

China Mainland Transport Operations

In 2014, the Group operated a range of transport services in Shenzhen (深圳) and Beijing (北京) in line with its strategy of identifying transport related business opportunities in China Mainland offering reasonable returns.



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

SZBG is a Sino-foreign joint stock company formed 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, together with four other Mainland investors. The Group has a 35% stake in SZBG.

SZBG has been providing public bus, minibus and taxi services in Shenzhen City (深圳市) since commencing operations in 2005. As at 31 December 2014, SZBG operated 530 taxis and 5,399 buses running on around 270 routes. In 2014, owing mainly to

increased competition from Shenzhen's underground railway system, the number of passenger-trips served by SZBG decreased by 3.1% to 809.4 million compared to 834.8 million passenger-trips in 2013.

SZBG enhanced its operational efficiency and tightened its cost control measures in 2014 to address the competition from the underground railway and the inflationary trend in China Mainland. A number of measures were taken to improve SZBG's competitiveness in the public transport field, including strategic bus network reorganisation, enabling productivity to be improved without compromising service quality. Stringent budgetary control was adopted to mitigate the impact of increasing operational costs.

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Convenient
services
promoting
greater
mobility



SZBG provides modern bus services for a modern city



SZBG's modern taxi fleet reflects Shenzhen's growth

In 2014, SZBG introduced more feeder bus routes connecting neighbourhoods with underground railway stations, while extending its route network to nearby districts.

SZBG has been ISO 9001:2008 certified for the provision of city bus transportation services in Shenzhen City. SZBG uses engines meeting up to Euro IV emission standards as well as environment-friendly fuel to improve the environmental performance of its bus fleet. It is stepping up trials of buses and taxis using clean energy sources such as liquefied natural gas and electricity, and considering ways of

applying these new technologies. SZBG is committed to continuous upgrade of its services and improvement of its competitiveness.

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

BBKT was the first Sino-foreign joint stock company to enter China Mainland's taxi hire and car rental business sectors when it was established in Beijing in 2003. 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.

BBKT, which was ISO 9001:2008 certified for its quality management systems in taxi service, is well placed as a leading operator in Beijing to offer high levels of service in a very competitive market. Until April 2013, BBKT operated both taxi hire and car rental businesses in Beijing. To sharpen its focus on the business opportunities provided by the booming car rental market, BBKT span off its car rental business, setting up a new joint stock company, namely Beijing Beiqi First Company Limited (北京北汽福斯特股份有限公司), in the same month.



In spite of the challenges of rising staff costs and other operating expenses, BBKT continues to build its operations on sustainability principles, introducing some 560 environment-friendly hybrid taxis during the year. With a fleet of 3,697 taxis at year-end, BBKT made satisfactory progress in 2014 in its ongoing pursuit of quality service provision while exploring potential new business opportunities.

BEIJING BEIQI FIRST COMPANY LIMITED (北京北汽福斯特股份有限公司) (“BBF”)

Established in April 2013, BBF is a Sino-foreign joint stock company which operates the car rental business formerly undertaken by BBKT. With the same shareholding structure as

BBKT, BBF is well positioned to take advantage of the growing business opportunities afforded by business travellers as well as the wide variety of events, conferences and exhibitions that are held in the capital, which included in 2014 the APEC CEO Summit held in November. ISO 9001:2008 certified for its quality management systems in the service of car rental, BBF had 1,182 vehicles available for charter, mainly in Beijing and Tianjin (天津), as at 31 December 2014. The growing affluence and increasing internationalisation of the Mainland continue to offer opportunities for new market developments in Beijing and other Mainland cities.

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BBKT's taxis provide premier services in the capital