

# ASIAN AUTOMOTIVE NEWSLETTER

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A quarterly newsletter of developments in the auto and auto components markets

## CONTENTS

|                    |   |
|--------------------|---|
| INTRODUCTION ..... | 1 |
| CHINA .....        | 1 |
| INDIA .....        | 4 |
| INDONESIA .....    | 6 |
| JAPAN .....        | 6 |
| KOREA .....        | 7 |
| MALAYSIA .....     | 8 |
| THAILAND .....     | 9 |
| REGIONAL .....     | 9 |

## INTRODUCTION

BDA is an Asia-focused corporate finance advisory firm which assists multinational clients to identify, assess and execute cross-border transactions, including acquisitions, divestments, JVs and restructuring. We have offices and professional staff in all of the major Asian automotive markets, as well as in the US and Europe.

The 2006 automotive components market has been marked by increasing activity by Asian companies, particularly Indian and Chinese companies, seeking to acquire US and European automotive components assets. We expect this trend to increase markedly during this year and beyond. BDA has close relationships with many of the larger Asian potential acquirers, and if this is an area of interest to you, please do not hesitate to contact us.

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## CHINA

**American Axle & Manufacturing Holdings** plans to open its first China plant in November and expects to break ground this spring. The plant is expected to be 175,000 square feet, employ 350 to 400 people, and will produce driveline systems in the port city of Changshu, near Shanghai. Initially, parts will be for the Asian market such as Korean automaker **SsangYong Motor** and an unidentified Chinese customer. February 27, 2006

**Behr GmbH**, one of the world's leading manufacturers and suppliers of automotive air conditioning and engine cooling equipment, has formally opened its new plant in Jinqiao, Shanghai, just a year after ground was broken on the site. **Shanghai Behr Thermal Systems** (SBTS), a 50/50 JV with **Shanghai Auto**, focuses on the development and production of HVAC modules and engine cooling components. There are plans to double the number of engineering staff to 100. December 12, 2005

**Bridgestone Corp** announced that it will invest about US\$100m to build a synthetic rubber plant in the southern Chinese province of Guangdong to meet increasing demand. The new plant will start operation in the first half of 2008 and have an annual production capacity of 50,000 tons. It will employ about 210 people. The new plant will be built in the Huizhou Dayawan Economic and Technological Development Zone in Guangdong Province. December 27, 2005

German tire-maker **Continental** is looking for a tire production site in China. The tire-maker is

seeking to invest US\$300m in the plant with annual production of up to 9 million passenger car tires and 2 million truck and bus tires. Continental has until now focused on auto parts production in China. The automaker faces stiff competition from its global rivals, which have already established a local sales and production presence, including **Michelin**, **Bridgestone** and **Goodyear**. February 14, 2006

**ContiTech Group** subsidiary **Benecke-Kaliko** has opened a €10m (US\$12m) factory for automotive plastics in Zhangjiagang, northwest of Shanghai. **Benecke Changshun Auto Trim (Zhangjiagang)** will produce expanded vinyl and leatherette for the automotive industry and says **VW**, **GM** and **Ford** will be among the first customers. Benecke's JV partner is **Jiangsu Changshun Group**, a Chinese dealer in automotive plastics. Initial production will be 170,000 sq meters per month, but the company aims to increase this four-fold in the future. March 2, 2006

US engine company **Cummins** and Chinese automaker **Beiqi Foton** are joining forces to establish a US\$240m JV to manufacture 2.8- and 3.8-litre diesels. The 50/50 venture will be set up in Q3 2006 and the first engines are due to roll off the production line in 2008. They will power Foton's pickup trucks and vans and also be marketed to other manufacturers in China and overseas. March 6, 2006

US component supplier **Delphi** has sought court approval to sell its stake in its China JV, Shanghai Delco Electronics & Instrumentation. Delphi said that its China JV partner, **Shanghai Agriculture Industry & Commerce**, had agreed to buy out Delphi's 50% stake for US\$7.5m. February 22, 2006

**GM** has shifted its worldwide electronics purchasing unit to Shanghai from the US to place it at the hub of China's electronics industry. The move is intended to keep GM abreast of trends in automotive electronics which now originate in China, Korea or Japan, and to buy more electronic components in China. GM's electronics purchasing unit currently

is located in Warren, Michigan. By 2009, GM expects to buy US\$6bn worth of China-made parts annually for its operations in China, more than double its purchases in 2003. March 6, 2006

