



China Mainland Transport Operations

In 2012, the Group operated a range of transport services in Shenzhen (深圳) and Beijing (北京). We will continue to explore transport related business opportunities in China Mainland that can give reasonable returns in line with our investment strategy.

SHENZHEN BUS GROUP COMPANY LIMITED

(深圳巴士集团股份有限公司) (“SBG”)

SBG is a Sino-foreign joint stock company formed by KMB (Shenzhen) Transport Investment Limited (九巴(深圳)交通投资有限公司), a wholly-owned subsidiary of the Group, and four other Mainland investors. The Group has a 35% stake in SBG.

Since commencing operations in January 2005, SBG has provided public bus, minibus and taxi services in Shenzhen City (深圳市). As at 31 December 2012, SBG had 5,813 vehicles operating on around 270 routes. In 2012, owing to the impact of the opening of new rail lines within Shenzhen’s underground railway system, the number of bus

passenger trips served by SBG decreased by 3.3% to 877.3 million compared to 907.0 million passenger trips in 2011.

In the face of strong competition from Shenzhen’s underground railway and continuing inflation in China Mainland, SBG further improved its operational efficiency and strengthened its cost control measures during 2012. To stay competitive in the public transport market, various measures, including fleet upgrade and strategic reorganisation of its bus network, were taken by SBG to increase productivity without compromising its service quality. Rigorous budgetary control measures were also adopted to mitigate the impact of escalating operating costs. In 2012, SBG continued to introduce more feeder bus routes connecting neighbourhoods with underground railway stations and to extend its route network to nearby districts.



SBG’s electric taxi fleet helps to create a green city



SBG carries passengers in comfort to their destination

SBG continues to trial buses and taxis using new clean energy sources such as liquefied natural gas and electricity.

SBG has been ISO 9001:2000 certified for the provision of transport services, transit designs and support services in the city of Shenzhen since 2007. To improve the environmental performance of its bus fleet, SBG has adopted the use of environment-friendly fuel and engines meeting up to Euro IV emission standards. It also continues to trial buses and taxis using new clean energy sources such as liquefied



natural gas and electricity, and to collect more research data for better application of these new technologies. SBG will continue to upgrade its services and enhance its competitiveness in Shenzhen and other markets.

BEIJING BEIQI KOWLOON TAXI COMPANY LIMITED(北京北汽九龍出租汽車股份有限公司)(“BBKT”)

Established in 2003, BBKT was the first Sino-foreign joint stock company to enter China Mainland's taxi hire and car rental business sectors. KMB (Beijing) Taxi Investment Limited (九巴(北京)出租汽車投資有限公司), a wholly-owned subsidiary of the Group, holds an equity interest of 31.38% in BBKT.

Being one of the leading operators in the taxi hire and car rental business in Beijing, BBKT is well placed to offer the highest levels of service in a competitive market, having been ISO 9001:2000 certified for its quality management systems in taxi services since 2006. With a fleet of 4,680 vehicles, BBKT is ideally positioned to capture additional business opportunities afforded by the wide variety of events, conferences and exhibitions that are held in the national capital. The growing affluence and increasing internationalisation of the Mainland bode well for the identification of new market opportunities, especially in the chartered vehicle services sector.

Despite the continuing challenges posed by rising staff costs and other operating expenses, BBKT made satisfactory progress in 2012 and will continue to build on its solid reputation for quality service provision while exploring profitable avenues for seizing new business opportunities.

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BBKT's taxis bring all of Beijing within reach of its customers