



**China  
Press Kit – September 2010**

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<b>PSA Peugeot Citroën Sales in China</b>
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In 2009, the Group's sales in China reached an all-time high with more than 272,000 vehicles sold, a 52% increase over the previous year. These results were obtained in a fast growing market thanks mainly to the success of recently launched models: the Citroën C-Quatre line-up (and in particular the C-Quatre notchback) and the Peugeot 207 in both the hatchback and notchback versions.

The Group's sales momentum in China continued in first-half 2010, when more than 176,000 vehicles were sold (up 49% for the period) in a market that expanded by 27%. PSA Peugeot Citroën's market share stood at 3.3% compared with 3.2% in first-half 2009.

The Group's new vehicles have been well received. With more than 18,000 units sold in the first half, the Citroën C5 – launched in January – is making a significant contribution to the Group's performance. The Peugeot 408, introduced in April, is the first Peugeot vehicle to make its world premier in China. More than 17,000 units had already been sold as of 30 June.

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>H1 2010</b>
<b>Car sales in China</b>	2,546,000	3,209,000	4,238,111	5,274,000	5,326,456	8,236,000	4,592,400
<b>PSA Peugeot Citroën sales</b>	<b>89,100</b>	<b>140,400</b>	<b>201,318</b>	<b>207,500</b>	<b>189,162</b>	<b>272,000</b>	<b>176,000</b>

<b>Milestones in PSA Peugeot Citroën's Development in China</b>
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- 1985** Creation of the Guangzhou Peugeot Automobile joint venture (GPAC).
- 1990** Citroën signs joint venture contract with Second Automobile Works (SAW), subsequently renamed Dongfeng Motor Corporation, China's second largest truck manufacturer.
- 1992** The Dongfeng Citroën Automobile Company (DCAC) joint venture is officially set up by Automobiles Citroën and Dongfeng Motor Corporation.  
SKD production of the Citroën ZX Fukang hatchback begins.
- 1996** The two plants are commissioned, with annual production capacity of 150,000 vehicles.
- 1997** Peugeot sells its stake in GPAC.
- 2000** DCAC's capital is increased to CNY 6 billion.
- 2002** Launch of the Citroën Élysée.  
The agreement covering the new phase in the cooperation between PSA Peugeot Citroën and Dongfeng Motors is signed in Beijing. DCAC changes its name to Dongfeng Peugeot Citroën Automobiles (DPCA) and announces the launch of a Peugeot model. The joint venture receives a capital injection of CNY 1 billion.
- 2004** A major €600-million capital programme is approved to increase DPCA's production capacity to 300,000 vehicles a year and support the introduction of new models. As a result, PSA and DFM each own 50% of DPCA.
- 2006** The Peugeot 206 is the first vehicle to roll off the line from DPCA's Platform 1.  
World preview of the Citroën C-Triomphe in Shenzhen.  
DPCAFC, an automobile financing joint venture, is launched in China by Bank of China, Banque PSA Finance and DPCA.  
Presentation of the Dongfeng Citroën C2, a new compact model in the Citroën line-up designed especially for China.  
The cornerstone is laid at the second DPCA plant in Wuhan during a ceremony attended by French President Jacques Chirac.
- 2007** Creation of the new China Business Unit, based in Beijing, to manage all PSA Peugeot Citroën operations in China.

- 2008** The Peugeot 307 hatchback is introduced in Beijing.  
An R&D cooperation agreement is signed with Tongji University's Automobile Institute in Shanghai.  
An R&D and styling facility called the China Tech Center (CTC) opens in Shanghai.  
Launch of the Citroën C-Quatre in China.
- 2009** World preview of the Citroën C-Quatre notchback at the Shanghai Motor Show.  
The second plant in Wuhan is brought on stream.
- 2010** Launch of the new Citroën C5, DPCA's first D-segment model.  
The new Peugeot 408 makes its world premier.  
World preview in Shanghai of Metropolis, the first Citroën concept car to be designed and built at the China Tech Center in Shanghai.  
PSA Peugeot Citroën partners the French Pavilion at Expo 2010 Shanghai.  
Joint venture agreement signed by Chang'an and PSA Peugeot Citroën. Based in Shenzhen, the new company will produce vehicles in the Citroën DS line-up as well as light commercial vehicles and models under a new brand.  
Asia Department set up in Shanghai, headed by a member of the PSA Peugeot Citroën Managing Board.

## The Asia Department and the Group's Organisation in China

Based in Shanghai, the new Asia Department oversees the development of the Group's operations in China and other countries in the Asia region. Its responsibilities include partnerships and cooperative ventures, marketing strategy, the product plan, the development of local R&D capacity and sourcing. The Department is headed by Grégoire Olivier, a member of the PSA Peugeot Citroën Managing Board. It leverages a full range of capabilities that allow it to manage the Group's development in Asia and serve as the direct interface for joint venture partners.

By adapting its structure to the strategic importance of its development in Asia, the Group is strengthening its global scope and responding to China's ever-greater role in the automobile market.

