display at the Tuen Mun Road Bus-Bus Interchange, the first system of its kind in Hong Kong, uses global positioning technology to calculate the estimated arrival time of buses travelling via the interchange. Since December 2014, the Tai Lam Bus-Bus Interchange (Yuen Long-bound) also provides the ETA service. In addition, a test version of smartphone app which showed the estimated arrival time of 21 KMB and LWB routes for all stops were deployed to Google Play for registered user for testing.

Integrated Bus Service Information Display System

Integrated Bus Service Information Display System ("IBSID") had been installed at 30 bus termini by the end of 2014. The System provides passengers with information on bus route destinations, departure times, fares and major traffic disruptions on large display panels. At major termini, IBSID also relays pictures of the traffic and operating conditions in the area surrounding the termini to KMB headquarters as well as the termini themselves.

Electronic Bus Stop Announcement System

The On-Board Electronic Bus Stop Announcement System is installed fleet-wide on KMB, broadcasting voice announcements in Cantonese, English and Putonghua and showing the name

of the next bus stop on light emitting diode ("LED") displays. In addition to giving passengers details of the next stop, the system broadcasts safety reminders and bus service messages.

Lost Property Management System

The Lost Property Management System ("LPM") keeps track of lost items from initial recovery to reclaim by passengers or eventual disposal, enabling lost property claims and inquiries to be handled efficiently. In 2014, LPM handled around 26,000 lost property cases, representing approximately 69,000 lost property items.

OPERATIONS

Bus Operation Timetabling System

Adopting best practices in bus operation timetabling, this system was successfully deployed in 2014 to generate the timetables for all KMB routes for optimal resource utilisation.

Terminus Management System

KMB's Terminus Management System ("TER") supports the management of daily bus operations at 171 termini by displaying the next departure time and any special instructions when the bus captains present their personalised Octopus card upon arrival at the bus terminus. Information on the arrival and departure of buses is also recorded and transmitted to headquarters and depots so that any necessary service adjustments can be made.

Traffic Operations Management System

KMB's Traffic Operations Management System ("TOM") facilitates bus captain duty assignment by means of handheld radio frequency identification ("RFID") readers which depot staff use to identify the parking location of buses for retrieval by bus captains. TOM also helps ensure optimal utilisation of spare resources and compliance with working guidelines set by government, as well as keeping management up to date on duty dispatch matters.

Operations Communications Management System

KMB's Operations Communications Management System ("OCM") streamlines the handling of real-time information on operational incidents such as traffic accidents, road congestion and weather conditions as logged by KMB's Radio Control Section, and thus improves the speed and accuracy of message distribution to depots and departments. OCM also disseminates special messages such as typhoon related information to the large LED displays at bus termini.

Bus On-board Monitoring System

The Bus Onboard Monitoring System ("BOM") provides reports on the driving performance of bus captains, which can be analysed by depots and departments to raise training standards in respect of driving safety and passenger comfort.

Bus Maintenance Information System

The Bus Maintenance Information System ("BMS") tracks maintenance costs and helps assign jobs by providing management with information on bus type, repair and maintenance records, overhaul of major units and maintenance workers' work records. BMS also monitors the performance of retreaded tyres to optimise their use and ensure safety and environmental protection.

HUMAN RESOURCES AND FINANCIAL MANAGEMENT

Advanced Finance and Administration Systems

KMB's SAP ERP e-Business Software for financial and human resources management boosts the efficiency of financial planning, control and reporting as well as improving the overall quality of human resources administration and planning. Together with an advanced electronic document management system, e-tendering, e-payslips, and company-wide email, this software greatly reduces paper use while improving internal and external communication, document distribution, filing and retrieval.

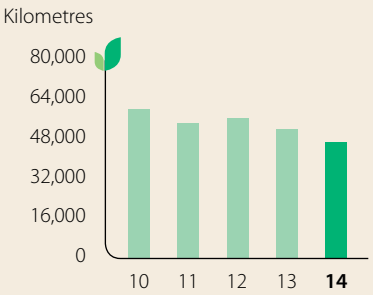
LWB started operating franchised public bus services between the New Territories and Hong Kong International Airport and North Lantau since 1 June 1997. The current franchise of LWB runs for a period of ten years with effect from 1 May 2013.

LONG WIN BUS COMPANY LIMITED ("LWB")

The service network and the service level have been upgraded over the years to cater for the increasing demand for air travel and the increasing demand for transport related to the various infrastructure projects at the Airport and elsewhere on North Lantau. The areas currently served by LWB include the Airport, Tung Chung, and leisure and tourism developments including Hong Kong Disneyland, the Ngong Ping 360 cable car and AsiaWorld-Expo.

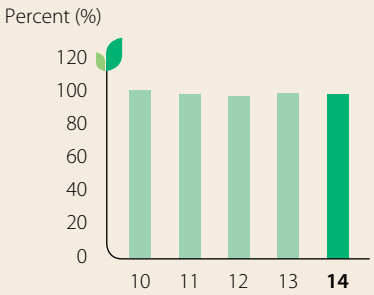
With increased travel demand from Mainland visitors, new developments at the Airport and construction work in North Lantau, LWB's ridership continued to grow in 2014. With its comprehensive bus network, LWB remains well positioned to cater for airport travellers and workers as well as those requiring transport services to construction sites for the Hong Kong-Zhuhai-Macao Bridge, housing projects in Tung Chung, and the new air cargo terminal.

