

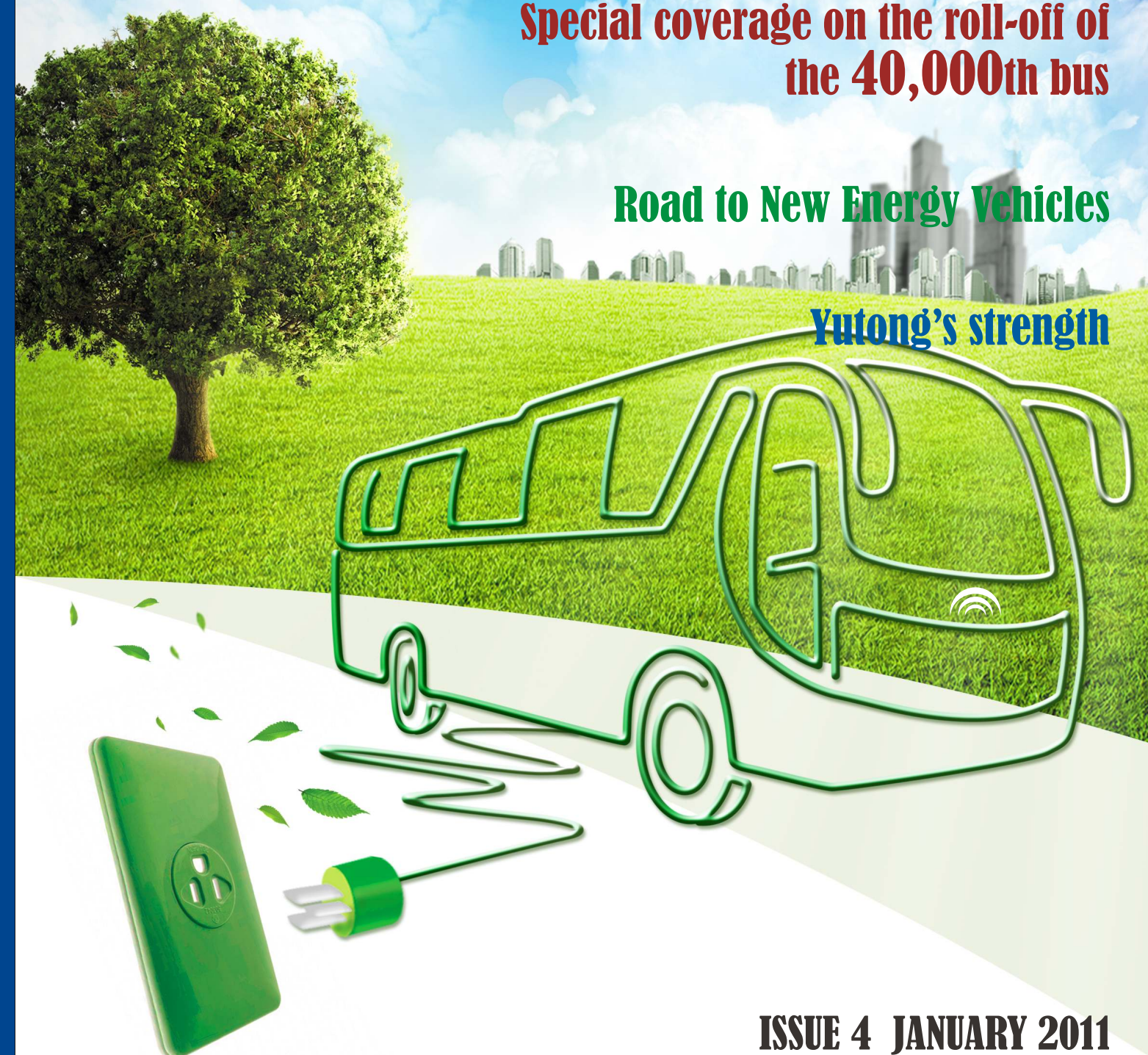
EN ROUTE

Yutong Newsletter

**Special coverage on the roll-off of
the 40,000th bus**

Road to New Energy Vehicles

Yutong's strength



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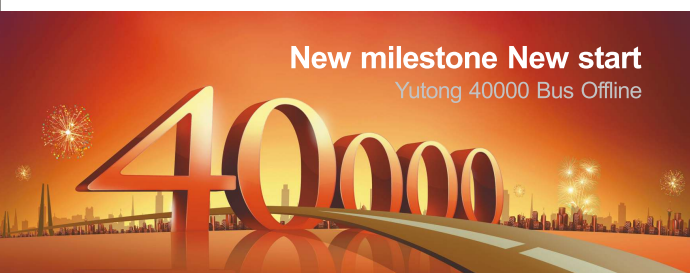


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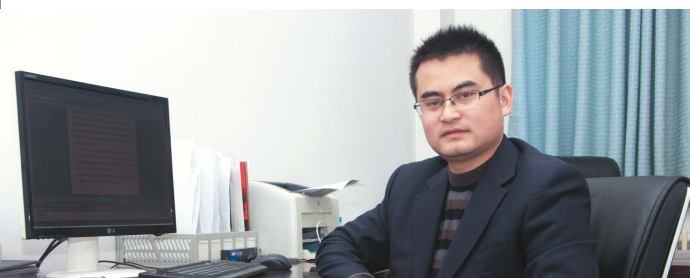


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Tang Yuxiang
President of Yutong Group

Dear reader,

As the time flies, the Chinese New Year is right around the corner. The past year of 2010 is fruitful, while the coming year of 2011 is hopeful. On this festive occasion, I, on behalf of the staff of Yutong Group, would like to extend my thanks to you for your support to this group, and also give my sincere greetings and new year blessings to your family members.

