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Yutong Newsletter

Introduction to Yutong TSM

Annual review of Yutong Bus

Yutong shines at Busworld Kortrijk 2011

Top 10 events of 2011 for Yutong



Zhengzhou Yutong Bus Co., Ltd.

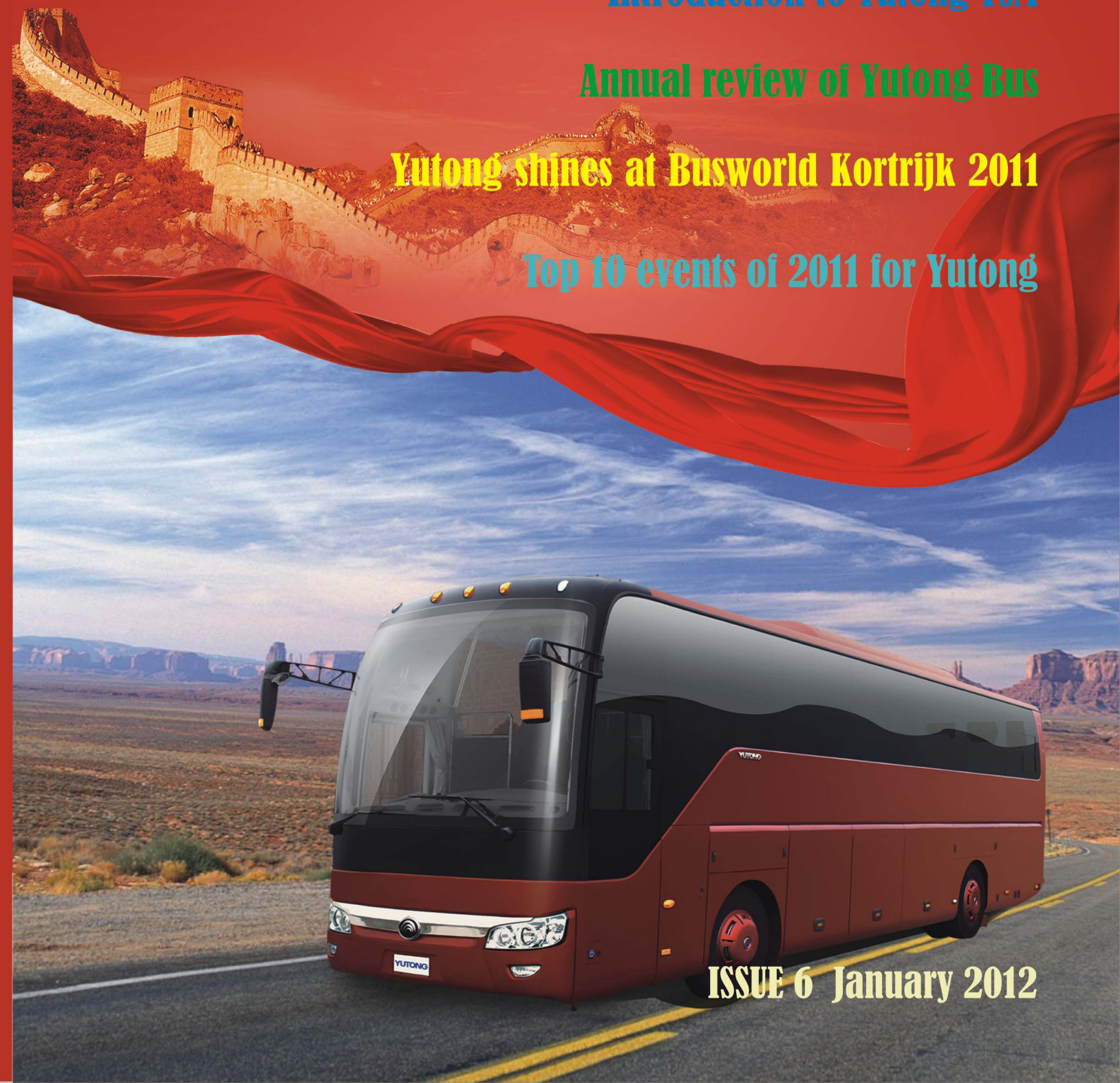
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Happy Chinese New Year

The whole world is celebrating the New Year!

Yutong wishes you good luck in the year of 2012 and all dreams come true!