**Getrag Corporate Group** set up a JV with **Jiangling Motor Company Group** called **Getrag (Jiangxi) Transmission Co Ltd** for production of manual and automated manual transmissions and transmission components for the Chinese market. Getrag will invest US\$41m to hold 66.7% of the shares in the JV and Jiangling will hold the remaining 33.3% and bring into the JV three production plants with about 2,200 employees. The new company will start business operations in the second quarter of 2006. In the next two to three years, the new company will produce more than 550,000 manual and automated transmissions and more than 1.7 million sets of transmission components per year for the Chinese market. January 16, 2006

Germany's **Hirschvogel Automotive Group**, a family-owned forging specialist, is scheduled to begin production at its new plant in the Zhejiang province of China during Q2 2006. The new plant, a wholly foreign-owned enterprise called **Hirschvogel Automotive Components (Pinghu)**, plans to supply components to European automakers and their Tier 1 suppliers in China. The company currently develops and produces parts such as wheel hubs, steering knuckles and transmission shafts for carmakers such as BMW and Volkswagen and their suppliers. March 6, 2006

**Honda Motor** has begun building a factory in Guangdong Province to make automobile transmissions as part of its plan to expand auto production there. Honda will invest US\$98m in the new factory and it will go online in the spring of 2007 with an annual output of 240,000 units. Honda intends to expand its automobile production in China to 530,000 vehicles by the second half of this year from the current 320,000 units. The new Chinese factory will be the company's fourth automatic transmission factory overseas after two factories in the US and one in Indonesia. January 18, 2006

**Hyundai** has received initial approval from the Chinese government to build an engine plant in Shandong province. Hyundai currently produces 1,500cc and 1,800cc engines in Beijing. The government gave initial approval for the new plant after Hyundai pledged to raise its annual engine production capacity at its existing engine JV with **Beijing Auto** by two-thirds from 300,000 units to 500,000 units. Hyundai expects to gain final approval for the new 100,000-unit annual production capacity plant, which will build 2,000cc engines, from as early as March. January 11, 2006

**Mitsubishi** has reached an agreement to purchase a 20% to 25% stake in Chinese carmaker **South East Motor** from Taiwan's **China Motor**. South East Motor was established in 1995 as a 50/50 JV between China Motor and China's **Fujian Motor Industry**. The JV produces Mitsubishi-based vehicles such as the *Freeca* and Lancer-based *Lioncel* models. Mitsubishi aims to take a stake in South East Motor in order to boost its presence in the Chinese market. The Japanese automaker currently has a 16% stake in Chinese automaker Changfeng which produces the Mitsubishi *Pajero* and also outsources production of the *Pajero Sport* and *Outlander* to DaimlerChrysler JV, **Beijing Jeep**. February 20, 2006

**Nanjing Auto** has announced that it plans to invest US\$372m in a new plant in Nanjing that will begin production in the second half of 2007. The plant will have an annual production capacity of 200,000 passenger cars, 250,000 engines and 100,000 gearboxes. The passenger cars are based on **MG Rover** designs acquired in 2005. January 3, 2006

Japan's **Nissan Motor** plans to spend Rmb600m (US\$74.6m) to raise capacity at its Chinese JV car assembly plant by 80% to 270,000 units by the end of this year. **Dongfeng Nissan Passenger Vehicle Co**, a division of Nissan's local JV, **Dongfeng Motor Co**, aims to sell 200,000 cars this year, up 27% percent from the 157,516 sold in 2005. Dongfeng Motor Co is a 50/50 JV between Nissan and Dongfeng Motor Corp. February 28, 2006

**Nissan Motor's** Chinese JV, **Dongfeng Nissan Passenger Vehicle**, will begin production of two all-new engines in March. The new plant in Guangzhou will start off with an annual production capacity of 180,000 units and will rise to 360,000 units by 2008. The new engines will be fitted in vehicles produced at Dongfeng Nissan's Guangzhou plant that produces the *Sunny*, *Tiida* and *Tiida Latio* models. February 28, 2006