Mechanical reliability – LWB



Average number of kilometres operated before a bus has 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

Fast and economical connections to the Airport

PERFORMANCE ASSURANCE

LWB ensures a high level of performance in terms of safety and efficiency by continuous review of its operations and a strict vehicle maintenance regime. Two key performance indicators, namely, mechanical reliability and operational capability, are used to measure its operational performance. Mechanical reliability is the average number of kilometres a bus operates 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 in the peak hours of 7:00 a.m. to 9:00 a.m. across the whole bus network. In 2014, LWB achieved 46,739 km: 1 in mechanical reliability and 99.5% in operational capability.

LWB has held ISO 9001:2008 quality management systems certification since November 2012, demonstrating its dedication to achieving excellence in the provision of quality bus services.

BUS FLEET AND FLEET UPGRADE

LWB strengthened its services in 2014 by introducing 40 new Euro V super-low floor air-conditioned double-deck buses to replace older buses and strengthen the carrying capacity of its fleet to meet increasing passenger demand and bus network growth. New buses incorporate advanced features including the Bus Telematics System, which provides enhanced functions for fleet management, and on-board CCTV to monitor passenger luggage and enhance security.

To provide passengers with access to infotainment when travelling, LWB offers the "Multi-media On-board" ("MMOB") system on its bus fleet.

As at 31 December 2014, LWB operated 179 air-conditioned super-low floor double-deck buses, all offering wheelchair access and the electronic bus stop announcement system.

At the end of the year, LWB had on order 26 Euro V super-low floor air-conditioned double-deck buses for delivery in 2015.

LWB's extensive network serves a wide range of customers

LWB's air-conditioned double-deck bus fleet	Total number of buses
As at 1 January 2014	**172**
Additions during year	**40**
Disposals during year	**(33)**
As at 31 December 2014	**179**

BUS SERVICE NETWORK

At the end of 2014, LWB operated 19 routes. To cater for the growth in passenger demand, service improvements were implemented on Routes A41P, E33P, E34 and S64 through the addition of six buses on these four routes. To enhance operating efficiency and allow for future growth, Route E34 was split into two routes, one serving Tin Shui Wai (Route E34A) and the other Yuen Long (Route E34B). In similar fashion, Route S64 was split into Route S64C and S64X in the morning peak period with the addition of one vehicle to meet the growing demand from Airport staff.

Overnight LWB services also benefited from various initiatives to cater for the increasing number of air passengers arriving after midnight and Airport staff working on late shifts. Overnight Route N30 was reorganised in January 2014, providing a Route N30P departure for passenger in Tuen Mun.

In addition, LWB offered short-term Same Day Return ("SDR") fare concessions (a 30% SDR discount for all A-routes, and a 10% SDR discount for all E-routes), under the terms of the passenger reward arrangement as agreed by the Government in 2006, from 1 September 2014 to 28 November 2014.

LWB strives for continuous improvement as it seeks to meet the growth of passenger demand arising from the increase in tourism and leisure activities, while maintaining a high standard of network coverage and service for all its passengers. In sum, LWB sets out to provide an efficient, direct and user-friendly bus service that meets the expectation of its customers.

DEPOT

LWB's depot at Siu Ho Wan provides daily bus maintenance, refuelling, bus washing and parking for its fleet. A waste water treatment system is installed at the depot to ensure that the quality of waste water complies with statutory requirements before being discharged into the public drainage system.

SAFETY AND CUSTOMER SERVICE

Buses in the LWB fleet are subject to a stringent maintenance regime, with regular inspections undertaken to ensure that they maintain the highest operational standards. Bus captains' driving performance and customer service are monitored regularly by driving instructors, while bus captains are kept informed of the latest safety messages via briefings and safety reminders. Additionally, LWB organises quality campaigns to recognise and reward good performance.

LWB's website www.lwb.hk gives passengers easy access to route information. Estimated arrival time for buses of some routes is provided by route information displays at en-route bus stops, while the upgraded LWB app allows customers to receive bus information on their smartphones.

ENVIRONMENTAL PROTECTION

LWB is dedicated to contributing to a better environment by investing in environment-friendly buses that meet the stringent emission standards of the European Council of Environmental Ministers. LWB started introducing Euro V double-deck buses in 2010, when the legislative requirement, which is still effective today, required buses at Euro IV standard only. In 2014, LWB introduced 40 new Euro V buses, bringing the number of Euro V buses in its fleet up to 46%.

LWB has retrofitted Diesel Particulate Filters on all its Euro II and Euro III buses to reduce the emission of particulate matter, and the Eco-driveline system reduces both fuel consumption and exhaust emissions. To further improve air quality, Near Zero Sulphur Diesel ("NZSD") has been adopted fleet-wide since 2010.

The air quality in the bus compartment has been significantly improved by the electrostatic air filtration function embedded in the air-conditioning system.

To improve roadside air quality, the HKSAR Government has allocated HK$180 million for Hong Kong's franchised bus operators, including LWB, to procure a total of 36 electric buses for trial runs on different routes to assess their performance in different operating conditions. LWB received funding for the procurement of four single-deck electric buses for trial deployment, and the tendering process for which has begun.

● LWB's bus termini on Lantau Island