Tang Yuxiang
President of Yutong Group

携手又一程
共赢新一年



賀年

貳零壹貳年

壬辰





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Tang Yuxiang
President of Yutong Group



New Year Address of the President

As the new year approaches, I, on behalf of the management of Yutong Group, would like to extend my gratitude to all the staff for your dedicated efforts and my sincere greetings and new year blessings to the family members of the staff and the friends from all sides who consistently concern and support the development of Yutong!

The past year of 2011 is a turbulent period. Outside China, we saw the unrest in northern and western Africa and the deterioration of the debt crisis in Europe and America. In China, the monetary policy continued to be tightened and the economic growth slowed down. Facing the above pressures, all Yutong staff, adhering to the core values of "Morality, Collaboration and Innovation", have made great efforts during the difficulties in restructuring the organization, ensuring the growth and making considerable achievement.

The management restructuring of the company is carrying out deeply, the professional qualification of the staff continues to be improved and the team status and management level increases steadily. The performance of Yutong Group has hit record high and its turnover reached 25.8 billion yuan in 2011. Meanwhile, the

competitiveness of different sectors in the group is increasingly strengthened, i.e. the new energy bus project has kicked off in full swing, the financial company is scheduled to be opened, the commercial vehicle project is carrying out step by step ... a magnificent blueprint of the enterprise development is spreading and all staff are making endeavor to add a touch of brilliant color to the development of the company.

Looking into the year of 2012, I sincerely hope that you can, under the guideline of "Customer-oriented and staff-oriented", work shoulder to shoulder, be eager to make progress, adhere to scientific management, increase working standard and strengthen team spirit in order to create greater glory for Yutong with your boosting morale and passion.

Once again, thank you all for your work and endeavor on the development of Yutong undertaking. Wish you a most happy New Year and good luck!

汤玉祥

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Zhengzhou Yutong Bus Co., Ltd.

Yutong gets a 1.49b yuan contract from Venezuela

Yutong has signed a contract of 1,216 buses with a Venezuelan company. The contract amount reaches RMB 1.49 billion yuan and the delivery time is between January to July of the year 2012.



Fuel saving of Yutong hybrid buses hits record high of 30%

Statistics showed that, running in urban cities, the latest hybrid buses of Yutong could cut fuel consumption by about 30 percent. And their prices, after being subsidized by the governments, are almost equal to that of the conventional buses having the same configuration. With 30 percent of the fuel saving effect, this type of hybrid buses is becoming more competitive.



WABCO and Yutong ink pacts on application of ACC

WABCO signed an agreement with Yutong on November 29, 2011. According to the agreement, WABCO will provide adaptive cruise control (ACC) and advanced safe technology to Yutong.

Yutong awarded Busbuilder of the Year Worldwide by BAAV

The Busworld Kortrijk 2011 kicked off in Kortrijk on October 20, 2011. Yutong was granted the grand award of Busbuilder of the Year Worldwide 2012 by BAAV.



Yutong conducts the first rollover test of school buses in China

The first rollover test of school buses in China was conducted in Yutong Group successfully. The test buses were two Yutong school buses of 10-meter and 6-meter. The test result shows that the structure of bus body was not damaged after the rollover test.



Trainees from Ethiopia, Brunei, Philippines, Thailand trained in Yutong

The service providers from Ethiopia, Brunei, Philippines and Thailand successfully concluded their nineteen-day training in Zhengzhou, headquarter of Yutong Group, from September 5 to 23.



Yutong delivers luxury shuttle buses to Macao

The Macao International Auto Show was solemnly opened on October 28, 2011. The handover ceremony of Yutong ZK6100HB luxury shuttle buses to Macao Haiwei Tourism Company was also held in Macao during this period.

Yutong Bus granted charity award

In 2011, Yutong continued to carry out charity activities and shoulder its social responsibility actively and was granted the Most Influential Caring Enterprise award. It is learned, up to now, Yutong has totally donated 117 million yuan to the society and offered aids to more than 30,000 people.