**Omron Corp** completed the construction of a plant in Guangzhou to manufacture electronic parts for automobiles. **Omron (Guangzhou) Automotive Electronics Co** will initially make smart key systems and electric window units. The lineup is due to be expanded to include electronic control equipment. The subsidiary, controlled 100% by **Omron (China) Co**, a wholly owned unit of Omron, has invested ¥1.6bn (US\$13.6m) in land and facilities. Omron aims to achieve ¥100bn (US\$850m) in sales of automotive electronic components in fiscal 2007, up from ¥64.6bn (US\$550m) in fiscal 2004. December 16, 2005

**Press Kogyo** has established **PK-UD AXLE**, a JV formed with **Nissan Diesel Motor** in Hangzhou, Zhejiang Province. Capitalized at US\$7.7m, the new company will manufacture axles for large trucks and buses. Press Kogyo owns a 55% stake in PK-UD AXLE while Nissan Diesel holds the remaining 45%. The new company aims to achieve about ¥6bn (US\$50m) in annual sales. December 8, 2005

**Shanghai Auto Industry Corporation** (SAIC) has received government approval to begin own-brand car production. SAIC has created a new company, **SAIC Motor Manufacturing**, to begin production of self-designed models featuring **Rover** technology. SAIC acquired the intellectual property rights to build Rover cars in 2004. The Chinese carmaker aims to launch its first model based on the Rover 75 in September this year. SAIC has set out its goal of producing 600,000 of its self-designed vehicles by 2010 with total investment of US\$124m. February 22, 2006

**Tenneco** is opening a wholly-owned elastomer manufacturing facility in Suzhou, and a JV emission control engineering centre in Shanghai and has reached an agreement to raise its ownership of a Beijing ride control JV from 51% to 65%. Tenneco's announcement is part of a US\$21m investment in China over the next three years, targeting the OE market in China as well as the aftermarket as the country's car fleet begins to age. It aims to use its expertise in emission control to help local clients such as **Shanghai-VW**, **Shanghai-GM**, and **Chery**, meet tighter regulations. February 28, 2006

**Toyota** and **First Auto Works (FAW)** announced plans to set up a new R&D center in China. The new R&D center will design platforms and engines for cars for the Chinese market. Toyota is expanding its global R&D operations as part of its bid to design models suitable for local markets. February 2, 2006

**Visteon Corp** is basing its global electronics product group in Shanghai. The move underscores the growing movement of the global electronics industry to China. The former parts unit of Ford Motor Co. makes audio, entertainment, driver-information, powertrain-control and lighting-systems electronics in China. The group will share space with the Visteon China Technical Center. The Technical Center has more than 250 engineers, who adapt products to the special needs of the China market and also develop new products. February 27, 2006

**ZF Friedrichshafen** is increasing its purchasing in low-wage countries to help deal with price pressure from automakers. Currently, low-wage countries account for about 5% of the German supplier's €4.7bn global purchasing costs but ZF aims to double that share in the next five years. A top priority is local sourcing for individual ZF factories. ZF established a holding company in Shanghai in late 2004 to ensure quality control for parts produced in China and other Asia regions. March 6, 2006

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## INDIA

**Actis**, the UK-based PE investor, has invested US\$23m in **Sandhar Group**, including its flagship company **Sandhar Locking Devices**. The Gurgaon-based Sandhar Group manufactures auto components for two and four-wheelers. The Sandhar group has a partnership with **Honda** of Japan and manufactures a range of components including locks, mirrors and sheet metal parts. It has immediate plans to expand into assembly of wheels and rims. December 30, 2005.

**Bosch Group** announced plans to invest US\$390m during the next three years in four of its Indian subsidiaries. The group, which includes companies such as **Motor Industries Company (MICO)**, **Robert Bosch India**, **Bosch Chassis Systems India** and **Bosch Rexroth India**, is committing a large part of that investment into the setting up of facilities for the manufacture of common rail direct injection systems, a key component for new generation diesel engines. January 11, 2006

**Cummins Inc** and **Tata Motors** have signed an agreement that will allow their JV, **Tata Cummins Ltd (TCL)**, to begin manufacturing the ISB engine in the near future. The expansion, estimated at around US\$60m, will significantly increase the number of engines produced by the JV and strengthen Cummins position as a producer for the growing medium and heavy-duty commercial vehicle market in India. Under the agreement, TCL would increase its total engine production to 100,000 units within two years and 120,000 units thereafter. TCL currently produces approximately 69,000 Cummins B Series engines a year. The expansion would be funded by TCL's ongoing cash flow and JV debt. February 2, 2006