In addition to the Asia Department, PSA Peugeot Citroën's operations in China include:

- Dongfeng Peugeot Citroën Automobile Co. Ltd (DPCA), the Wuhan-based joint venture with Dongfeng.
- A second joint venture – with automobile manufacturer Chang'an in Shenzhen – is pending approval by Chinese authorities.
- Operations in China of other PSA Peugeot Citroën subsidiaries: Banque PSA Finance, Gefco and Faurecia.

Overall, the Group has 16,000 employees in China.

## The Group's Vision in China

In 2009, China became the world's biggest – and PSA Peugeot Citroën's second-biggest – automobile market.

China continues to enjoy very high growth potential since car ownership remains low at around 30 passenger cars per 1,000 inhabitants at year-end 2009, compared with a worldwide average of around 100 vehicles per 1,000 inhabitants.

The Group has formulated a vision for the next ten years, detailing its development targets in China for 2020:

- Achieve a market share of 8% by:
  1. Continuing to renew and extend its product portfolio in China by entering new market segments.
  2. Being a leader in low-carbon vehicles in China.
  3. Being a leader in innovative mobility solutions.

The Group's development in China is based on a three-point strategy:

1. Strengthening its partnership with DFM and speeding the growth of DPCA with at least two new model launches per year, greater production capacity, broader vehicle line-ups and the development of dealer networks.
2. Creating a new joint venture with automotive manufacturer Chang'an to produce light commercial vehicles, the Citroën DS range and vehicles to be marketed under a new brand.
3. Increasing R&D capacity in China.

## The China Tech Center

The China Tech Center (CTC) is PSA Peugeot Citroën's first R&D and styling facility outside Europe.

Located in Shanghai, one of China's main economic and technology hubs, the CTC has been operational since September 2008. Today, it employs more than 350 engineers, designers and technicians who are in charge of developing vehicles, subassemblies and styles while integrating features that meet the expectations of the Chinese market. The total workforce will quickly rise to 1,000 people.

The CTC works closely with PSA Peugeot Citroën research and development facilities around the world and with the R&D unit operated by DPCA, which employs more than 1,000 engineers and technicians.

The styling unit enables the Group to align its brands with the aspirations of Chinese customers and to provide them with an offering that corresponds perfectly to their tastes.

In July 2008, a cooperation agreement was signed between CTC and the Automobile Institute at Shanghai's Tongji University. Under the terms of the agreement, PSA Peugeot Citroën provides job opportunities for graduates of the university's automotive engineering programme and training courses for Tongji professors. The partners will also launch joint research projects.

The China Tech Center has already produced tangible results: On 18 April 2010 in Shanghai, Citroën presented Metropolis, the brand's first concept car designed and produced in Shanghai by CTC teams.

Note: The CTC project represents a total investment of CNY 1 billion over three years.

## The Group's Clean Vehicle Strategy in China

In December 2009, PSA Peugeot Citroën unveiled its clean vehicle strategy in China for the next ten years. The goal is to reduce vehicle carbon emissions in China by half – from 180 to approximately 95 grams – by 2020, in line with targets set for Europe, the benchmark in terms of clean vehicles.

The announcement was made at the Copenhagen summit on climate change, at which China made a number of major commitments. To meet this highly ambitious target, the Group will deploy a range of technologies, each of which provides customers benefits as well as a reduction in carbon emissions.

The solutions include:

- The launch of six new petrol engines by 2020
- A new generation of automatic gearboxes
- A plug-in petrol hybrid engine
- Electric vehicles

The strategy was presented at the clean vehicle show in Shenzhen. The event also hosted the world preview of the new Citroën C-Quatre featuring STT technology, developed by China Tech Center teams.

## **Dongfeng Peugeot Citroën Automobile Co. (DPCA)**

Founded in 1992, DPCA is a joint venture equally owned by PSA Peugeot Citroën and China's Dongfeng. Based in Wuhan, the capital of Hubei province, DPCA has more than 10,000 employees and produces and markets vehicles under the Dongfeng Peugeot and Dongfeng Citroën brands for the local market. In 16 years, more than 1.2 million vehicles have been manufactured and sold.

DPCA is also the first Chinese automobile company to publish an annual sustainable development report.

### **Production Facilities**

DPCA has production capacity of 450,000 vehicles a year. Its manufacturing base is comprised of two assembly plants in Wuhan and a mechanical components plant in Xiang Fan.

