



China Mainland Transport Operations

In 2010, the Group operated a range of transport services in Shenzhen (深圳) and Beijing (北京). We will continue our strategy of exploring transport related business opportunities in China Mainland that offer reasonable returns.

SHENZHEN BUS GROUP COMPANY LIMITED (深圳巴士集團股份有限公司) ("SBG")

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

Since it began operating in January 2005, SBG has provided public bus, minibus and taxi services in the city of Shenzhen (深圳市). At the end of 2010, SBG had 5,248 vehicles operating on 251 routes. During the year, it continued to experience strong demand growth, serving 932.5 million passenger trips, an increase of 8.1% compared to 862.8 million passenger trips in 2009.

In 2010, facing strong competition from Shenzhen's underground railway, SBG further strengthened its cost control measures and improved its operational efficiency. SBG continued to take steps to boost productivity to ensure it maintained its position in the public transport market. These measures included further upgrading of its fleet and strategic rationalisation of its bus route network. Additionally, stringent budgetary control measures were adopted to mitigate the impact of rising operating costs. In 2010, SBG introduced more feeder bus routes linking with Shenzhen underground railway stations and expanded its bus route network to nearby districts, thereby enlarging its customer base.



Since 2007, SBG has been ISO 9001:2000 certified for the provision of transport services, transit designs and support services in the city of Shenzhen. To improve its environmental performance, SBG has adopted the use of environment-friendly fuel and engines that meet up to Euro IV emission standards. In 2010, SBG introduced a number of buses using new clean energy sources such as liquefied natural gas and electricity on a trial basis. SBG has also taken the lead in China Mainland by introducing electric taxis for trials in the city of Shenzhen. SBG will continue to upgrade its services, enhance its competitiveness and enlarge its market share in Shenzhen and other markets.



The Shenzhen Bus Group serves Shenzhen passengers over its vast network

Operational Review China Mainland Transport Operations

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

Founded in Beijing in 2003, BBKT was the first Sino-foreign joint stock company to enter the 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, has an equity interest of 31.38% in BBKT.



BBKT's taxis keep Beijing on the move



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Despite facing challenges from rising operating costs, BBKT continued to enhance its competitiveness by upgrading its car fleets and introducing new models, while exploring profitable avenues for acquiring new customers. In 2009, BBKT opened a new representative office in the Binhai New District of Tianjin (天津市濱海新區) to capture new market opportunities for BBKT's taxi and car leasing businesses.

In the quarterly customer satisfaction surveys that the municipal authorities in Beijing conduct on the city's taxi services, BBKT has been consistently ranked in the top three among over 100 taxi operators. This is a testament to BBKT's continuous efforts to establish itself as one of Beijing's leading taxi service providers.