**Fiat** is negotiating with **Tata** to move Fiat's Indian production of *Palio* and *Siena* out of its aging and frequently flooded plant in Kurla, near Mumbai, to another location. Fiat's Indian production could be moved either to an existing Tata plant or into a greenfield plant, but in both cases Fiat and Tata will jointly own the facility. In addition, Fiat and Tata are completing a feasibility study of making vehicles for each other. In addition, Fiat is proposing that it and Tata jointly build in India the Fiat D-200 lower-medium sedan. The two carmakers are also considering a cross-supply of engines. Tata is interested in Fiat diesels both for the Indian market and for export to Europe. Fiat is interested in a broader engine line-up for the *Palio* and *Siena* it builds in Kurla. February 6, 2006

Japan's **GS Yuasa International** and **TACO** announced a 50/50 JV to manufacture automotive batteries. The newly formed JV called **Tata AutoComp GY Batteries Pvt Ltd** will manufacture state-of-the-art automotive batteries for OEMs and the retail market in India. The manufacturing facility would be near Pune. The company will start its operation with the entire range of four wheeler automotive batteries and will also set up a national sales, service and distribution network. February 6, 2006

**Honda** plans to divest its stake in its Indian manufacturing operation **Honda Siel Cars**, to its JV partner, **Siel Limited**. Honda owns a 99% stake in the JV, with Siel owning a 1% stake. Honda is looking to launch the *Civic* C-segment car in India next year and is also mulling an entry into the country's small-car market, which accounts for nearly 80% of passenger car sales in the country. January 13, 2006

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**Honda** announced plans to increase their manufacturing capacity to 100,000 cars in India by 2010. Honda sold a record 40,000 units of *City*, *Accord* and *CR-V* in India in 2005. February 2, 2006

**Hyundai Motor** is planning to raise capacity at its existing facility in Chennai from 280,000 to 300,000 units to cope with rising demand in India. This will bring Hyundai's existing factory in line with the production capability of the company's second Indian facility that is currently being constructed. The new factory, which is being built alongside the existing facility in Chennai, will come on-stream in 2007 and will raise Hyundai's total Indian production capacity to 600,000 units. The plan is intended to boost Hyundai's market share in one of Asia's fastest-growing markets, building on the firm's success with its *Santra* hatchback and other small-sized cars in India. February 17, 2006

**Mahindra and Mahindra** (M&M) acquired a 98.6% stake in **Stokes Group Ltd** from the existing shareholders. Stokes, an unlisted entity, is the largest automotive forgings company in the UK with OEM and Tier 1 customers such as Koyo Bearings, Land Rover, ZF, Bosch, Visteon, Ford and Jaguar. The FY 2004 revenues of Stokes were US\$44m. January 5, 2006

The Indian government sold an 8% stake in **Maruti Suzuki**. The government gathered US\$348m by offloading its stake in **Maruti Udyog** to eight public sector banks and financial institutions. The Life Insurance Corporation picked up more than 50% of the 23.1m shares on sale. January 13, 2006

US manufacturer **Navistar International** and **Mahindra and Mahindra** (M&M) have set up a JV to produce and market light, medium and heavy commercial vehicles for Indian and export markets. M&M will have 51% ownership in the JV with Navistar holding a 49% stake and the combined

investments of the two companies will be more than US\$80m over a two to three year period. December 14, 2005

Taiwan-based **Sanyang Industry Co Ltd (SYM)** has acquired an 11.1% stake in **Kinetic Motor Company** for US\$3m. Both the companies also entered into a technical collaboration for manufacturing automatic scooters in the Pithampur manufacturing plant. According to company sources, the first model will be launched in nine months time and Kinetic expects to sell 7,000-10,000 units a month. February 10, 2006

**Sundram Fasteners Ltd (SFL)** has entered into an agreement with **Textron Deutschland Beteiligungs GmbH, Bonn (Textron)** to acquire 100% share capital of its subsidiary company, **Peiner Umformtechnik GmbH (Peiner)** located in Peine, Germany. Peiner manufactures standard and special fasteners catering to the automobile, industrial and construction sectors. Peiner employs around 325 people. December 30, 2005

**Suprajit Engineering Ltd's** board of directors has approved US\$9m for funding the company's expansion plans and M&A options overseas. The company has also started a trial run of **CTP Suprajit Automotive Pvt Ltd**, a 50/50 JV company with UK-based **Carclo Plc**, for export of cables to European markets. January 28, 2006

