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INDUSTRIAL & AUTOMOTIVE PRODUCTS

China Commercial Vehicles Market 2006

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China's commercial vehicles sector: Entering the export era

China stands second only to the United States among the world's largest producers of trucks, buses and other commercial vehicles. Yet despite this fact, it is only now beginning to make its mark as a significant exporter. This change will continue in the coming years, as a number of domestic manufacturers expand their sales push from second tier markets in the Middle East and Africa to the more lucrative and demanding markets of Western Europe, North America and Japan.

This export drive will also create new opportunities for foreign investors. Notwithstanding a handful of joint ventures, foreign companies have tended to shy away from the commercial vehicles sector, assuming it cannot match the prospects for passenger vehicles. The perception is that the sector is more fiercely driven by price and more prone to regulation and government intervention.

In fact China's commercial vehicle sector already offers some exciting investment opportunities, if investors pick the right strategies and segments. Prior to 2004 the commercial vehicle sector enjoyed several years of robust growth. In particular, heavy trucks attracted a great deal of investment from both domestic and overseas manufacturers. Sales of commercial vehicles slowed in 2005, but have rebounded in 2006. The market is heading back onto a long term growth track, with the potential for further industry developments, and increased exports, to shape investment opportunities.

Key findings in this report include:

- China's commercial vehicle sector is growing again after a short-lived slowdown in 2005. In many respects it remains on a more stable footing than the passenger vehicle sector.
- The sector will most likely continue to be dominated by domestic manufacturers and brands.
- Exports of commercial vehicles have been limited in the past but are likely to become a key industry driver as China's manufacturers can exploit certain competitive advantages.
- Within the domestic sector there is some pressure to consolidate, although some loss-making state-owned enterprises (SOEs) may survive over the medium term with local government support.
- As the domestic sector continues to upgrade its products and technology, there are continued opportunities for foreign investment in components and the development of automotive technologies.

We hope this report will help to provide some fresh insights on this large and growing area of the automotive industry.

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September 2006

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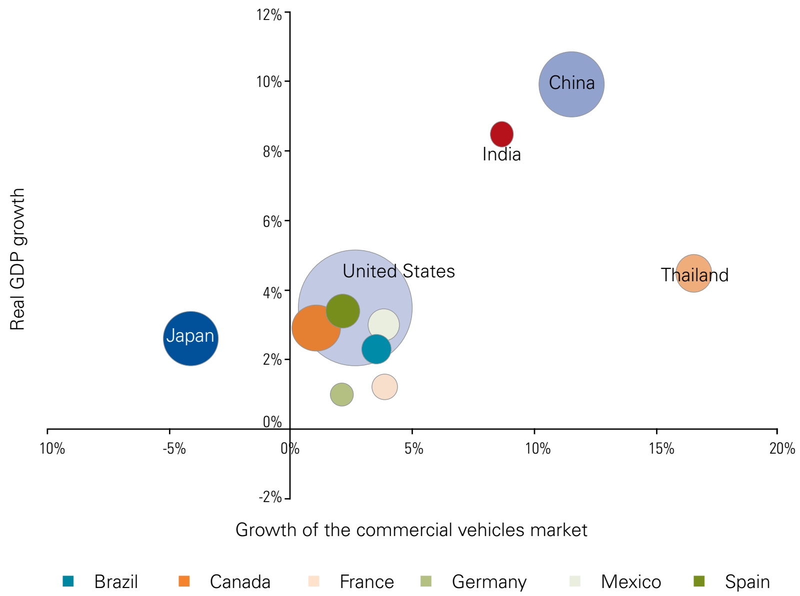
Market overview

Worth a second look?

The spectacular growth in passenger car manufacturing, accompanied by intense competition among foreign and domestic original equipment manufacturers (OEMs), provides one of the most compelling business stories to come out of China in recent years. This growth has tended to overshadow the parallel development in the market for commercial vehicles. The level of understanding of this sector, particularly the distinction between segments and business models, remains far less advanced.