The past year is full of excitements. Confronted by the constantly-changing international situation and fierce market competition, Yutong Group, under your support, has struggled to make marvelous achievements. As the overall transformation of the management system is fully launched, the operation management ability of the company is continuously improved with regard to the business performance, scoring a record sales volume of 40,000 units of buses and a turnover of more than 20 billion Yuan. Maintaining a sustainable, healthy and steady

development, Yutong is committed to becoming the world major bus and coach supplier.

Looking forward to the future, Yutong will take this good opportunity to actively explore new-energy buses and other sectors, constantly improve its core competitiveness, and continue to create maximum value for customers via high-quality products, sound service and innovative technology based on our operation and management concept of "Client-oriented and employee-oriented". Standing at a new height, Yutong Group will cooperate with you to create a bright future with more resolute beliefs and full enthusiasm.

Finally, we expect your consistent care and support for Yutong as you did in the past. Here I express my gratitude again and wish you a most happy and prosperous New Year!

陈心平



Yutong awarded CCTV "Pride of China"

December 8, 2010 - Beijing, China

The results of 2010 Chinese Brand Release of the Year came out on December 8, 2010. Yutong was awarded "Pride of China", which is also the only one in China's bus industry, once again representing the strength of China's No.1 bus brand.

Yutong's prototype for Macedonia City Bus Project passes inspection

Recently, the first prototype for Macedonia City Bus Project rolled off the assembly line. Mile Janakieski, Macedonian minister of Transport and Communications attended the inspection ceremony and was very satisfied with the prototype.



The lightest city bus rolls off the line

The lightweight city bus ZK6120HNG built with great efforts rolled off the line on December 22, 2010. The curb weight of the city bus is 10.38 tons, which is the lightest one among the counterparts with the same length and configuration in China's bus industry.

Two Yutong buses shine at EVS 25

Yutong brought its ZK6100EGAA electric sightseeing bus and ZK6129EGQA full-aluminum electric city bus to the 25th World Electric Vehicle Symposium & Exhibition (EVS25) held in Shenzhen of Guangdong province November 3-14, 2010, demonstrating the highest technical level of China's large-sized electric buses to the world.



Yutong presents at 8th China Auto International (South Africa) Tour Exhibition

November 24-30, 2010 - South Africa

The 8th China Auto International (South Africa) Tour Exhibition was successfully staged in South Africa November 24-30, 2010. 7 auto manufacturers represented by Yutong attended the activity.



Saudi Autoshow

The Saudi Autoshow organized by Saudi Ministry of Transport was held in Jeddah, capital city of Saudi Arabia December 26-30, 2010. As a sole bus builder, Yutong attended the exhibition. It is learned this exhibition is the largest and most professional auto show in Saudi Arabian area.



Yutong sleeper bus completes rollover test

Yutong ZK6122HW9 sleeper bus completed the rollover test at Tongzhou proving ground of the Ministry of Transport and was in compliance with the related national test standards. It is learned this is the first rollover test for sleeper buses both at home and abroad.



Service Week in Viazul company of Cuba

Recently, Yutong, together with some suppliers, conducted a Service Week Campaign for the Cuban customer -Viazul Company. Through the campaign, Yutong's service staff checked the Yutong buses of Viazul Company and explained in detail the maintenance knowledge to the customer.



Annual review of Yutong Group 2010

■ Zhengzhou Yutong Bus Co., Ltd releases its output and sales data of December, 2010

Data source: Yutong's Q4 financial report

	December 2010 (unit)	Jan.-Dec. 2010 (unit)	Y-o-y growth of Jan.-Dec.
Output	5120	41894	46.35%
Large Bus	2420	17840	56.74%
Medium Bus	2339	20293	47.22%
Light Bus	361	3761	8.73%
Sales	5626	41169	46.06%
Large Bus	2568	17568	56.90%
Medium Bus	2698	19812	46.67%
Light Bus	360	3789	8.85%