**Timken**, the US automotive and industrial component supplier, is looking into setting up a new plant for the production of needle roller bearings to cater to the growing demand in the Indian market. Timken said the investment could be around US\$25m to US\$50m. Timken is currently in talks with bike majors **Hero Honda**, **Suzuki** and **LML**, as well as carmakers **Maruti** and **Tata Motors**. Timken is targeting revenues of around US\$55m from Indian operations this year. January 13, 2006

**Toyota** announced that it would increase the sourcing of gearboxes to 140,000 units per annum from its Indian JV, **Toyota Kirloskar**, by the end of March this year. Toyota is expected to increase this amount by 5% to 10% in the next financial

year. Toyota is trying to meet the production requirements of its international and innovative multi-utility vehicle project, which aims to enhance the company's competitiveness by optimizing its worldwide development, procurement and production. February 3, 2006

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## INDONESIA

**Suzuki** has announced that it intends to increase the production capacity of its all-purpose vehicle model to meet growing export demand from overseas markets. In 2006, the production target will rise to 7,000 units per month, from 2005's production level of 5,500 units a month. The demand in export markets is strong enough for the company to make the decision to increase production, despite the dramatic drop off in demand in the Indonesian market in recent months as a result of the abolition of fuel subsidies. January 11, 2006

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## JAPAN

**Continental Teves Corp**, a manufacturer of automobile brake systems, announced plans to establish a new technology center in Yokohama in 2007. The company will consolidate its current three domestic technology centers in the new site and double its development staff to 500 employees. The company aims to put in place operations that will allow it to respond immediately to the requests of customer automobile manufacturers, including **Toyota Motor**. January 26, 2006

**Daihatsu Motor** plans to construct a small-car assembly plant with an annual output capacity of 150,000 units in Nakatsu, Oita Prefecture, to meet the surging demand for small cars worldwide. Slated for completion in 2008, the new plant will be the second domestic auto production site built by

Daihatsu in four years. Some of the output will be exported, mainly to Asia. December 21, 2005

**Dowa Mining** said it will double its capacity to heat-treat metal auto parts by investing about US\$24m in the expansion of its flagship plant in Handa, Aichi Prefecture. The upgrade, aimed at keeping pace with growing auto parts demand, comes after Dowa's expansion of the same facility last year. Processing lines to heat-treat gears, shafts, valves and other metal items will be expanded. January 6, 2006

**GM**, in a move to raise cash for its North American restructuring, said it will sell back shares in Japanese auto maker **Suzuki Motor Corp** valued at about US\$2bn. Selling most of its Suzuki stake will give GM additional cash to cover potential liabilities for Delphi worker benefits GM has estimated at between US\$3.6bn and US\$12bn. GM will hold a stake of about 3% in Suzuki after the deal. Officials of both companies stressed the two sides would maintain all areas of cooperation despite the reduction of GM's stake. Suzuki will retain an 11% interest in **GM Daewoo Automotive & Technology Co**, GM's South Korean affiliate. March 7, 2006

**Nifco Inc** announced that it has established a wholly-owned subsidiary in Poland to produce and sell plastic auto components. The facility is expected to start production in 2007 and the unit will supply parts to the European bases of automakers such as **Toyota Motor**, **Suzuki Motor** and **Kia Motors**. Nifco expects annual sales of US\$12m in 2012 at the subsidiary. February 16, 2006

**Nissan Motor** announced that it is spending US\$88m to introduce a paint-coating system at its Fukuoka Prefecture plant, to improve production efficiency while reducing the impact on the environment. The automaker has already invested US\$48m in the plant's new finish line, which began operation last month. It plans to spend US\$40m on the primer and intercoat sections, which are

slated to come into operation in May 2006. February 7, 2006

**NTN Corp** announced plans of doubling its monthly production capacity of constant velocity joints used in automobiles to 600,000 by fiscal 2008. The major bearing manufacturer will invest about ¥2bn (US\$17m) to expand production lines at a domestic plant in Iwata, Shizuoka Prefecture, and a factory operated by its North American subsidiary, NTN Drive-shaft Inc. December 15, 2005