With more than 2.5 million vehicles sold in 2005, China is the second largest commercial vehicle market in the world, behind the United States. For selected segments such as heavy trucks and large buses, China is already the largest. China has also been one of the fastest growing markets in recent years. The commercial vehicle sector experienced a compound annual growth rate (CAGR) of more than 10 percent per year between 1997 and 2005, while other major markets, including the U.S., Japan and Canada, have experienced slow or even negative growth during the same period.[1]

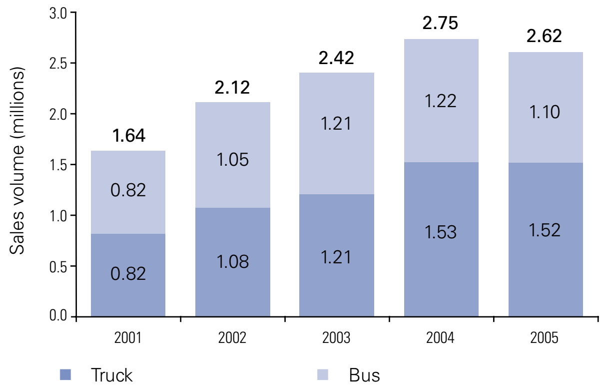
Major commercial vehicle markets (2005)



Note 1: Size of bubble constitutes the number of commercial vehicles produced by each market in 2005
Note 2: Includes all buses and trucks (large, medium, small and mini)
Source: International Organisation of Motor Vehicle Manufacturers, Economist Intelligence Unit, July 2006

1 International Organisation of Motor Vehicle Manufacturers, June 2006

China commercial vehicles market, 2001 – 2005



Source: China Automotive Technology and Research Center and China Association of Automobile Manufactures "China Auto"

Several well-known foreign manufacturers, notably Volvo, MAN and Iveco, have formed joint ventures (JVs) with domestic companies. As with other automotive and manufacturing JVs, the foreign participation in these deals was subject to a 50 percent ownership cap.

After a number of years of steady growth, sales of commercial vehicles in China – both trucks and buses – dipped in 2005. The slowdown was blamed on government austerity measures which sought to discourage overinvestment in fixed assets.

Sales of commercial vehicles started to recover in the first half of 2006, with all trucks and buses rebounding by around 8 percent, compared to the same period in 2005.[2] With market sentiment turning positive again, the beginning of the 11th five-year plan (which runs from 2006 to 2010) will trigger a fresh wave of fixed asset investment, especially among local governments. It also brings the prospect of further substantial infrastructure development, including 31,000 kilometres of new highways and improved linkages between coastal cities.

"We believe the market has already bottomed out and will resume to its long-term growth of around 10 percent per year soon. Some sub-segments, such as coaches, may even experience stronger growth of 15 to 20 percent."

Research analyst of an international investment bank

2 Automotive Resources Asia; "China Automotive Report," July 2006

Segmentation of buses and trucks in China (2005)	
Segments/sub-segments	**Definition**
Truck	
– Heavy	Gross weight > 14 tonnes
– Medium	6 tonnes < Gross weight ≤ 14 tonnes
– Light	1.8 tonnes < Gross weight ≤ 6 tonnes
– Mini	Gross weight ≤ 1.8 tonnes
Bus	
– Large	Length > 10 metres
– Medium	7 metres < Length ≤ 10 metres
– Light	3.5 metres < Length ≤ 7 metres
– Mini	Length ≤ 3.5 metres

Note: The above segmentation is based on GB/T3730.1-88. The government has issued a new definition in 2006, which divided commercial vehicles into five key segments – buses, trucks, incomplete buses, incomplete trucks and semi-trailers, and 20 sub-segments. We have not adopted this segmentation to avoid inconsistencies in reconciling historical market data.

Source: China Association of Auto Manufacturers (CAAM)

"We foresee the commercial vehicle market continues to offer good prospects, though industry growth may not be as robust as a few years ago."

Truck manufacturing executive

Different growth stories for different segments

There are a number of ways to define and segment commercial vehicles, but the sector can broadly be divided into two key segments – trucks and buses. These two categories can each be further divided into four sub-segments – heavy, medium, light and mini.

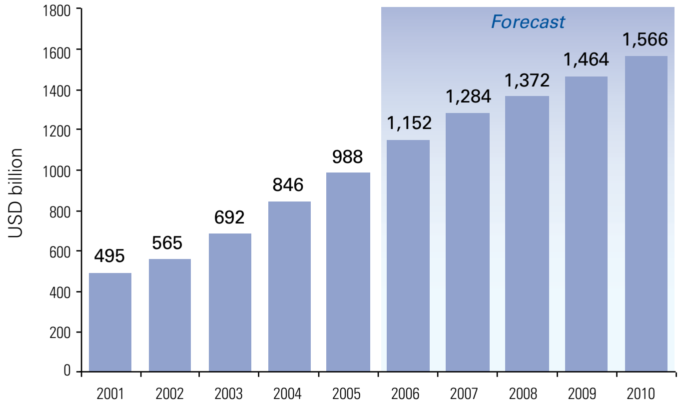
Each sub-segment in the commercial vehicle sector is a market in and of itself. Each vehicle sub-segment has different customers, with different and distinct needs. As a result, each sub-segment has its own growth drivers. These include:

- Heavy trucks are expected to enter into a gradual recovery period after a turbulent 2005. The government's measures to stop overloading will encourage demand; high capacity and fuel efficient heavy trucks suitable for long-distance transportation may therefore become an area of focus for manufacturers.

