

## Press Release

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# Volvo Cars starts production of the Volvo S40 in China

The Volvo Car Corporation will start producing cars in China. The new Volvo S40 will be built at Volvo Cars' partner Changan Ford's production plant in Chongqing. Volvo Cars' technical team in Chongqing have worked together with purchasers from Changan Ford to select local suppliers for a number of car parts. The aim is to meet the Chinese government's requirements for local production to its full extent.

"This is an important step forward towards a firmer presence and a brighter future in the Chinese car market. We are convinced that the launch of the S40 produced in China will be successful, both from an industrial point of view as well as from a commercial angle," says Fredrik Arp, President and CEO of Volvo Car Corporation at a press conference in Beijing, China.

### Boosts competitiveness

"Local production is the key to remain competitive in China. We are facing a scenario where the import duty is levelling out on 25 percent and our main competitors are already producing their volume models locally," says Fredrik Arp. Volvo Cars has been studying Chinese production possibilities for quite some time – and the demands on a partner have been very high. "A Volvo must be a Volvo car in all aspects, no matter where it is produced. After working with Changan Ford for over a year, we have ensured that their factory, co-operating with our own experts, will meet our high demands on the Volvo quality," says Fredrik Arp. Volvo Cars is aiming for an annual production volume of approximately 10,000 units.

### Life in the fast lane

Volvo Cars is moving in the "fast lane" at the moment. Seven new car models will be introduced between 2006 and 2009. The C70 convertible was revealed in Frankfurt last year. It will be launched in China within a year.

After that Volvo Cars showed the C30 Design Concept in Detroit in January, paving the way for the real Volvo C30 premiere in Paris in September. A couple of weeks ago, Volvo Cars unveiled a completely new generation of the luxurious S80 sedan. "The all-new S80 is pure Scandinavian Luxury and we are convinced that it will be very successful also in the Chinese market," says Fredrik Arp.

### Growing sales in 2005

Volvo Car has had a representation office in Beijing since 1994 and the dealer network has been continuously developed through independent companies. The Volvo network now includes companies with Volvo representation in 45 cities, including showrooms as well as service facilities. "This expansion has helped growing our sales figures in China. Our sold volume increased with 84 percent last year. Local production will make our position even stronger since we can offer our main volume model to a very competitive price," says Fredrik Arp.

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Descriptions and facts in this press material relate to Volvo Cars's international car range. Described features might be optional. Vehicle specifications may vary from one country to another and may be altered without prior notification.

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