**Toyoda Iron Works Co**, a major manufacturer of automotive press molds and a **Toyota Motor** affiliate, announced plans to increase output capacity in Canada and China in response to increased local production by the automaker. Toyoda will open a mold-producing plant in Tianjin, China and a new facility in Canada next year. Investments in the Canadian plant, which is slated to go into operation in spring of 2007, will be ¥5bn (US\$42.5m). The plant will be Toyoda Iron Works' fourth production site in North America. February 17, 2006

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## KOREA

**GM Daewoo** has begun construction of a fourth knocked down (KD) kit packing facility at the Korean port city of Incheon. The new completely knocked down (CKD) packing facility will start operations in the second half of 2006, and will have the capacity to export 570,000 kits annually to countries in the Asia Pacific, and in Latin America and Europe. With the new facility, GM Daewoo's annual KD export capacity will reach 1.42 million kits. In the first 11 months of 2005, its KD exports were running 49.6% ahead of the same period last year, totaling 448,425 units. December 30, 2005

**Hankook Tire** announced plans to increase its tire supply to **VW** by 540,000 units annually. Hankook Tire will supply 440,000 units to VW's *Golf* model range and 100,000 units to the *Jetta* model. The deal encompasses Hankook's range of ultra-high performance tires which the firm has been supplying to VW Group companies since 2003 for models such as the *Polo* and the *Audi A3*. February 9, 2006

**Hyundai Mobis** has announced plans to ramp up investment in its overseas operations by 68% to W298.7bn (US\$310m) this year. Hyundai Mobis aims to post W882.5bn in operating income for the whole of 2006, compared with W786.1bn (US\$811m) last year. Hyundai Mobis is also planning to support Hyundai's increased activities in overseas markets. The company is looking to set up plants in Slovakia and India to supply Hyundai Motor's new assembly lines there, which will increase its number of global manufacturing bases to ten. February 17, 2006

**Renault** has acquired a further 10% stake in its Korean subsidiary **Renault Samsung** for W55bn (US\$54m) from the company's creditors. The stock purchase will raise Renault's interest in its Korean unit to 80%. The money paid for the stake will be distributed amongst the 14 creditor institutions that bailed out Samsung's loss-making car operations at the end of the 1990s. December 29, 2005

**Shanghai Automotive Industry Corporation (SAIC)** has pledged to invest US\$1bn in **SsangYong** in order to avert a strike. The Korean firm's unionized workers had voted to go on strike unless SAIC's senior management gave assurances that it intended to follow through with its planned investments in SsangYong. The unions were also concerned about rumored plans to begin production of the company's models in China and alleged misappropriation of the firm's vehicle technology. However, union leaders met the chairman of SAIC Motor, Hu Maoyuan, in China last week to seek assurances over the investment plans, and it appears that a deal had been brokered. December 22, 2005

**Valeo** announced that it has signed a contract to acquire 50% of **Threestar**, the largest automotive radiator manufacturer in South Korea. **Samsung Climate Control Group** owns the remaining 50% of the company's shareholding and the new entity will be known as **Valeo Samsung Thermal Systems**. December 29, 2005

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## MALAYSIA

**DaimlerChrysler AG** announced plans of establishing a production facility for its *S-Class* in Malaysia next year. According to company sources, production is likely to start in mid-2007 but no details on volume or sales targets were revealed. DaimlerChrysler assembles *E-Class* and *C-Class* models in the country and it already has production and assembly sites in Thailand, Vietnam and Indonesia. January 18, 2006

**Hyundai** announced plans to increase production capacity at its Malaysian assembly operation by 10% in 2006 from the current figure of 1,000 units a month. Hyundai's Malaysian car assembly operation is 60%-owned by **Oriental Holdings Bhd** and 40% by **Hyumal Motor Sdn Bhd**, the local distributor for Hyundai completely-knocked-down (CKD) vehicles such as the *Sonata*, *Elantra* and *Accent*. December 13, 2005

**Mitsubishi** and **Proton** have signed a MOU to explore the feasibility of cooperation in the area of product development of new Proton vehicles, supply of components between Proton and Mitsubishi, technical support for production, engineering and quality control from Mitsubishi to Proton and Proton's vendors; and manufacturing of vehicles at Proton's facilities to the extent mutually beneficial. Mitsubishi will provide technical support as well as quality control. Mitsubishi, currently provides engines and transmission systems to Proton in the *Iswara*, *Wira*, *Satria*, *Arena*, *Waja*, *Perdana* and *Gen.2* models. February 6, 2006