- Large buses appear to be a key beneficiary of the fast-growing tourism industry; demand for luxurious and high-quality coaches is expected to continue to grow, despite competition from airlines and trains.

- The urbanisation of villages and small towns will ensure good prospects in the market for low-cost mini vans and buses. It is estimated that more than 35,000 people move to towns and cities each day in China and the proportion of the population living in urban areas is expected to increase from the current 40 percent to more than 55 percent by 2015.[3]

China's gross fixed asset investment (2001 – 2010)



Source: Economist Intelligence Unit, July 2006

What is "7-9-18"?

The government is investing an estimated RMB 2 trillion (USD 250 billion) on the 7-9-18 road development plan. This proposed network of expressways of more than 85,000 kilometres includes:

- Seven expressways originating from Beijing to different parts of China
- Nine expressways running from the North to the South
- 18 expressways running from the East to the West

The plan was approved by the State Council in 2004 and is expected to be completed by 2020. The network will comprise 68,000 kilometres of trunk roads and 17,000 kilometres of ring roads.

Source: China Motorway; KPMG analysis, July 2006

[3] National Development and Reform Commission (NDRC) estimates, February 2006

The downturn in 2005 showed that the market for commercial vehicles can be influenced by the government's macroeconomic policies. The recent interest rate increases had some effect on consumer sentiment, but the impact seems to have been relatively limited and short term. One reason for this is that many commercial vehicles in China continue to be acquired through direct purchase rather than financing or lease arrangements. The main exception is in the light truck segment, where purchasing patterns are more similar to those for passenger vehicles and financing can often be arranged through a dealership.

"The recent austerity measures mainly focus on cracking down on a few sectors, in particular, the overheated property market."

Research analyst of an international investment bank

While overcapacity issues have been a concern for the passenger car sector, this appears to be less the case for commercial vehicles. Overcapacity in certain sub-segments could arise, but so far it has not become an industry-wide concern.

Competitive landscape

The hidden dragons

While many observers were worried about the survival of local manufacturers after China's entry to the World trade Organization in late 2001, domestic commercial vehicle manufacturers have defended their space effectively and where necessary adapted to changing market conditions. Unlike the passenger car sector, which is dominated by foreign joint ventures, the commercial vehicle sector in China is dominated by domestic manufacturers, which control around 95 percent of the market.[4]

The commercial vehicle sector is both concentrated, in terms of market share, and fragmented between different segments. While the top five manufacturers control more than 60 percent share in most of the sub-segments (see diagram on page 10), only a few, such as FAW and Dongfeng, are able to dominate across different sub-segments.

Industry concentration and fragmentation however do not mean competition is less severe. Rivalry among existing competitors and new entrants has intensified, particularly in the low-end segment. According to industry participants, competition will remain intense in the future, with margins for many manufacturers at between 5 and 10 percent.

The following trends could shape the development of the industry:

- The industry may see some further consolidation with dominant cross-segment manufacturers leveraging their existing scale to penetrate other segments.
- Some cross-segment manufacturers may consider narrowing their focus to one or two selected sub-segments, even potentially exiting other more competitive and low-margin segments.
- Some passenger car manufacturers are interested in entering the commercial vehicle sector, in order to diversify and achieve more balanced growth. New entrants are particularly likely in the light and mini segments.

Domestic manufacturers have dominated the commercial vehicle sector thanks to a number of competitive advantages. These include government support (in the form of access to raw materials and capital), extensive service networks, and most importantly, an understanding of customer needs.

Domestic manufacturers such as FAW, CNHTC and Beiqi Foton have developed extensive service networks. Locally-produced vehicles enjoy an advantage in the availability of repair resources and parts within the country. This presents a major challenge for any new entrants to the market.

Note: Market share (in terms of sales) is based on volume and estimated average export value per vehicle for each sub-segment
Source: China Automotive Technology and Research Centre, 2005; KPMG analysis

4 "Foton global strategy drives the 'third leap'," *Fortune Times*, 19 January 2006

Meeting customer needs - priceless

While passenger car buyers may be influenced by factors such as brand and quality, customers for commercial vehicles are typically logistics companies and bus operators whose main purchasing consideration is price.

