



Volvo Bus Corporation

Press Information

VOLVO SIGNS AGREEMENT FOR NEW BUS COMPANY IN CHINA

Volvo Bus Corporation and the Chinese vehicle manufacturer Shanghai Automotive Industry Corporation (SAIC) today signed several agreements covering establishment in Shanghai of a joint-venture company for the manufacture and sale of city and commuter buses. SAIC's current production of about 2,500 buses per year forms a base for the new joint-venture company's operations.

The agreements were signed in Shanghai by Mr Chen Xianglin, Chairman of SAIC and Mr Jan Engström, President and CEO of Volvo Bus Corporation. The total share capital of the new company will be USD 54,22 M and the total investment will amount to USD 97 M. Each party will own 50% of the new company.

"With regard to long-distance buses, we already today hold a strong position in China. With today's agreement I am convinced that we secure a place as one of the leading producers in the growing Chinese market for city buses. We project that China will become the world's largest market for city buses," says Jan Engström, President and CEO of Volvo Bus Corporation.

After establishment in the long-distance bus segment, Volvo Buses has in recent years been negotiating with SAIC regarding production of city buses. SAIC is one of China's leading automotive industries and has previously established companies for car production with Volkswagen and General Motors. SAIC is also part owner in more than 30 companies for production of components for the automotive industry, including such partner companies as Bosch, Visteon, ZF and Valeo.

"SAIC is a very strong partner and the dynamic and rapidly growing Shanghai region is a favorable location in many respects. Together with Volvo's product program, this forms a solid platform for the future," says Jan Engström.

The next step is to establish the joint-venture company, which can be implemented when the remaining approvals are received from the authorities.

The new company will offer both the traditional Chinese buses produced today and modern buses from Volvo Buses' product program. Through a successive transition to modern products, the company can contribute to making city traffic safer and lowering the exhaust emissions. Concurrently, as a result of Volvo's quality demands, reliability and economy can be improved for the operators.

June 30, 2000

For more information please contact:

Jan Engström, President, Volvo Bus Corporation

Tel: +46 31 66 30 00, Fax: +46 31 54 13 72

E-mail: bus1.80000JE@memo.volvo.se

Kjell Johansson, Press Manager, Volvo Bus Corporation

Tel: +46 31 66 76 65, Mobile: +46-709-64 19 97

E-mail: bus1.prinfo@memo.volvo.se