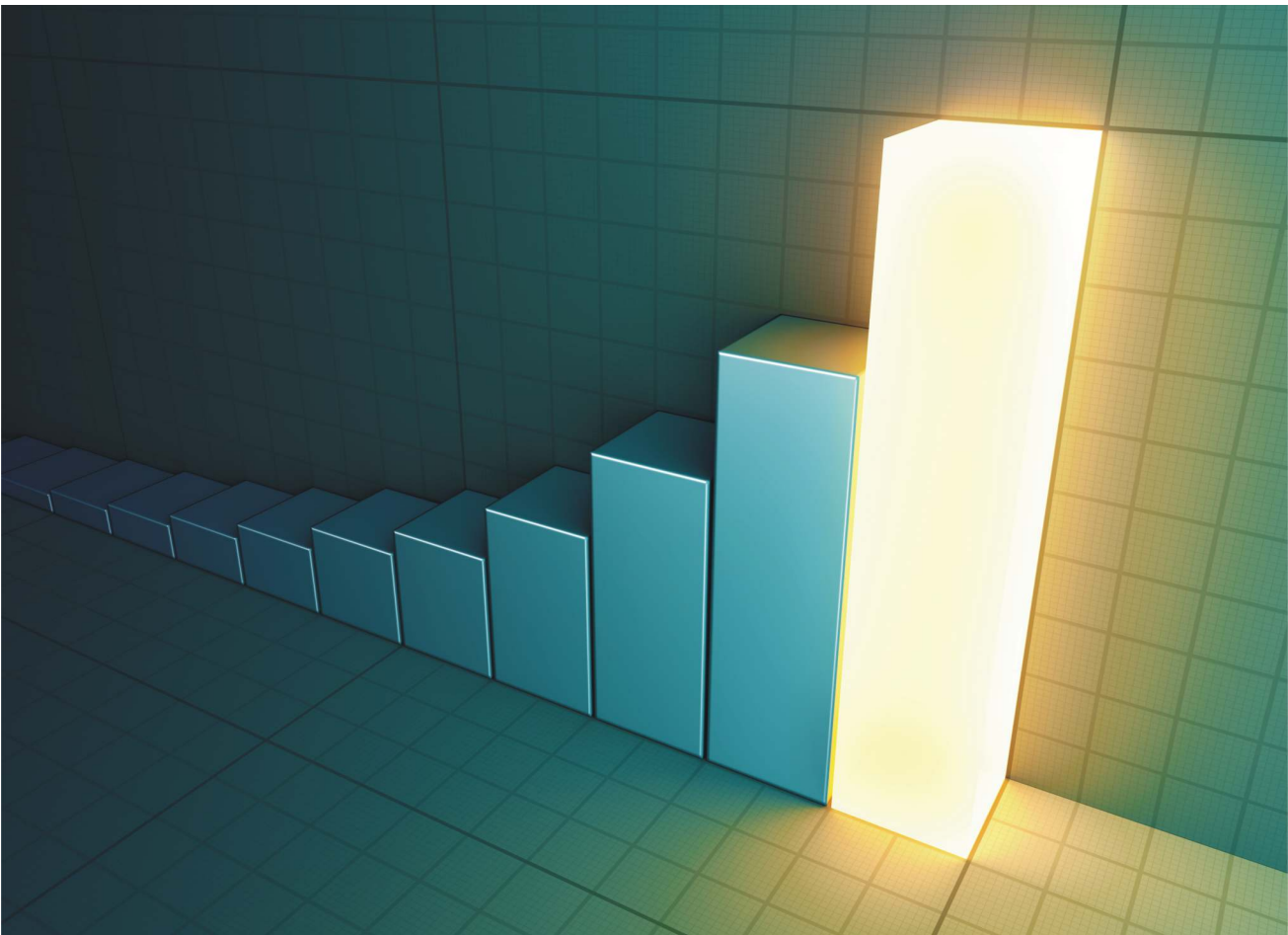
Note: This table as the Express data, the final report is subject to the company's regular report.

According to the statistics data about Yutong's overall output and sales volume from January to December 2010, 41,169 buses have been delivered, up 46.06% over the previous year.

Yutong's performance in bus market in 2010

In 2010, the sales volume of Yutong buses surpassed 40,000 units, being the first bus maker to produce and sell 40,000 large- and middle-sized buses in China, with a market share of 25%. It has been the 8th consecutive year for Yutong to maintain the largest sales volume in the industry. Moreover, Yutong also takes a leading position with regard to its technical level, production capacity and brand value.

As the No.1 bus brand in China, Yutong's delivered 40,000 buses in a year, which marks a new era of the development of China's bus industry. The bus industry is not only the most independent and innovative sector in China's auto industry, but also will bring far-reaching influence for the pattern and development of the world bus industry.





The steadiness matters in exploring the overseas market

—— Special interview with Wang Feng,
Vice President of Yutong Group in charge of overseas market

There was such a scene at the opening ceremony of 2010 IAA Commercial Vehicles held in Hannover: when the host was introducing the exhibitors, people said “Chinese buses are coming”. Through that we could see they began to feel the competitiveness of Chinese buses in the international arena, as well as that of Yutong buses.

In 2010, Yutong delivered 40,000 buses, of which 3,000 units are exported, accounting for 19% of total exports of large- and middle-sized buses. In spite of the good export performance, “it is important to explore international market prudently and moderately,” said Wang Feng.

“Consolidate the No. 1 bus brand in China and become the international mainstream bus supplier,” reiterated Wang Feng Yutong’s vision who expressed that it needs time and consistent efforts to actualize the vision.

To achieve this goal, two steps should be fulfilled. For the first step, Yutong needs to maintain its leading position in China’s bus export market. For the time being, Yutong has done a good job in this aspect. For the second step, it is necessary to carry out an in-depth study on international market to build sales channels and optimize after-sales service and spare parts supply. In fact, Yutong’s steady working style in the overseas market is in line with that of domestic market. “Compared with international bus manufacturers, Chinese enterprises have insufficient network coverage. However, this can be made up,” said Wang Feng who believed that it is possible to improve the efficiency in constructing the international market but such a step couldn’t be skipped. Based on this concept, Yutong never expands its overseas market blindly, but moves steadily and step by step.

By adhering to the concept of “Yutong for you”, Yutong has done a fine job in the overseas market to impress its clients as “a responsible bus supplier”. “Without service and spare parts supply, it is impossible to explore the overseas market, let alone to secure it”, Wang told the reporter “Actually, a lot of successful operation modes can be reproduced. For example, now we establish a partnership with a service provider of a famous parts supplier in Egypt whose network and service capability can ensure the service level of Yutong buses. Of course, Yutong also made an enormous investment in the construction of international sales channels.” At present, nearly 300 employees are involved, inclusive of more than 80 resident servicemen in overseas market. For each market Yutong buses have been exported to, one service man will be sent there; in regions with significant sales volume, even 3 service staff will be dispatched.

“I am cautiously optimistic about the bus export in 2011, and the situation will be equal to or slightly higher than that in 2010,” said Wang while mentioning the export tendency in 2011.

In the overseas market, Yutong is facing both opportunities and challenges. The opportunity is that the international economy is getting better with increased market demands. And the challenge is, besides the competition with internationally famed players, Chinese bus builders also need to compete with domestic counterparts in the overseas market.