Malaysian automaker **Perodua** is planning to start exports of its *Myvi* compact model into the UK, with an initial batch of 200 cars planned in the third quarter of 2006. January 23, 2006

**Sime Darby** has secured the franchise to import completely built-up **BMW** passenger cars as of 1 January, 2006. The deal also includes the license to import *Mini* passenger cars. Sime Darby secured the franchise after **Cartrade Sdn Bhd**'s contract as the sole importer of the BMW marque in fully assembled form was terminated at the end of last year. Sime also imports, distributes and sells cars in Malaysia for **Ford**, **Hyundai**, **Land Rover** and **Alfa Romeo**, and has a number of other dealership networks in the Asia-Pacific region. January 6, 2006

**Toyota's** vehicle body components subsidiary, **Toyota Auto Body**, is to build a US\$40.2m factory in Shah Alam to make components for the company's *Avanza* model. The factory will specialize in making plastic resin components such as bumpers, instrument panels and door trims when the factory is completed in August 2006. Currently, Toyota Auto Body supplies completely knocked down (CKD) kits of the *Avanza* and *Innova* models for assembly in Malaysia, and the new factory will increase local content levels of these locally assembled vehicles. January 24, 2006

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## THAILAND

SET-listed auto parts producer **Aapico Hitech Plc** plans to invest S\$6.3m (US\$3.9m) for a 20% stake in Singaporean-listed **Jackspeed Corporation Ltd.** Jackspeed, a Singaporean manufacturer of automotive leather interiors, will issue 34.9 million new shares at S\$0.18 (US\$0.11) each, which will make Aapico Jackspeed's second largest shareholder. The deal will enable Aapico, which operates plants in Thailand and Malaysia, to market Jackspeed products in Thailand. Currently,

Jackspeed products are largely sold in Singapore, Malaysia and Europe. February 16, 2006

**Mitsubishi Motors Corp** announced that it will begin large scale exports of its one-ton *Triton* pickup trucks built in Thailand in the second half of 2006. Mitsubishi Motors plans to ship the Triton to 140 markets around the world, including Australia, the Middle East, Latin America, Southeast Asia and Japan. **Mitsubishi Motors (Thailand) Co**, its Thai-based subsidiary, started manufacturing the truck in Thailand in August last year, and has been exporting the vehicles to Europe since December 2005. February 13, 2006

Korea's **POSCO**, the world's fifth-largest steelmaker, opened an automotive steel-sheet processing center in Thailand to meet the surging demand for cars in Thailand. The plant is located in the Amata City Rayong Industrial Park about 140 kilometers southeast of Bangkok. It will process 120,000 tons of steel products annually and plans to expand the yearly capacity to 200,000 tons in the near future. January 20, 2006

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## REGIONAL

Japanese component supplier **Aisin Seiki** aims to triple its global production capacity of manual transmissions to 3 million units by financial year 2011. Aisin Seiki is expanding its domestic and overseas production network in order to supply Toyota's IMV (Innovative International Multi-purpose Vehicle) project. Expanded domestic production will supply Toyota's overseas IMV production bases in regions including Thailand. Aisin Seiki also plans to take over Toyota's manual transmission production around 2008 with its new capacity, and is reported to be considering a new plant in Europe to meet Toyota's demands for greater local procurement. With Aisin Seiki leading manual transmission production, Toyota plans to focus on continuously variable transmission and automatic transmission production. January 17, 2006

Japanese tire-maker **Yokohama Rubber** will invest ¥120bn (US\$1bn) over the next three years in raising tire production mainly in Asia. Of the investment, ¥10bn (US\$85m) will go towards a new plant in China with annual production of 350,000 truck and bus tires with construction scheduled to begin later this year. A further ¥10bn (US\$85m) is being invested in doubling tire production capacity at its

Thai plant from 350,000 units to 700,000 units. Yokohama is also expected to begin production at a new car tire plant in Thailand in November with annual production capacity of 1.4 million tires. The tire-maker is boosting production capacity in order to meet rising global tire demand. February 14, 2006

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## ABOUT BDA

Business Development Asia is a corporate finance advisory firm which assists multinational companies in expanding their businesses in Asia through JVs, acquisitions and divestments. For further information on BDA's services or on any of the articles in this newsletter, please contact the offices below.

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