2011

Annual review of Yutong Bus

■ Yutong Bus releases output and sales data of Dec. 2011

Zhengzhou Yutong Bus Co., Ltd releases its output and sales data of December 2011

Data source : Yutong's Q4 financial report

	December2011(unit)	Jan-Dec. 2011 (unit)	Y-o-y growth of Jan.- Dec.
Output	6142	45895	9.55%
Large Bus	3128	20694	16.00%
Medium Bus	2704	22197	9.38%
Light Bus	310	3004	-20.13%
Sales	6730	46688	13.41%
Large Bus	3245	20964	19.33%
Medium Bus	3169	22670	14.43%
Light Bus	316	3054	-19.40%

Note: This table as the Express data, the final report is subject to the company's regular report.

From the data we can see that Yutong has delivered a record high of 46,688 buses and coaches from January to December of 2011, up 13.41% than the previous year.

■ Yutong Bus continues to stand out in the industry

The position of China's bus industry in the commercial vehicle sector has never stood out like this in 2011. In the first eleven months, the performance of the whole commercial vehicle sector was falling, only the sales volume of large and medium-sized buses kept a ten percent increase, among which Yutong held a safe lead of 15.95 percent year-on-year growth rate, leading the rapid development of China's bus industry.

Chinese buses have never been so closed to the ordinary people than in 2011. The school bus accidents alerted the public once again that China needs the safe professional school buses urgently. In the same year, Yutong school buses with "long nose" got more popular, becoming the synonym of Chinese safe professional school buses.

In 2011, the new energy vehicle industry continues its emerging. In 25 pilot cities and other non-pilot cities, growing numbers of hybrid and electric buses have been put into trial operation. Yutong Bus, as the sales champion of new energy buses and technical leader, is promoting the technical progress and development of the whole industry with its practical action.

In 2011, some big events happened in the industry. From purchase of professional school buses to energy-efficiency and emission reduction of transportation sector, from the export of Chinese buses to the technical progress of the commercial vehicle sector, from the promotion of clean energy buses to the application of telematics, Yutong is always the vanguard of the industry.

Introduction to Yutong TSM



Five difficulties in the management of bus operation

Increasing cost of fuel consumption

Weak control of safety problems

Uneven drivers' driving level

Hard to anticipate vehicles' malfunction

Lack of scientific guideline for management

How to address these problems? *TSM helps you find solutions*

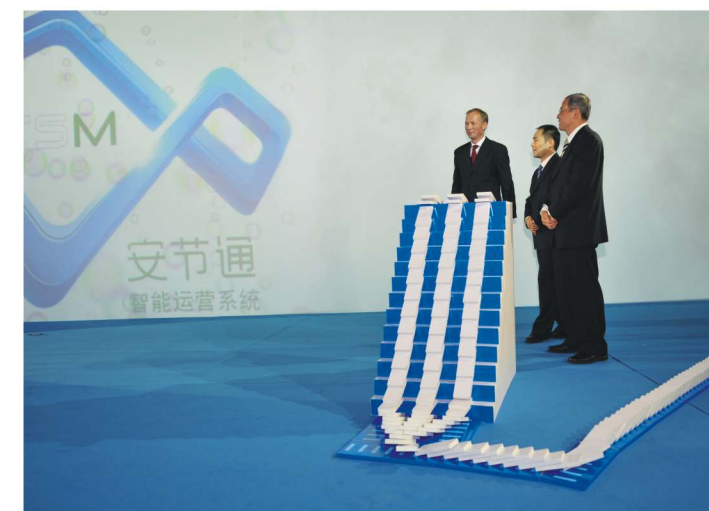
TSM means Technology, Skills and Management. These three aspects interact with each other and evoke synergy, helping you overcome operational difficulties and realize efficient operation.

Technology means the technical standards including standards on safety, energy saving, durability, reliability, etc., guaranteeing the safety, energy saving, durability, and reliability of bus products through strict technical standards;

Skills mean the working method. Based on years of Yutong experience in fuel-saving driving tests and training practice, it helps improve the driving skills of drivers;

Management means the intelligent operational system. Through the application of Internet of Things technology, an overall management of safe driving, fuel saving, repairing & maintenance and so on can be realized with digital, dynamic and remote control way.

TSM intelligent operational system is jointly developed by Yutong and Nokia Siemens Networks, and China Mobile is responsible for the telecommunications service.



The leaders of Nokia Siemens Networks, China Mobile and Yutong launched the TSM system together.