Along with the changes in overseas market, domestic bus builders have improved their competitiveness in products, service and spare parts. Therefore the export mode also needs to be changed accordingly. Neither the price war nor full involvement by all will do good to the building of China’s bus brands, the development potential can only be formed when we do a pragmatic and good job in terms of products and service.



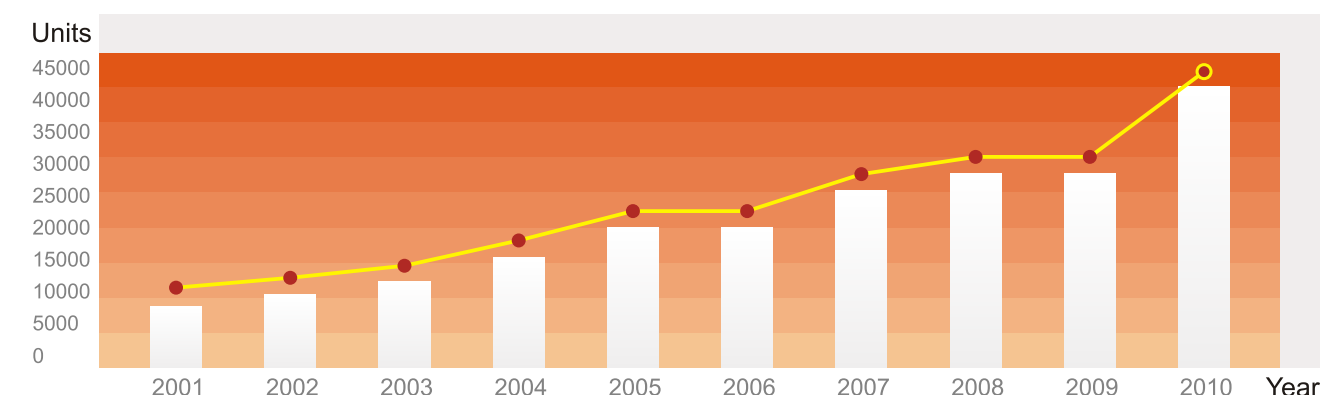
Special coverage on the roll-off of the 40,000th bus

The day of December 26th, 2010 is another important day to be memorialized in the history of China's bus industry. A 12m Yutong luxury bus slowly rolled off the production line in the final assembly workshop of Yutong Industrial Park, declaring the birth of the 40,000th bus of Yutong in 2010.

From its rebirth to today's annual output of 40,000 units, it takes 17 years. During the past 17 years, China's bus industry, represented by Yutong, has been continuously expanded.

The bus industry is not only the most independent and innovative sector in China's auto industry, but also it will bring a far-reaching influence for the pattern and development of the world bus industry. Up to now, among the top ten world bus enterprises with respect to the sales volume, at least four are from China. Furthermore, there are five Chinese bus builders, whose annual output surpasses 10,000 units. Even Mr. Luk, the former BAAV chairman, once said that the future of world bus industry is in China.

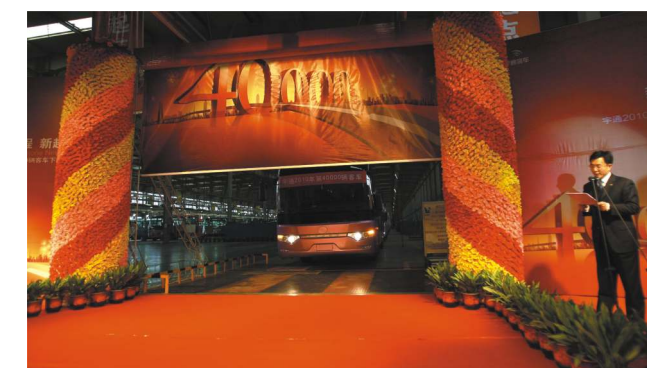
Tang Yuxiang, President of Yutong Group, said on the unveiling ceremony of the 40,000th bus, Yutong would take the roll-off of the 40,000th bus as a good opportunity to constantly improve its independent innovation capability, adapt to the industrial development trend, actively explore bus business development road with Chinese characteristics and strive to attain the goal of becoming the international mainstream bus supplier, by adhering to the operation and management concept of "Client-oriented and employee-oriented".



- From 2002 to 2005, it took Yutong 3 years to increase its annual output from 10,000 units to 20,000 units.
- From 2005 to 2009, it took Yutong 4 years to increase its output from 20,000 units to 28,000 units.
- From 2009 to 2010, it took Yutong only one year to increase its output from 28,000 units to 40,000 units. Meanwhile, Yutong becomes the first bus enterprise in China to have an annual sales volume of 40,000 units.

Through efforts made in the past 17 years, Yutong has made numerous progress in the enterprise development with its own advantages. From the No. 1 in China to the No.1 in Asia to the present having slight gap with the No.1 in the world, Yutong's growth rate becomes faster and faster.

The roll-off of the 40,000th bus has signified Yutong's position as the No.1 bus enterprise in China to have an annual sales volume of over 40,000 units, and Yutong has become the largest single plant of large- and medium-sized buses throughout the world.





ROAD TO NEW ENERGY VEHICLES



—— Interview with Zhu Guanghai,
Vice Director of Yutong New Energy Dept.



En Route: Now the new energy autos of different brands have gradually come into the market in China. As the leader of China's bus industry, what's Yutong's idea on the development, production and promotion of new energy vehicles?