"Our customers need to manage their bottom line. Their main concern is return on investment and lower vehicle price is their priority."

Sales manager of a domestic truck manufacturer

China's domestic manufacturers have largely succeeded in achieving this price-competitiveness, while foreign imports typically remain more expensive and focused on the high-end segment.

"Although foreign imports have better quality and luxurious content, they are too expensive; for this reason we no longer sell foreign imports."

Sales manager of a commercial vehicle dealer

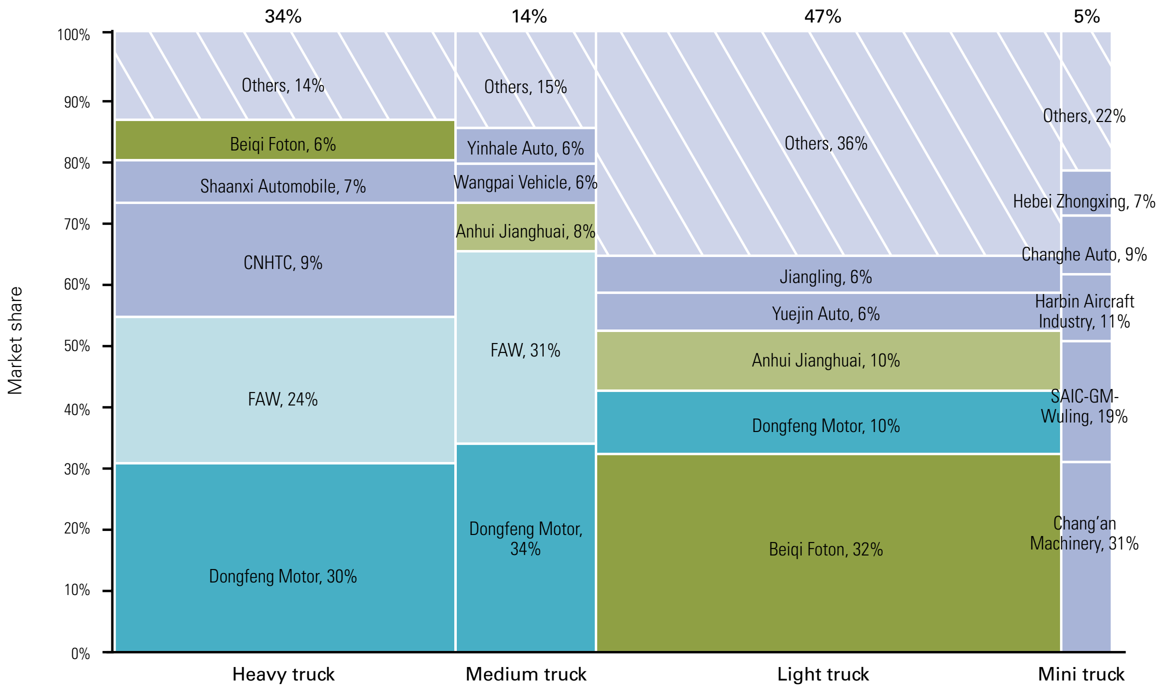
Price comparison of domestic and foreign brands for selected sub-segments

	Domestic brand	Price	Foreign brand	Price
Medium truck	Dongfeng (EQ5208XXY6) Weight: 9 tonnes	RMB 200,000 – 400,000	Volvo (FL6) Weight: 8 – 10 tonnes	RMB 700,000 – 800,000
Light truck	Dongfeng (Qing Ka Wang) Weight: 2 – 3 tonnes	RMB 69,000 – 72,000	Isuzu (NHK/NKR) Weight: 2 – 3 tonnes	RMB 105,000 – 130,000
Large bus	Yutong (ZK6100) Length: 10.5 metres	RMB 365,000 – 380,000	Isuzu (GLK6110H1(V11)) Length: 11.4 metres	RMB 780,000 – 880,000
Medium Bus	Yutong (ZK6752H) Length: 7.5 metres	RMB 200,000	Toyota (Coaster standard) Length: 7 metres	RMB 340,000