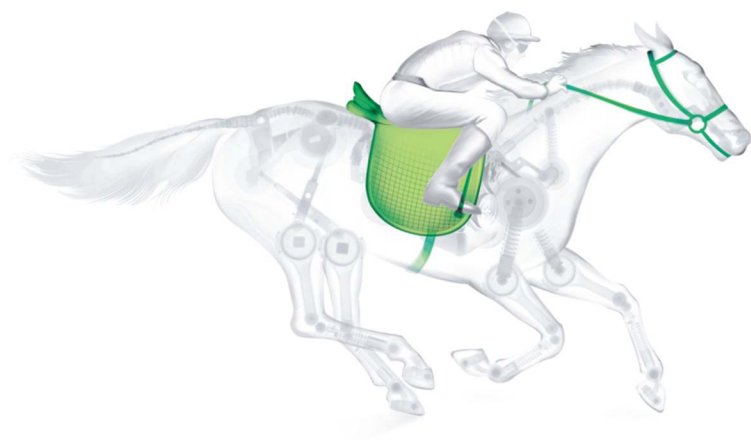


Markus P. Borchert, VP of Nokia Siemens Networks Greater China, delivered a speech.



Niu Bo, GM of Yutong Bus Co., Ltd. delivered a speech.

Advanced development concept and association with strong enterprises make the TSM intelligent operational system possess a leading technical level and have three characteristics, namely high quality, high flexibility and low-threshold.



Introduction to the six functions of TSM:

1. Overall safety management function: It can monitor the running status of vehicles at any time, from drivers' behavior to terminal safety control, from real-time reminding to

summary and analysis afterwards, removing the potential risks to the maximum and ensuring the operational safety of vehicles.

2. Accurate fuel consumption management: Through monitoring the whole process from fuel refilling to fuel consumption with an accurate management way, the operational cost can be decreased considerably.

3. Efficient routes management: Based on real-time control of vehicles, as well as the overall and objective management and analysis of data, it can monitor and dispatch vehicles scientifically, realize the efficient management of personnel, vehicles and routes, and improve the operational benefits.



Expert guests of the summit forum discussed the TSM system.

4. Considerate maintenance management: It can provide comprehensive service information and maintenance inquiry, support the synchronized link with the after-sales service network of Yutong and remind customers to perform maintenance

timely, thus reducing the cost of repairing and maintenance.

5. Intelligent fault management: Using intelligent sensors to realize the real-time monitor and alarm, remote fault diagnosis and trouble shooting, thus ensuring the smooth traffic and improving the availability of vehicles.

6. Thoughtful assistant of drivers: Besides providing drivers the fuel consumption data and fault diagnosis prompt, as well as sending and reception of dispatch information, it can also remind you of maintenance and alarm of dangerous operation, and provide one-key calling, bluetooth function and so on, meeting the overall needs of drivers in daily work.

The TSM intelligent operational system, as the main part of TSM safety & saving value system, is developed with a high quality standard. The strong and advanced developing concept makes the system have a leading performance.

Facing the future, Yutong never stops the steps of creating value for you.

Yutong shines at Busworld Kortrijk 2011

Yutong was awarded Busbuilder of the Year Worldwide 2012 issued by BAAV on October 20, 2011, and its position as a world level bus maker was acknowledged.

Wang Feng, vice president of Yutong, received the award representing Yutong and said "I'm very proud to get this award. Yutong's contribution to China's bus industry in decades is obvious to all. This award is a high praise and acknowledge of Yutong's efforts, and also the appreciation and stimulus of China's

bus industry. Meanwhile, this honor is both the pressure and the motive for the future development of Yutong, which gives Yutong a new starting point. Based on this starting point, Yutong will require itself more strictly in future, especially in the exploration of international market. So we still have a long way to go."



In 2010, Yutong's sales volume of buses reached over 40,000 units, becoming the largest bus maker worldwide. However, Yutong is not conceited and complacent, but rather continue to enlarge its investment in different aspects. The new energy bus plant is expected to be put into use in 2012 and the total production capacity of buses will be reaching 60,000 to 70,000 units per year. For Yutong, its market is no long limited in the domestic area, heading towards overseas and observing issues from an international perspective are also becoming a must of Yutong's development as well as an inevitable step of China's bus industry.



Haste makes waste, exploring the market with steadiness

Yutong has had a good performance in the export market. Speaking of exploring the European market, an area with a high threshold, Wang has his own opinion. "As one of the golden market worldwide, Europe is no doubt an important market to Yutong. But for this market, instead of the export amount, the quality of the export matters. The European market has its own characteristics. In respect of the products' competitiveness and market maturity, Yutong takes a cautious attitude toward this market," said Wang.