Zhu: The overall strategy of Yutong new energy products is to take the electric vehicle as the key of strategic direction, and the hybrid vehicle as the key of mass production. We hope to make technical breakthrough in the control system of new energy buses, master the core technology of new energy vehicles and establish the leading position of Yutong in the new energy bus industry.

En Route: Could you describe the history of Yutong's new energy product development?

Zhu: In 1999, Yutong made its first electric bus using lead-acid battery and attended in the World Electric Vehicle Symposium and Exposition held in Beijing with this bus. In 2005, Yutong made its first generation of serial hybrid bus. During the Beijing Olympic Games in 2008, two units of Yutong new energy buses were used for transport. At beginning of 2009, the new energy product department was set up. Up to now, we have made breakthrough in such core technologies as whole-vehicle control and systems integration, and launched our own hybrid system and electric system. The main performance indicators of these systems keep ahead in China. Now, we have three kinds of new energy products, namely the electric products, hybrid products and gas-electric hybrid products.

The first electric sightseeing bus, first aluminum electric bus and first fuel-cell range-extended electric bus in China are all developed by Yutong. We have also produced various hybrid city buses, including the first 13.7m hybrid bus and first 18m hybrid bus in China. Yutong's electric and hybrid products have conducted demonstration run in Hangzhou, Zhengzhou, Kunming and other cities and brought batch orders, among which, the 130 units of 12m hybrid city buses in Hangzhou and the 28 units of 12m hybrid city buses in Kunming are ZK6126MGQA9, and the 20 units of 13.7m hybrid city buses in Zhengzhou are ZK6140MGQA9 which are the longest hybrid vehicle in China. The actual fuel consumption of the hybrid buses in Kunming is 29.70L, being the lowest among the counterparts of five manufacturers running in the same period, and their availability rate is over 95%, being the highest among the counterparts of five manufacturers. The fuel-cell range-extended electric buses ZK6125EGAA and ZK6126MGQA9 use the dual-module hybrid system developed by Yutong, and the two bus models have been sold in batch in Hangzhou and Kunming.

We, through 2~3 years of effort, hope to optimize the platforms of hybrid products and electric products, master such core technologies as whole-vehicle control, and establish a development team with high-qualification so as to succeed in the market competition.

En Route: Yutong products have a wide overseas market. How do Yutong's new energy vehicles show themselves in the overseas market?

Zhu: At present, the new energy vehicles are still in its infancy in China, so neither the products nor the technology is mature. Now, Yutong attaches more attention to the stability rather than the speed in the overseas market development. For the new energy project, the after-sales service is of great importance. Amid the demonstration run during Shanghai World Expo and Beijing Olympic Games, both the whole vehicle builders and part suppliers had organized special technical teams to ensure the normal operation of the vehicles. Therefore, Yutong will only bring the new energy buses to overseas market when the after-sales service capability is available and the products are further optimized.

Electric and energy-saving
YUTONG ZK6125EGAA



Yutong new energy trolley buses add beauty to Guangzhou

The curtain of best-ever 16th Asian Games went down already, but the 35 Yutong new-style trolley buses are still driving in Guangzhou, capital city of Southern China's Guangdong province, adding beauty to the host city.

The trolley history of Guangzhou is 50-years long, undergoing continuous development and upgrade during the past time. The launch of the 35 new energy trolleys with zero emission serves not only the Asian Games, but also acts as the role model of public transport for Guangzhou and other cities.

Designed by Guangzhou Trolley Company and produced by Zhengzhou Yutong Bus Co., Ltd., these trolleys feature novel appearance, wide side windows and exquisite interiors, embodying the highest technology level and manufacturing techniques of China's bus industry.



According to the explanation of the trolley designers, the highlight of the trolleys is the range-extended function. It means the trolley can still drive a certain distance after disconnecting the "plaits" on the top. The driving range reaches more than 40 kilometers. After reconnecting, the electricity can be recharged while driving. The power performance compares favorably with that of LPG city buses.

Adopted AC frequency conversion drive technology, airbag damping system and integral structure, the trolleys run more smoothly, fast and comfortably. Other than conventional trolleys, this trolley model has good power and accelerating performances, marking Yutong's powerful strength in developing new energy buses.