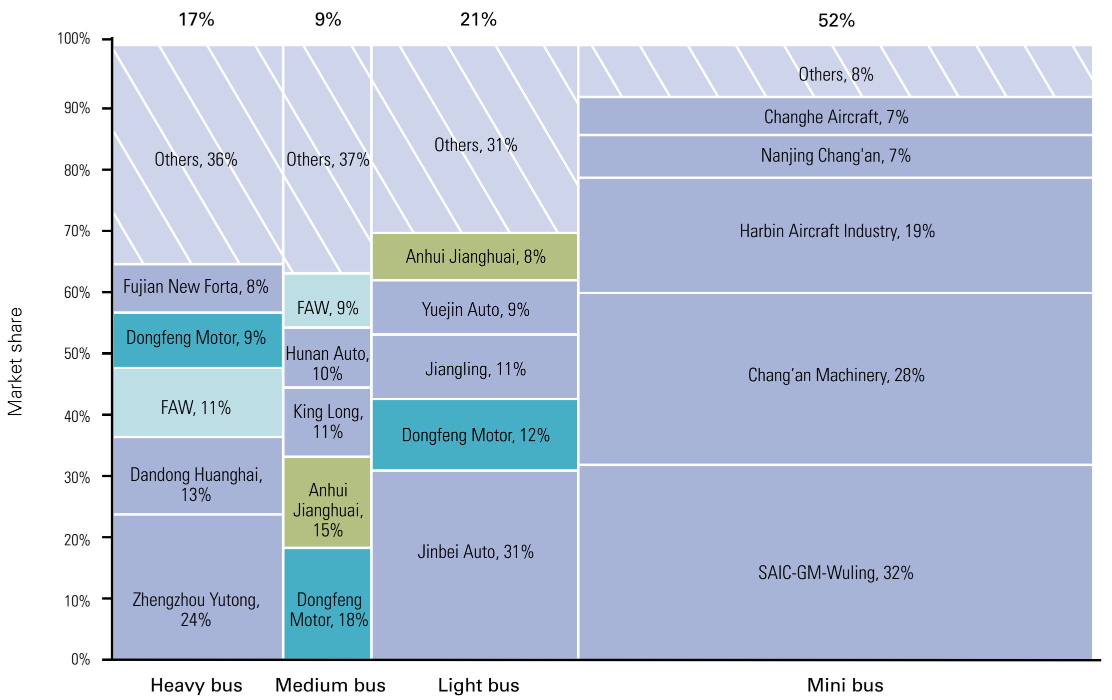
Source: Transport Business China; Company Web sites; China Cars Web; Various press sources

Another important consideration for buyers is durability. Domestic commercial vehicle manufacturers have largely met this key customer requirement. Bus and truck operators in China expect their vehicles to run over long periods and endure tough road conditions. To meet these demands, domestic manufacturers have adopted proven (although not yet cutting-edge) foreign technologies and have customised their products to the local market. Foreign manufacturers have generally not tailored their vehicles for the China market and this appears to have contributed to slower sales.

Market share of truck manufacturers (2005), highlighting the largest five in each segment



Market share of bus manufacturers (2005), highlighting the largest five in each segment



Note: Market share (in terms of sales) is based on volume and estimated average export value per vehicle for each sub-segment.
Source: China Automotive Technology and Research Centre, 2005; KPMG analysis

The Great Wall for foreign manufacturers

To gain share, some foreign manufacturers have chosen to produce and sell vehicles in China through joint ventures (JVs). However, some JVs have been terminated and some others have failed to produce the results expected by the foreign partners.

One reason for this is that many foreign manufacturers do not sufficiently localise their production. These manufacturers hope to leverage the low cost production and services networks of local partners through the JVs. Domestic manufacturers also hope to gain access to the latest technologies of foreign partners. However, vehicles produced by these JVs usually have low local content, as they are assembled on a completely knocked down (CKD) or semi knocked down (SKD) basis, with most parts and key components imported from overseas. The lack of localisation limits the local partner's opportunity to adopt advanced technologies. It also hinders the price competitiveness of JV vehicles.

"This is a typical dilemma that causes JVs to disappoint. Domestic manufacturers want to learn advanced technologies but foreign partners are cautious to share their technologies through localisation of production."

Senior executive of a truck manufacturer

To compete successfully, foreign manufacturers may need to consider customising their products and better localising their production. Foreign manufacturers can differentiate their JVs' products by customising product design and features according to local customer needs. In addition, localised production may help make JV vehicles more price-competitive, and thus more appealing to local customers, who do not regard a foreign brand a key purchasing criteria.

"If foreign partners want to tap into the huge market, they need to customise their products and localise their production, in order to improve the competitiveness of their JVs."