Chinese enterprises should draw together while going abroad

Speaking of the overseas development, Wang not only mentioned Yutong's strategy, but also observe it from the perspective of the industry. He told the reporter that we shall concern not only a single brand, but also the whole industry. Chinese bus makers should have the self-confidence to compete with the international counterparts in the overseas market.

In overseas market, Yutong is a brand, and Chinese bus is a whole brand as well. Creating a general brand image of Chinese buses needs to be considered by the whole industry.



Probing into the European market

— Interview with Daniel Limoges,
General Sales Manager of Yutong European &
North American Division

En Route: What are the features of the bus market in Europe?

Daniel: Firstly, the European market has a high requirement on the emission of buses. At present, the emission standard of European buses is Euro V and in two years only the buses of Euro VI are allowed to be sold. Secondly, all the buses to be sold to Europe have to get the homologation of EU. Thirdly, the annual demand for buses and coaches more than 8 tons in the European market is approximately 30,000 units. The sales are mainly focus in Western Europe, including Spain, UK, Germany, France, Italy, Holland, Belgium, Austria, Scandinavia, etc.

Since more and more countries in Eastern Europe have joined the European Union (EU), they have to implement the emission standard of EU as well.

Unlike coach sales outnumber city bus sales in China, in the European market, especially in the Western Europe, city bus sales outnumber coach sales and this tendency is expected to continue.

En Route: What kind of difficulties would be encountered when the Chinese buses enter the European market and how to solve them?

Daniel: Due to the high requirements on environmental protection in Europe, Chinese buses need to be equipped with the engine of new generation to fulfill the requirements

and get the corresponding homologation. In the past, during the upgrade from Euro IV to Euro V, since a larger intercooler was needed to be installed, the surrounding parts around the engine also had to be changed accordingly and the engine compartment needed to be enlarged as well. Therefore, this upgrade involved many technical issues.

In addition, the European regulations are different from Chinese ones in many details. For instance, there are special requirements for the courtesy seats of city buses. Even though these are the tiny aspects of the regulations, we should by no means neglect them, and we shall adapt all the buses to be exported to Europe according to the regulations of related norms.

Meanwhile, the vehicle weight also plays an important role. The weights of Chinese vehicles are relatively high which will cause higher fuel consumption as well. Therefore, the European bus makers are dedicated to the reduction of vehicle weights.

En Route: Please tell us Yutong's strategy in exploring the European market.

Daniel: Firstly, we need to cover the needs of most customers with possibly less product category. In this case, we can facilitate our after-sales service and spare parts availability. Therefore, we shall restrain the number of bus models, improve the commonality of spare parts and establish well-built service network, thus fulfilling the needs of repairing, maintenance and spare parts. Only in this way, we can realize the rapid response to customers' demands. Therefore, in selecting distributors, it becomes important to consider their ideas on vehicle maintenance, parts supply and service network.

En Route: There are a host of bus manufacturers in European countries. What are the advantages and disadvantages of Yutong buses?

Daniel: Yutong company has a large enterprise scale and its sales volume of buses ranks first in the world. So it has large potential and can do something that other companies can not, i.e. it can enable a shorter delivery time which might help it stand out in biddings.

Although Yutong has a large variety of products, most of them are adapted to Chinese market and regulations. To fulfill the European norms, some vehicles have to be adapted first.

Top 10 events of 2011 for Yutong



1. Yutong became the synonym of safe school bus in China.
2. The construction of Yutong fuel efficient and new energy vehicle production base kicked off.
3. The turnover of Yutong Group reached 25.8b yuan.
4. The president Tang was granted a host of honors and awards.
5. The new industrial park of Yutong Heavy Industries began to construct.
6. Yutong launched TSM system.
7. Yutong made great breakthrough in new energy vehicle project, becoming a bus maker who has the highest sales volume and largest sales area of new energy buses.
8. The daily production capacity of Yutong buses rose to 210 units.
9. Yutong further implemented the operational spirit of "staff-oriented" and constructed harmonious enterprise culture.
10. Yutong continued to carry out a series of charity activities and shoulder its social responsibility actively. During the year of 2011, the company has totally donated 40 million yuan and offered aids to more than 9,000 people.