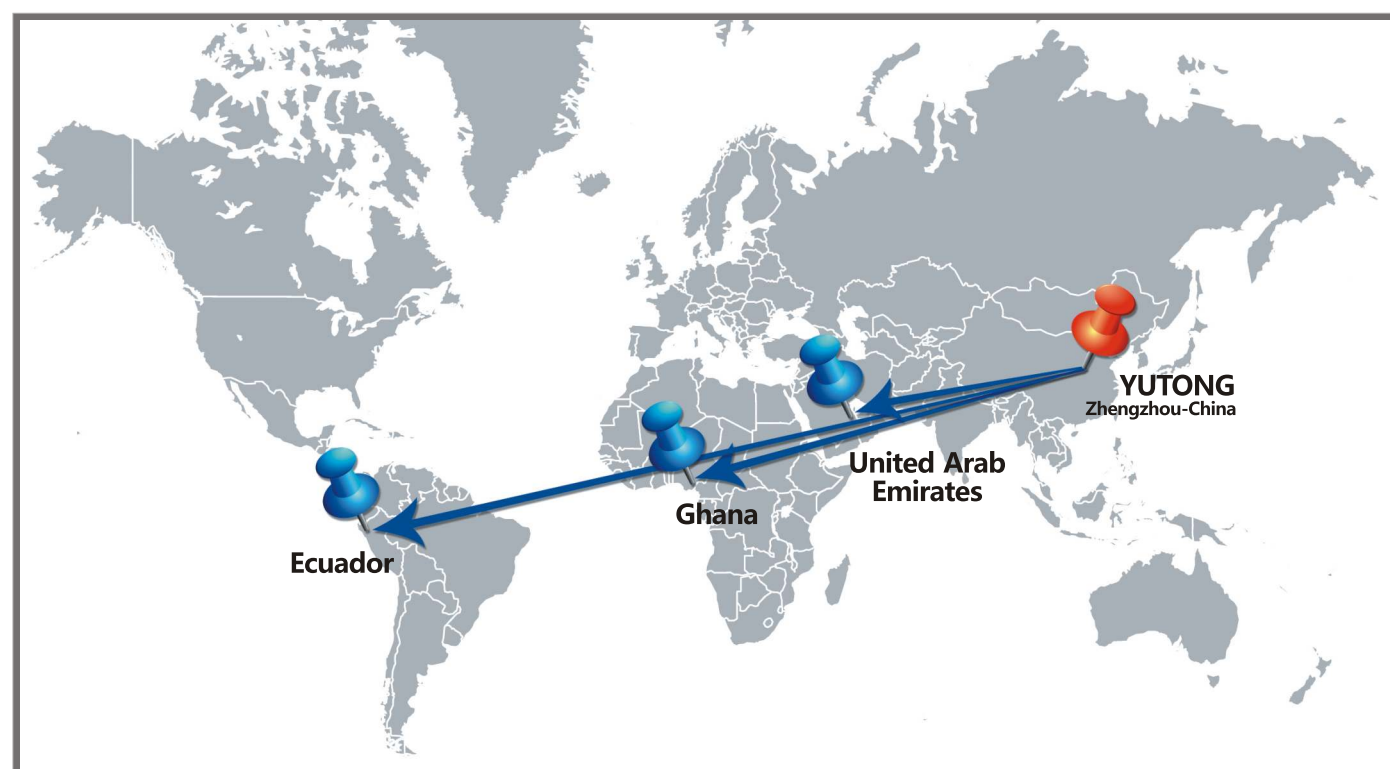
The trolleys are in good conditions since their operation and are warmly favored by local citizens. They not only became the charming landscape during the 16th Asiad, but also are contributing to the cause of fuel efficiency and emission reduction all the time.



Special coverage on service

Special coverage on overseas spare parts centers

OVERALL INTRODUCTION TO OVERSEAS SPARE PARTS CENTERS



To ensure the operation rate and timely supply of spare parts for Yutong buses delivered to overseas market, three spare parts centers are expected to be completed in 2011, which are located in western Africa, Latin America, Middle East & northern Africa.

After the completion of the centers, the spare parts supply mode will be shifted from the current direct supply by the headquarter in China to supplying neighboring countries by the regional spare parts centers. Under the new mode, 36 countries are covered, and the lead time of spare parts will be greatly decreased. Now, the spare parts center in Ghana has been completed.

SPARE PARTS CENTER IN WESTERN AFRICA — GHANA SPARE PARTS CENTER



The Republic of Ghana is situated in the western Africa and on the northern coast of Gulf of Guinea. Accra, capital city of Ghana, is an important airport in Western Africa, and Tema port is the largest man-made sea port in Africa.

Focusing on service is Yutong's convention, while the accessibility of spare parts is the base for timely service. In order to provide an efficient and accurate service to its clients, Yutong has launched the spare parts center project in Western Africa. Yutong, and its partner, ZOOMLION GHANA LTD, have built a spare parts center in Ghana to ensure the timely supply of spare parts.

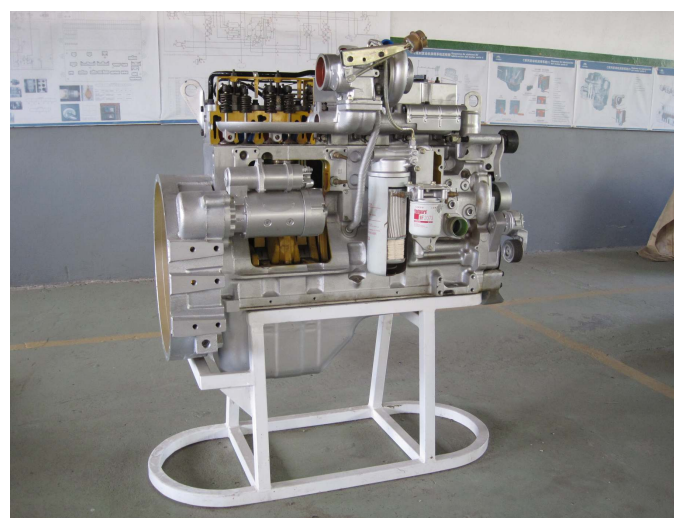
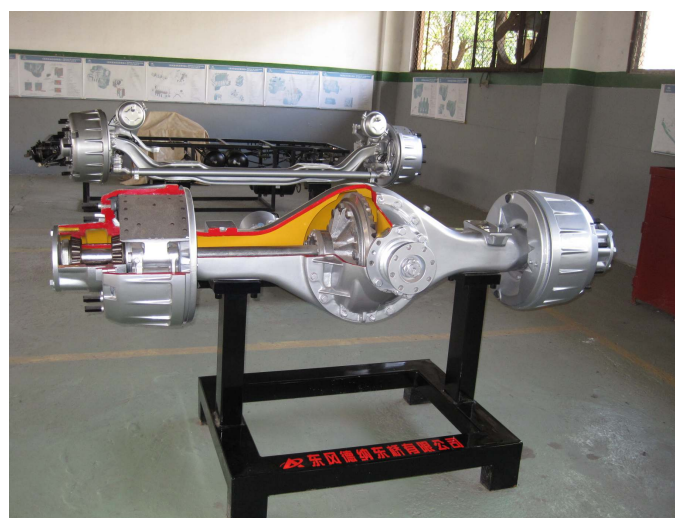
Located in Accra, capital city of Ghana, the warehouse is 15 km away from the airport and 22 km away from Tema, the largest port in Ghana. With the convenient geographic location, the warehouse can also cover the demand in western Africa like Nigeria, Cameroon, Gabon, Angola, and so on while providing spare parts for Ghanaian market.