Analyst of an investment bank

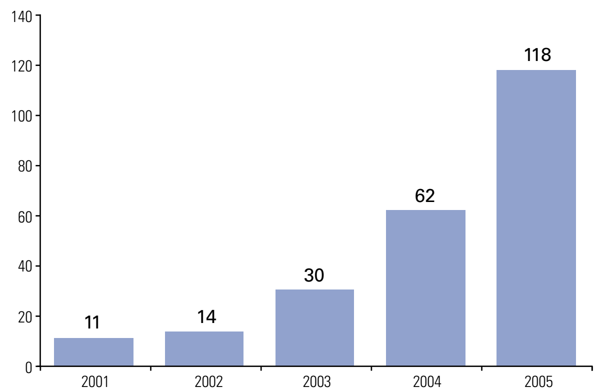
Industry opportunities

Exploring the brave new world

A number of domestic manufacturers have turned their attention to the export market. Commercial vehicles have been the key driver of automotive exports, accounting for around 70 percent of volume and 75 percent of value for total vehicles exported in 2005. China's total vehicle exports (including passenger cars and commercial vehicles but excluding autoparts) grew more than tenfold during the period from 2001 to 2005. Last year China exported around 120,000 commercial vehicles, worth USD 1.17 billion, to more than 70 countries.[5]

While these numbers sound impressive, exports still represented only 5 percent of total commercial vehicles produced in 2005.[6] Many truck and bus manufacturers are therefore optimistic about the prospects for further growth.

China commercial vehicle exports (2001 – 2005)



Source: China Automotive Technology and Research Centre, 2001 - 2005; KPMG analysis

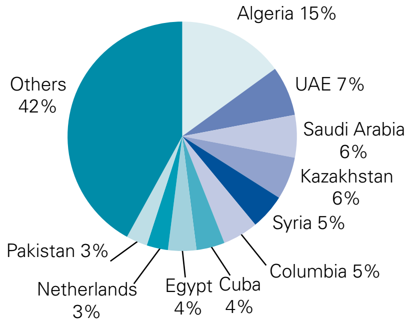
At present most Chinese commercial vehicles are exported to less developed markets, including countries in the Middle East and Africa. A key reason is that these markets have lower market entry barriers and lower emission and quality standards. Another reason is that Chinese vehicles deliver a good balance between price with acceptable quality to customers in these markets. Officials believe that Eastern Europe and the Middle East will offer further opportunities for Chinese manufacturers.

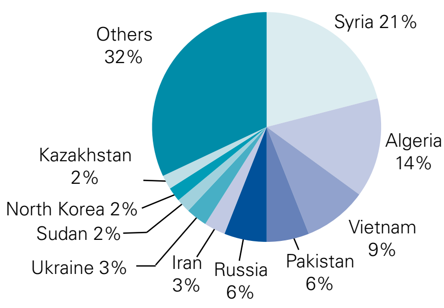
"Currently most of our customers are located in the Middle East. However, we are trying to explore new markets, such as in Southeast Asia and Eastern Europe."

Executive in the international division of a truck manufacturer

5 China Automotive Technology and Research Centre, KPMG analysis, April 2006
6 China Automotive Technology and Research Centre

Top 10 bus export destinations (2005)	Top 10 truck export destinations (2005)





Source: China Automotive Technology and Research Centre, 2005; KPMG analysis

Chinese manufacturers are likely to continue to adopt a low-cost strategy to gain share in overseas emerging markets. Nevertheless, many industry commentators suggest that Chinese manufacturers should start to focus more on vehicle quality, in addition to price.

An opportunity or a threat?

With Chinese manufacturers taking the first steps outside their home market, some industry participants already expect them to become a serious threat to their international counterparts.

"In the long run, China will be the only truck seller in the world."

Research analyst in a U.S. investment bank

"Chinese manufacturers will continue to leverage their huge home market to gain scale and lower production cost, which helps strengthen their competitive advantages in the export market."

Executive in the international division of a Chinese truck manufacturer

It is important to recognise the scale of the challenge that Chinese manufacturers face in going overseas. China's commercial vehicles still lag behind the standards set by developed countries. For example, many European countries have adopted the Euro IV emission standards but China is still using Euro II and only just starting to migrate to Euro III. The lack of service and dealer support networks and the need to gain experience in dealing with different industry standards and customer requirements will all take time to overcome; the sight of Chinese-manufactured buses on the streets of European cities may still be some way off.

"China's commercial vehicles still lack the quality to compete successfully in developed markets, particularly in meeting quality and emission standards."

Executive of a bus manufacturer in China

However, international manufacturers should not underestimate the longer-term potential of Chinese manufacturers. Industry participants believe that manufacturers with a comprehensive export strategy and a focus of quality and after-sales services could quickly gain share in developing countries, and from there start to penetrate more developed markets.

