
China National Bureau of Statistics and Sinotrust Jointly Release '2010 Q1 China Automotive Industry Climate Index'

Climate Index Hitting Record Highs - Cautious Forecast of Future Trends

Beijing, April 22, 2010---China Economic Monitoring Center of China National Bureau of Statistics and Sinotrust International Information & Consulting (Beijing) jointly release the "2010 Q1 China Automotive Industry Climate Index."

1. The Comprehensive China Automotive Industry Climate Index registers 105.8 points

The China Automotive Industry Climate Index records 105.8 points in the first quarter of 2010 (2001=100), up 3.8 points over the fourth quarter of 2009. In 2009, the economy of China overcame the financial crisis successfully and attracted worldwide attention. The automotive industry developed rapidly with production and sales volumes surpassing the U.S., becoming a key power promoting the stable recovery of the economy of China and making China become the world number 1 auto market. In 2010, under the influence of supportive policies from the government and the improving external environment, the Automotive Climate Index continues to rise and makes a good start.

2. The Pre-warning Index of China Automotive Industry records 133.3 points

The Pre-warning Index is an important indicator reflecting the climate of the auto industry. In Q1 of 2010, the indicator reaches 133.3 points, 16.6 points higher than in Q4 of 2009, showing a recovery trend in the four consecutive quarters and experiencing a fast increase. The index is in the "Yellow Zone," indicating that the automotive industry has already recovered to normal growth after being beaten by the financial crisis in the second half of 2008.

3. The Entrepreneur Expectation Index of China Automotive Industry registers 115.6 points

The Auto Industry Entrepreneur Expectation Index reflects automakers' perception of the current market situation as well as their future anticipations. The index registers 115.6 points in Q1 of 2010, down as much as 10.7 points from Q4 of 2009, but still higher than 100 points. This indicates that entrepreneurs are basically satisfied with the current market status and are still optimistic about the overall market operation in Q2.

4. The Dealer Manager Index of the China Automotive Industry registers 97.9 points

The Dealer Manager Index demonstrates dealers' perception of the current market situation as well as their future anticipations. The index registers 97.9 points in Q1 of 2010, below 100 points for the first time in history and 19.5 points lower than in the previous wave, showing that dealers are not that

optimistic about the future market trend.

Characteristics of China's Automotive Industry in Q1 of 2010

In summary, the following trends were observed during the survey: First, the index of Q1 continues to increase, hitting an historic record high. Secondly, the indicators of production, sales, profit, tax, etc. all record increases to different extents. Thirdly, the capital occupation rates for finished Products and accounts receivable rise quickly but their proportions in sales revenue are decreasing, indicating that the inventory and account sales are in a normal condition. Finally, entrepreneurs are optimistic about the market development, but the Dealer Manager Index records a significant drop, revealing that the over-heating market in the second half of the previous year has somewhat cooled down.

Forecast of the China Automotive Industry Climate Index in Q2 of 2010

According to the survey of automakers and dealers, we should pay attention to the following three issues. Firstly, automakers predict that a possible surge in raw material and energy prices will add to cost pressure. 60.0% of automakers report that the prices of the raw materials and energy they purchased in 2010 Q1 are higher than those purchased in 2009 Q4, and 80.0% think the prices will go further up in 2010 Q2. Secondly, dealers' sales close rates show a decline. According to the survey, 71.5% of the respondents report that in 2010 Q1 their sales close rate experienced a decline from 2009 Q4. However, when asked to predict their sales close rate in 2010 Q2, 41.8% think the rate will rise. The figure (41.8%) is nearly 20 percent points higher than the proportion of the people who think the situation will deteriorate. Thirdly, dealers are a bit overstocked. Nearly 40% of the dealers report they are somewhat overstocked and more than 50% think their inventories will continue to increase in 2010 Q2.

In conclusion, the price surge of raw materials and energy will add to automakers' costs, and meanwhile the decline in sales close rates and the increase in inventories will bring down vehicles' prices, which in some degree will reduce automakers and dealers' profits. In addition, the "cooling off" of the passion of dealers will soon pass on to automakers and finally slow down the fast growth of auto production and sales.

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About China Automotive Industry Climate Index

The China Automotive Industry Climate Index was developed jointly by China Economic Climate Monitor Center of China National Bureau of Statistics and Sinotrust International Information & Consulting (Co., Ltd.) at the beginning of 2009. The index gives a quantitative description of the development trends of the auto market in China.

The quarterly-issued China Automotive Industry Climate Index consists of the Comprehensive Climate Index, Pre-warning Index, Entrepreneur Expectation Index, Dealer Manager Index and Regional Buying-power Index, based on which, the Reports for the Research on China Automobile Industry Climate is compiled to analyze the reasons and trends of climate changes, estimate industry development period, identify the peak and bottom of industry development, and give pre-warning signals. All this paves the way for national macroeconomic control over the auto sector and the creation of production and sales plans by automakers, and guides the sound development of China's auto industry with its accurate and most-up-to-date information.

About Sinotrust Automotive Marketing Solutions

Sinotrust is a leading supplier of marketing solutions to the Chinese automotive market. With offices in Beijing, Shanghai and Guangzhou, we have a team of over 260 skilled professionals devoted to our automotive marketing solutions. Our Automotive Marketing Solutions integrate information, services and technology to provide marketing research services, marketing consulting & business strategy services and database marketing services, helping automotive companies position their products correctly, identify target markets accurately and conduct effective marketing so as to develop a sustainable and profitable customer relationship.

About Sinotrust

Sinotrust is a leading supplier of marketing solutions and credit solutions in China. We collect, analyze and manage information about markets, consumers and businesses to provide marketing research, business information, consulting and database marketing services through integration of information, services and technology. Our products and services help you make better marketing and credit decisions and develop profitable customer relationships.

Over 80% of the Fortune 500 companies operating in China are using different products and services of ours. We employ about 700 people in our offices in Beijing, Shanghai and Guangzhou, supporting organization clients from automotive, financial services, insurance, retail, telecommunications, IT, manufacturing, consumer products and trade sectors.

At the beginning of 2007, Experian, the leading global information services company, made a strategic investment in Sinotrust with both capital and know-how. The investment has greatly improved our service capabilities.