



# News service MAN Group

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## **MAN Nutzfahrzeuge in China: New Lion's Bus plant for bus chassis / Production under licence of complete vehicles at Zhengzhou Yutong Co. Ltd.**

**MAN Nutzfahrzeuge has stepped up its activities in China with a new assembly plant for bus chassis. The production plant, opened with an official ceremony, will be operated by Lion's Bus Co Ltd, a joint venture company. The shareholders, each with a share of 50 percent, are MAN Nutzfahrzeuge AG and the largest Chinese bus manufacturer at present, the Yutong Group. The Chinese partner company also produces MAN coaches under licence.**

The opening of the new plant in the development zone for business and technology in Zhengzhou is yet another milestone for the future of the joint venture company Lion's Bus Co. Ltd. (LBC). The MAN/Yutong joint venture was established back in 2002. The goal of the company is the production and sale of modern chassis with European technology for the Chinese market. The range of products includes chassis for city and intercity buses and coaches.

Previously the Lion's Bus workforce had assembled the bus chassis for medium- and heavy-weight buses in assembly halls rented from the partner Yutong. In the last fiscal year 2003 it was possible to sell 909 LBC chassis and the company recorded a turnover of RMB214 million (€21million). MAN Nutzfahrzeuge invested €10 million in the new plant, while total investment amounted to RMB320 million (approx. €32 million). Modern production facilities have been built up on an area of 90,000 square metres with a covered area of 14,000 square metres for the production, workshops, administration and the spare parts store.

### **Large capacities for the future**

In the last stage of development the company will have the capacity for 6,000 bus chassis annually. The goal is to steadily increase production to this number of chassis by 2006. The team of Chinese and German managers has planned 2,000 units for this year, to be assembled by a workforce of 260. The products will be supplied both to Yutong and to other Chinese manufacturers.

Beside the chassis produced under the licence agreement with MAN, Lion's Bus will also be developing its own chassis in which MAN engines and axles will be used. MAN will be contributing CKD kits of genuine MAN chassis and MAN drive components and axles for these products. Chassis for coaches of a length of 8.5 m and longer, for 12-metre intercity buses, for semi-low-floor buses and articulated buses for city transport will be produced.

The company and plant are based in Zhengzhou, a city of six million inhabitants and the capital of the central Chinese province of Henan. By selecting the same location as that of the partner company Zhengzhou Yutong Bus Co Ltd it has on the one hand been possible to limit the logistic input while on the other hand the densely populated region has considerable development potential. Zhengzhou is a national traffic junction with a well-developed system of good through roads and an efficient airport.



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### **Joint venture partner – Yutong**

Yutong, the Chinese joint venture partner, with bus sales of 13,000 and a turnover of €390 million in 2003, ranks among the market leaders in China. Its estimated market share is just under 30 percent. The first bus came off the production line at the plant in Zhengzhou 40 years ago. Today the range of products built by the workforce of 2,820 is very varied. The focus is on midibuses with lengths of six to eight metres – these large vehicles account for a share of 15 percent of the production. Yutong mainly sells its products on the Chinese market – its export share currently amounts to roughly 10 to 14 percent, which is supplied to markets in Asia, Africa and Latin America.

### **Body licences for city buses and coaches**

Yutong and NEOMAN also co-operate in the field of the licence production of MAN city buses and Lion's Star coaches. The Chinese bus manufacturer supplies these first-class technological products to the steadily growing market for city buses and meets the demand for sophisticated highliner coaches. A team of experts from Salzgitter provides technological assistance on site and supports Yutong with the introduction of the necessary quality management.

With the pioneering Lion's Bus joint venture and the production under licence of complete buses MAN is continuing to develop its bus activities in China. Lion's Bus is the first international joint venture that exclusively produces bus chassis. The new chassis production facilities in Zhengzhou and the attractive products for the numerous Chinese bodymakers open up every possibility for an intensive commitment in China. With the presence of Lion's Bus Co Ltd in China MAN feels it is well equipped for the Chinese growth market and is confident that the products it builds there will be equal to all demands.