"China outbound investment has been growing rapidly, and many China companies have first developed a foothold in developing markets. We also find that when defining their overseas expansion strategies an increasing number of Chinese companies have been carefully considering key strategic issues , such as customer segmentation and entry barriers."

Thomas Stanley
Head of Strategic & Commercial Intelligence practice, KPMG in China

Indeed, some international manufacturers have turned this potential threat into an opportunity. For example, GM plans to export around 3,600 light trucks and buses in 2006, through its subsidiary SAIC-General Motors-Wuling Automobile (SGMW). This represents an 80 percent increase from the 2,000 vehicles it exported in 2005.[7] These light commercial vehicles produced by SGMW have enriched GM's product range, as it does not have any similar offerings globally. SGMW intends to explore regional markets by leveraging GM's subsidiaries and distribution networks in Southeast Asia; some industry participants believe that this move indicates GM's intention to turn SGMW into its global export base.

7 "SAIC-GM-Wuling plans to export 3,600 commercial vehicles in 2006," Xinhua News Agency, 8 March 2006

Separating winners from losers

Chinese manufacturers recognise the need to upgrade technology in order to stay competitive – and understand that this will bring benefits at home as well as overseas. To this end, the Chinese government has initiated a number of measures to gradually upgrade standards for commercial vehicles. The introduction of Euro III standards in Beijing (see box below) in 2005 is a good example. Not only does the government hope to upgrade emission standards for commercial vehicles, but the implementation of Euro III is also aimed at ameliorating air pollution issues ahead of the 2008 Olympic Games.

Some manufacturers are better prepared for change than others. Most commercial vehicle manufacturers in China are equipped with outdated technology and have invested little in R&D. A recent survey found only a few manufacturers were able to produce vehicles meeting the Euro III standard.

Commercial vehicle manufacturers willing to invest in innovation, R&D and quality will have an opportunity to prosper through gradual industry development. They are also likely to be the ones that outperform their peers in the longer term.

"Innovation, quality improvement and capability enhancement will become key market themes in the coming years."

Executive of a major Chinese truck manufacturer

Such focus on technology and quality is not a matter for the manufacturers alone. It is also crucial to improve the standards of the supporting autoparts industry. Although China's autoparts have experienced strong export growth and improvement in quality in recent years (see box, page 16), industry participants point out that most manufacturers are good at producing simple and commoditised products. As one truck manufacturer commented, emission standards are relatively easy to meet but the difficult aspect is "in the parts," in particular for those with higher technology content, such as electronic components.

Cleaning the air for the Olympics

With around 1,000 new cars hitting the streets every day, Beijing's average levels of nitrogen dioxide currently exceed the World Health Organisation's clean air guidelines by 78 percent. Exhaust from an estimated 2.5 million vehicles has helped make Beijing one of the most polluted cities in China.

Local officials admit air quality has become an issue in their preparations for the 2008 Olympic Games. To deal with the problem, in 2005 Beijing became the first city in China to implement the Euro III standard – this was the emission standard defined by European Union in 2000.

Source: "Bumpy Ride: China's leaders collide over cars," *Wall Street Journal Asia,* 14 June 2006

"Components are one of the weakest links in our value chain – if the components don't meet overseas technology and quality standards, how can our vehicles?"

Representative of truck manufacturing company

The quest for growth and quality

China's autoparts export sales have tripled in two years, from around USD 5 billion in 2003 to USD 15 billion in 2005. Exports of auto parts surpassed imports (USD 10 billion) for the first time in 2005.

The quality of Chinese autoparts also appears to be improving, with some major foreign OEMs, such as Volkswagen and Daimler-Chrysler, stating their plans to buy billions of dollars of Chinese-made components, including brakes, fuel pumps, wheels and steering systems, in the coming years.

Source: China Automotive Industry Information Network; Asian Wall Street Journal; KPMG analysis

A role for foreign manufacturers to play

Many Chinese manufacturers lack the capital and technology to develop more advanced capabilities. Industry participants believe that domestic manufacturers could benefit from foreign assistance in order to deliver higher quality and improve environmental performance. This is creating opportunities for foreign investors, to take either a financial or strategic interest.

"The commercial vehicle sector has suffered from lack of R&D. Many technologies owned by Chinese manufacturers belong to the 1970s or 80s."

Executive of a major Chinese truck manufacturer

With advanced technology their main bargaining chip, foreign manufacturers may not be willing to share their technologies too readily. At the same time, domestic manufacturers are keen to retain control. The result is often a stand-off.