Now the warehouse has been completed, covering an area of 500m² with more than 2500 varieties of parts. Meanwhile, Yutong has also stored a portion of common parts at different service outlets throughout Ghana to satisfy daily demands in local market.

Special coverage on Cuba training center

To meet various Cuban companies' requirements on bus training, Yutong established the Cuba training center in 2008, which was formally put into operation in 2010.

The headquarter of the technical training center is located in NARANJITO base of MC Havana and consists of two training divisions : theoretical and practical. The theoretical training division has independent training classrooms and is capable of holding 20-30 persons, where multi-media facilities, wall maps and other teaching tools are available. The practical training division has a 375 m² practical operation classroom, which is equipped with teaching engines, gearboxes and various advanced practical teaching tools, meeting the requirements on mechanical and electrical repair trainings of Yutong buses. In order to help trainees to analyze and solve common failures of various small assemblies, the practical training classroom is also equipped with turbocharger, generator, starter and the like. Furthermore, a failure mode zone, inclusive of failed parts, is set up in the training center, through which trainees can learn the consequence caused by misuse.



In future, the training center will be upgraded into the regional training center of Yutong in Latin America. It is planned that the existing practical training division will be expanded and equipped with more teaching tools, and that the theoretical and practical training classrooms will be combined in one place to enable trainees have an easy access to both theoretical knowledge and practical operation.

The training team initiated a new training mode in 2009, under which Cuban technicians were cultivated. The training forces owned by clients themselves were established, and excellent Cuban trainees were organized to popularize Yutong's technical training. From 2009 to 2010, with the organization of Yutong's training team in Cuba and support from various clients, the number of trainees reached 3,000 person-times above, forming a large number of talents for the transport undertaking of Cuba. And 26 of them became Yutong's qualified trainers who have conducted training activities for more than 300 person-times.



YUTONG'S STRENGTH

From the rise of local products to the export of buses “Created in China” to overseas market, China’s bus industry has been increasingly expanded, and also becomes a long-lasting engine for the revitalization of China’s national auto industry.

Looking back to the modern history of China’s bus industry, Yutong is undoubtedly the most tremendous drive for the changes made in the past two decades.

PRODUCT: INSIGHT ABILITY

As time goes on, Yutong makes its products to be the classic with their good performance. When the new energy buses receive more and more attention from the market, the launch of ZK6100EGAA in 2010 was awaited by all who are concerned about Yutong’s development. This is a new energy product which has a totally different bus design concepts from conventional ones. With the dolphin-like style, the outstanding performance match and gradually optimized control technology are leading Yutong’s bus design to a new era.



MANAGEMENT: EXECUTIVE ABILITY

In 2002, Yutong formally launched SAP, being the first one to set up and implement the principle of “Management first” in the bus industry.

In 2003, Yutong concluded a partnership with Roland Berger, which was highly commented in the industry.

Thereafter, Yutong also implemented the lean production management, CRM and so on. With the effective execution of such management-optimized projects, Yutong has boosted the improvement of executive ability with an open view; through a compatible management cooperation, Yutong is moving towards the management process of internationalized enterprises while enlarging the gap with its domestic counterparts.

MARKETING: COMMUNICATION ABILITY

Yutong’s success in marketing lies on its focus on the optimization of itself. Through the in-depth communication, clients are able to feel its distinct characteristics. In the long run, this is surely of great importance for Yutong, an enterprise provided with multiple competitive advantages.

