

Press release

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Commercial vehicle joint venture in China goes into operation

The joint venture between Knorr-Bremse and Dongfeng Motor Group Co. Ltd. has got off to a perfect start with its grand opening. The partnership represents a strategic milestone for Knorr-Bremse to strengthen its profile in the Chinese commercial vehicle market.

Both partners will benefit equally from their collaboration, as they are creating the basis for further growth in the Asian commercial vehicle market: Knorr-Bremse is the world's leading manufacturer of commercial vehicle braking systems, Dongfeng is the biggest Chinese truck manufacturer. Based in Shiyan in the Chinese province of Hubei, some 1,000 km to the west of Shanghai, the new joint venture Knorr-Bremse DETC Commercial Vehicle Braking Technology Co., Ltd. has a workforce of some 460 employees.

"We are going to do our best to meet the needs of customers in the expanding, technologically evolving Chinese commercial vehicle market. Dongfeng and Knorr-Bremse complement each other perfectly," explains Klaus Deller, CEO of Knorr-Bremse. "Knorr-Bremse can contribute its extensive product expertise, and DETC has in-depth knowledge of the market. Together we aim to further develop braking technologies for the Chinese market and in the medium term make the joint venture one of the leading suppliers for the commercial vehicle industry in China," says Hinrich J. Woebcken, member of the Executive Board of Knorr-Bremse responsible for the Commercial Vehicle Systems division. This close collaboration will enable us to develop the market more rapidly and more effectively," adds Baoping Xu, President of Knorr-Bremse Commercial Vehicle Systems in China.

The joint venture will initially produce mechanical valves and ABS systems, including conventional brake valves and pressure control valves. In the foreseeable future the range of products will then be extended to include all aspects of braking systems for medium and heavy duty trucks: air supply, brake control and transmission management system as well as engine brake components.

The joint venture's main customer is the Dongfeng Motor Group, with some 80% of the components manufactured in Shiyan being installed in its vehicles. The Group plans to launch a wide range of new commercial vehicle platforms in the market over the next years. "The joint venture will enable Knorr-Bremse to be extensively involved in these platforms," explains Baoping Xu. While the new company will also be producing mechanical braking components for customers outside the Dongfeng Group, electronic components will be manufactured exclusively for China market. DETC's existing contracts will, of course, continue to be honored. The new joint-venture does not affect Knorr-Bremse's existing partnerships in China such as the joint venture Knorr-Bremse CAFF Systems for Commercial Vehicles Chongqing Ltd.

“In order to maintain Knorr-Bremse’s high quality standards, the joint venture will apply the principles of the global Knorr-Bremse production system KPS and quality system QFMA,” says the managing director of the joint venture, Xia Fei. This will ensure uniform processes throughout the entire supply chain from raw materials processing and down to assembly and quality testing, and will include the introduction of a modern materials logistics concept.

Knorr-Bremse has maintained contacts in China since the end of 1970s and today, including joint ventures, operates 13 production plants in the country for both Group divisions. In 2014, a workforce of more than 4,200 employees helped the Knorr-Bremse Group to post sales of over EUR 1.2 billion in China.

The first joint venture in the Commercial Vehicle Systems division – Hasse & Wrede CVS Dalian, China Ltd. – was set up in conjunction with Dalian Innovation Parts Manufacturing Company in Dalian back in 2004. The subsidiary Knorr-Bremse Braking Systems for Commercial Vehicles (Dalian) Co., Ltd., was opened in 2005, this was followed in 2011 by Knorr-Bremse CAFF Systems for Commercial Vehicles Chongqing Ltd.

The Rail Vehicle Systems division of Knorr-Bremse too has been active in China for many years now. Its first major project in China came in 1990 and concerned the supply of complete metro car braking systems for the Shanghai metro. In the years that followed, the division progressively expanded its portfolio to include entrance systems and HVAC systems. Partnerships and trusting relationships with local companies have long been part of Knorr-Bremse’s strategic approach.

Caption: “We are going to do our best to meet the needs of customers in the expanding, technologically evolving Chinese commercial vehicle market. Dongfeng and Knorr-Bremse complement each other perfectly,” explains Klaus Deller, CEO of Knorr-Bremse. “Knorr-Bremse can contribute its extensive product expertise, and DETC has in-depth knowledge of the market. Together we aim to further develop braking technologies for the Chinese market and in the medium term make the joint venture one of the leading suppliers for the commercial vehicle industry in China,” says Hinrich J. Woebcken, member of the Executive Board of Knorr-Bremse responsible for the Commercial Vehicle Systems division.

The **Knorr-Bremse Group** is the world’s leading manufacturer of braking systems for rail and commercial vehicles. For more than 110 years now the company has pioneered the development, production, marketing and servicing of state-of-the-art braking systems. In the rail vehicle systems sector, the product portfolio also includes intelligent entrance systems, HVAC systems, power conversion systems, control components, and windscreen wiper systems, as well as platform screen doors, friction material, driver assistance systems, and control technology. Knorr-Bremse also offers driving simulators and e-learning systems for optimum train crew training. In the commercial vehicle systems sector, the product range includes complete braking systems with driver assistance systems, as well as torsional vibration dampers, powertrain-related solutions and transmission control systems for enhanced energy efficiency and fuel economy.

According to the annual report 2014, the **Dongfeng Motor Group** has a workforce of more than 100,000 employees and produces some 2.7 million vehicles per year, of which more than 400,000 are commercial vehicles. Listed on the Shanghai stock exchange, Dongfeng Electronic & Technology Co., Ltd. (DETC) is a subsidiary of Dongfeng Motor Group Co., Ltd. (DFG). DETC

is made up of 11 subsidiaries based in Shanghai, Hubei and Guangdong. DFG holds a 55% stake in Dongfeng Commercial Vehicle (DFCV), a joint venture with Volvo and one of the leading manufacturers of medium and heavy duty trucks in China.

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