"The current regulation only allows for 50 percent ownership by foreign manufacturers. Domestic manufacturers are not willing to give up control, while foreign manufacturers fear that their technologies may be easily 'learnt' by local partners, without majority ownership."

Research analyst of an international investment bank

"Domestic passenger car manufacturers will continue to strengthen long-term relationships with foreign partners, in order to leverage on their key assets, including brands. For commercial vehicles however, brands are only one part of the equation."

Automotive analyst of an international investment bank

Strategic positioning and building mutually beneficial relationships are therefore crucial to success in China's commercial vehicle sector. While some foreign entrants are still pondering the best entry strategy for China, others are already benefiting from changing market dynamics. For instance, China's implementation of Euro III is expected to benefit manufacturers such as Cummins, which has developed strong relationships and presence in the large engines market. It has enjoyed sales revenue in China of over USD 1 billion since 2004.[8] This demonstrates that success in China hinges on how foreign investors position themselves and develop mutually beneficial relationships with local partners. Foreign investors need to use their bargaining chips – technology and capital – wisely.

It is also important for foreign investors to identify key strategic and operational issues up front before making an investment. Even then, some JVs struggle to meet expectations and cautionary tales abound. More than one international commercial vehicle manufacturer has seen its partner disputes end up in the courts, and lost time and money in re-establishing their China position.

China, as the second largest commercial vehicle market in the world, offers great opportunities to international manufacturers and investors. In addition to tapping into the large local market, international manufacturers may consider positioning their Chinese JV as an export base for global emerging markets. Private equity investors may also consider enhancing the value of their investments in local manufacturers by helping them explore overseas markets. Addressing some key strategic questions up front will help international manufacturers and investors better define their market entry strategy.

8 Company Web sites

The way forward

Considerations for investors

KPMG believes senior executives of foreign manufacturers or investors should ask themselves the following questions as they consider an investment in China:

- What are my strategic objectives for entering China's commercial vehicle sector?
- How can I best compete with existing competitors?
- Does the local partner share the same vision? What can we each contribute?
- How can I deal with different corporate cultures?
- Do exports fit into my China strategy? How will China fit with my global operation?
- Can I localise my production? If yes, how will I protect my IP and technology?
- How can I customise my products to meet local needs?

KPMG also suggests domestic manufacturers consider the following questions:

- How should I position my company in the face of coming industry opportunities? Should I focus on becoming a cost-efficient manufacturer, or start differentiating my products?
- How should I enhance my capability, in terms of technology and innovation?
- Could a foreign partner enhance my capability? What assistance can they provide? What will they get in return? What can I do to strike a better deal?
- How should I develop a comprehensive export strategy? Do I understand customer needs and industry standards in these overseas markets?
- Should I acquire another domestic manufacturer?

Appendix

Foreign commercial vehicle joint ventures in China				
Foreign player	Local player	Establishment date	Shareholding structure %	Details
Daewoo	Guilin Bus Factory	1994	50:50	Bus
Daimler Chrysler	Yaxing	1997	50:50	Buses
GM	SAIC/Wuling	2002	50.1 (SAIC):15.9 (Wuling): 34 (GM)	Mini truck and bus
Hino	Chunlan Auto	2004	50:50	Luxury bus
Hino	Shenyang Shenfei	2000	50:50	Large/medium buses
Hyundai	Guangzhou Auto	2005	50:50	Medium/heavy trucks/ buses
Irizar	Tianjin Auto	1995	n/a	Bus
Isuzu	Qingling	2005	50:50	Truck, engines and components
Isuzu	Guangzhou Auto	2000	51:49	Medium and heavy-duty buses
Iveco	SAIC/Chongqing Heavy Vehicle Group	2005	33.5 (SAIC):33 (Chongqing): 33.5 (Iveco)	Heavy truck and engine
Iveco	Nanjing Automobile	1996	50:50	Truck, bus, SPV, diesel engines
Kia	Dongfeng Yueda	n/a	n/a	Small bus
MAN	Yutong	2002	50:50	Bus chassis
Nissan Diesel	Dongfeng	1996	50:50	Heavy trucks/buses
Renault	Dongfeng	2004		Medium/heavy truck
Toyota	FAW	1998	50:50	Small bus
Volvo	Sinotruk (CNHTC)	2004	50:50	Truck
Volvo	SAIC	2000	50:50	Large/medium buses
Volvo	Xian Aircraft Industry	1994	50:50	Luxury coaches

Source: Mergermarket; press search; KPMG analysis

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