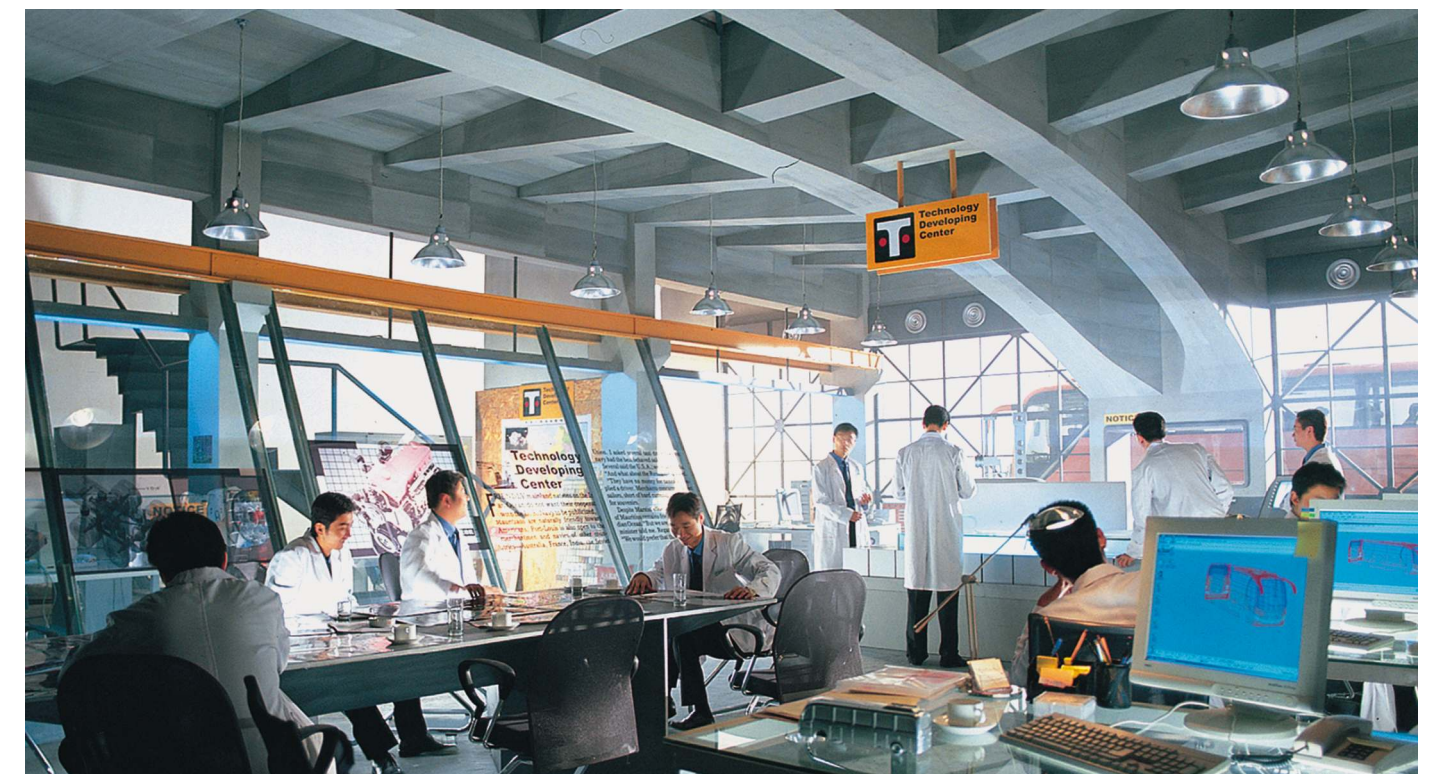
CULTURE: COHESIVE ABILITY

“Client-oriented, employee-oriented” is the core of Yutong’s corporation culture. According to the connotation of this concept, Yutong’s culture consists of creating values for clients, benefiting the community, enriching the employees and remunerating the shareholders. It is a determined and persistent process to actualize the cultural concept.

R&D: VITALITY

In 1996, a province-level technical center was established in Yutong. In 2000, the first post-doctoral scientific research workstation in the industry was set up. In 2003, a state-level technical center was founded. In 2007, the exclusive whole-vehicle road simulation laboratory and CAE analysis & computation center in this industry were built. In the course of upgrading its own R&D capability, Yutong always challenges itself, and, in fact, has always secured a leading position.

Looking back over the past history, Yutong is proud of its numerous successes; looking forward to the future, Yutong believes that the R&D of core technology and guiding the way of market change are the invariable vitality to back the enterprise’s growth.

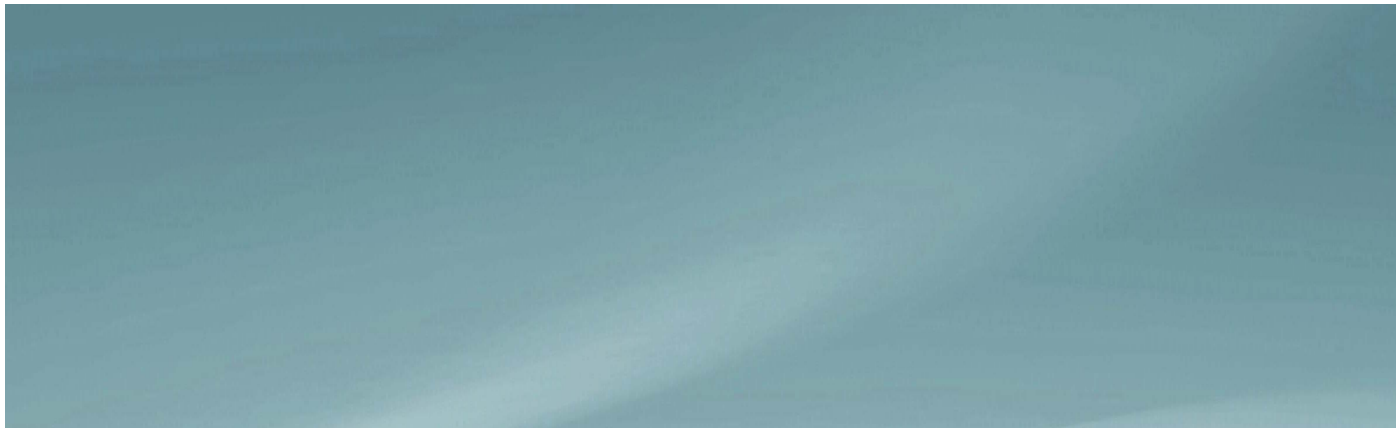


Postscript

Yutong is the first bus builder in China to be awarded “China Top Brand” and “China Well-known Trademark” concurrently. In 2009, Yutong was listed in Top 100 National Business Cards announced by Chinese Brand Research Institute, being the only bus manufacturer in China. In 2010, Yutong was granted Pride of China in 2010 China Annual Brand issued by CCTV (China Central Television) , being the only one in China’s bus industry to get the award.



Yutong Bus won many BAAV awards such as Coach Builder of the Year 2002 , 2005 , 2006 and 2010 .



You can define Yutong as a responsible enterprise, and its responsibility not only exists in creating more values for clients, but also in guiding the industry and repaying the society.

Of course, this is not only a judgment or a comment, for Yutong has been always acting unremittingly, and is willing to make efforts together with the industry.