#### **- WUHAN 1 ASSEMBLY PLANT**

Production start-up: 1996

4 lines: stamping, body-in-white, paint and final assembly

Surface area: 500,000 sq.m

Output: 74 vehicles an hour

#### **- WUHAN 2 ASSEMBLY PLANT**

Production start-up: 2009

3 main lines: body-in-white, paint and final assembly

Produces large sedans, including the new Citroën C5

Output: 44 vehicles an hour

#### **- THE XIANG FAN MECHANICAL COMPONENTS PLANT**

Machining and assembly lines to produce engines and gearboxes

Surface area: 208,300 sq.m

Production capacity: 640,000 engines and 375,000 gearboxes

Output: Around 1,000 1.4-litre, 1.6-litre, 2.0-litre and 2.3-litre engines and more than 700 manual transmissions produced daily

### **Dongfeng Peugeot and Dongfeng Citroën**

Dongfeng Citroën:

- Vehicles produced: Citroën C-5, C-Quatre, C-Élysée and C-Triomphe

- Network: 300 sales outlets of which 240 dealerships

Dongfeng Peugeot:

- Vehicles produced: Peugeot 408, 307 (hatchback and notchback) and 207 (hatchback and notchback)

- Network: 320 sales and service outlets of which 180 dealerships

**New Joint Venture Between PSA Peugeot Citroën and Chang'an**

On 9 July 2010, PSA Peugeot Citroën signed a 50-50 joint venture agreement with the Chinese manufacturer Chang'an to produce and sell passenger cars and light commercial vehicles in China. The partners will initially focus on introducing the Citroën DS line in China and launching a dedicated new brand for the venture. The contract then calls for the company to market other vehicles under the partners' other brands, Peugeot and Chang'an.

Based in Shenzhen, in Guangdong Province, the joint venture will have initial annual production capacity of 200,000 vehicles and engines, which will comply with the highest environmental standards. It will operate two production lines, one an existing line that will be renovated and the other a new line to be built. Each one will produce a specific range of vehicles. The venture will also have an R&D centre.

The new company will be capitalised at CNY 4 billion, to be shared equally by the two partners, and backed by an initial investment of CNY 8.4 billion. The first vehicle is scheduled for rollout in second-half 2012. The joint venture project is awaiting approval by the relevant authorities.

## Other PSA Peugeot Citroën Entities in China

### ▪ Banque PSA Finance (BPF)

A PSA Peugeot Citroën subsidiary, Banque PSA Finance provides retail financing for purchasers of Peugeot and Citroën automobiles and wholesale financing for the two brands' dealers around the world.

DPCAFC, a joint venture of DPCA and BPF, launched its automobile financing operations in Beijing in August 2006 and has since extended them throughout the country. It provides wholesale financing for Dongfeng Peugeot and Dongfeng Citroën dealers and retail financing solutions for Chinese carbuyers. The joint venture leverages the financial support and network of Bank of China as well as the automobile financing expertise of Banque PSA Finance, a PSA Peugeot Citroën subsidiary with operations in 18 countries across Europe and Latin America.

At end 2009, DPCAFC provided wholesale financing to 274 Dongfeng Peugeot and Dongfeng Citroën dealers across the country and retail financing to 165,000 carbuyers, representing a 78% increase from 2008. This year's goal is to raise the number of financed vehicles to 225,000.

After conducting a pilot project with 12 dealerships in Beijing, a financing programme for retail customers is gradually being introduced throughout the country. At present, approximately 192 dealers are leveraging this new sales tool. The number of financed vehicles is expected to triple this year.

### ▪ Gefco

In 2006, Gefco carried out an in-depth reorganisation by acquiring its partner DTW's shares in their joint venture. In 2004, Gefco launched operations with DPCA's outsourced production warehouse in Wuhan, which comprises two 8,000 square-metre buildings. It also manages a forward supplier warehouse that stocks parts for DPCA suppliers. Gefco provides alternative logistics solutions for the DPCA assembly line, including new vehicle reception and preparation and line-side delivery of parts.

Since 2005, it has also developed sea, air and rail transport services for imports to and exports from China, especially for the export of two and four-wheel vehicles.

### ▪ Faurecia

One of the world's leading automotive equipment manufacturers, Faurecia has some 3,000 employees in China. It manufactures seat units and exhaust systems in Wuhan, seat units, exhaust systems and interior systems in Changchun, seat frames in Wuxi and exhaust systems in Shanghai.

Faurecia has 17 plants in China, of which five operated through joint ventures, and two research centres in Shanghai.

## PSA Peugeot Citroën's Community Commitment in China

### ▪ PSA Peugeot Citroën at Shanghai World Expo

PSA Peugeot Citroën is participating in the Shanghai Universal Exhibition, which runs from May 1 to October 31. A sponsor of the French Pavilion, PSA Peugeot Citroën is showcasing its vision of environmentally friendly mobility, which ties in nicely with the Expo's theme, "Better City, Better Life".

### ▪ Responding to the challenges of automobile development in China

In addition to developing its manufacturing and sales base, PSA Peugeot Citroën has engaged a dialogue in China on the challenges raised by the extremely rapid growth in automobile traffic. The Group's initiatives primarily concern energy and the environment, urban mobility and road safety.

### Community commitment awards and recognition

- On 19 September 2009, DPCA won the New China Agency's 2009 socially responsible business award.
- PSA Peugeot Citroën received the best corporate citizen award on 9 December 2009 from the *21st Century Business Review* and the *21st Century Business Herald*.
- The Group was also cited by the *Nanfang Weekly* as one of the four automobile manufacturers that made the largest charitable contribution to China.
- In 2010, the Group received China's prestigious Golden Bee social responsibility award.