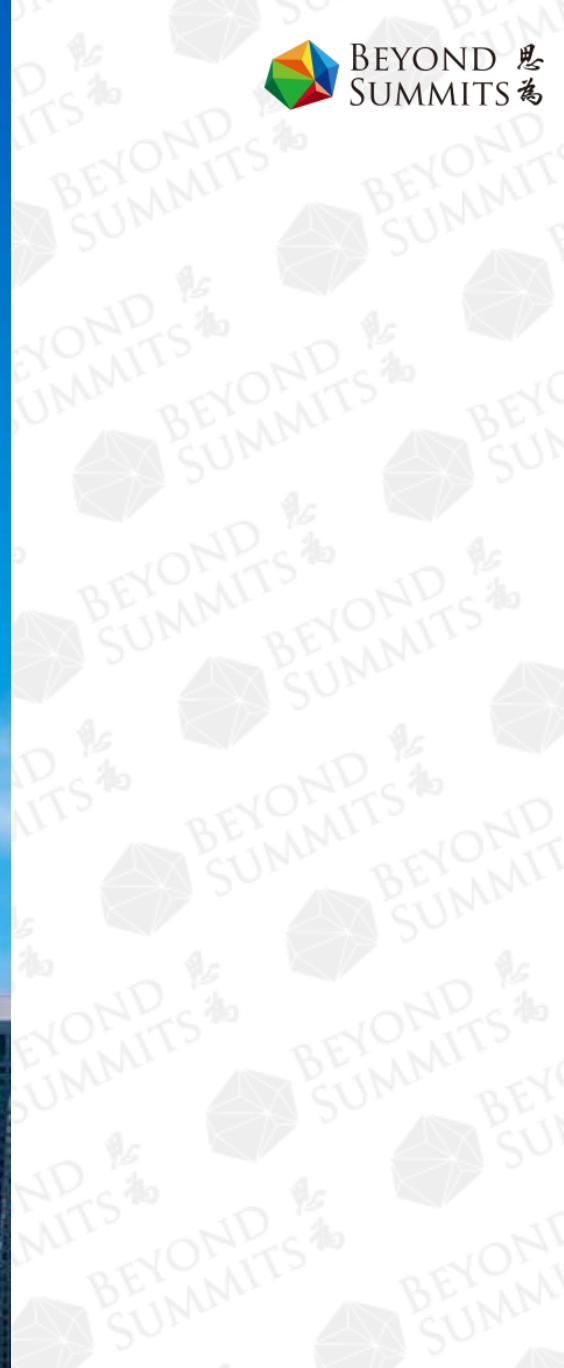


Automobile



Summary :

- In 2016, China's automobile market apparent consumption increased with rebounding growth rate.
- Affected by factors such as purchase tax preferential policies, China's auto production and sales volume also broke records in 2016, ranking first in the world for eight consecutive years.
- Among the four types of current domestic passenger cars, Chinese consumers particularly preferred SUV. The Ministry of Finance's policy to reduce passenger vehicle purchases tax of 1.6 liters or less has also boosted sales of this type of passenger cars.
- Chinese government has attached great importance to the development of new energy vehicles and has introduced a series of policies and measures to promote the development of new energy vehicles, including high subsidies on the purchase price of new energy vehicles and unlimited open-ended policies, which have further boosted the production and sales of new energy vehicles.

Summary :

- Automobile industry was a male-dominated industry with a larger proportion of groups aging between 25 and 34, among which, people with a bachelor's degree accounted for the largest proportion.
- Groups in automobile industry were highly related to male, high education, tourism and real estate. People focusing on luxury car were more lower in age.
- The traditional car information channels are no longer popular, and consumers are increasingly inclined to obtain car-related information from digital media. According to the survey, professional automotive websites and forums such as Autohome are the most popular information channels today, with 58% of respondents using such channels.

In 2016, China's automobile apparent consumption increased with rebounding growth rate.

China's Automobile Supply & Demand (million)

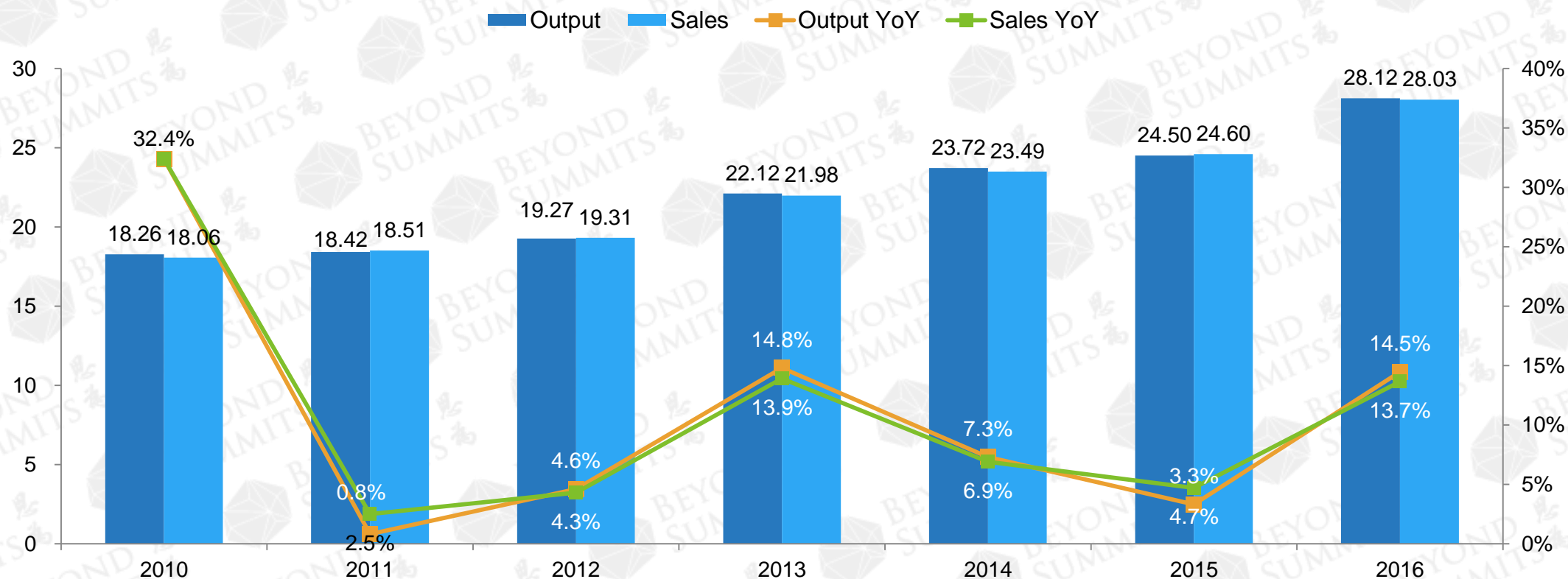
Year	Output	Apparent Consumption	Export	Import
2009	13.79	13.86	0.35	0.42
2010	18.26	18.53	0.54	0.81
2011	18.42	18.63	0.82	1.04
2012	19.27	19.41	0.99	1.13
2013	22.12	22.39	0.92	1.19
2014	23.72	24.25	0.90	1.42
2015	24.50	24.85	0.76	1.10
2016	28.12	28.33	0.83	1.04

Source: China Automotive Industry Association, China Customs

Note: Apparent consumption= output + import - export

Affected by factors such as purchase tax preferential policies, China's auto production and sales volume also broke records in 2016 at over 28 million vehicles, ranking first in the world for eight consecutive years.

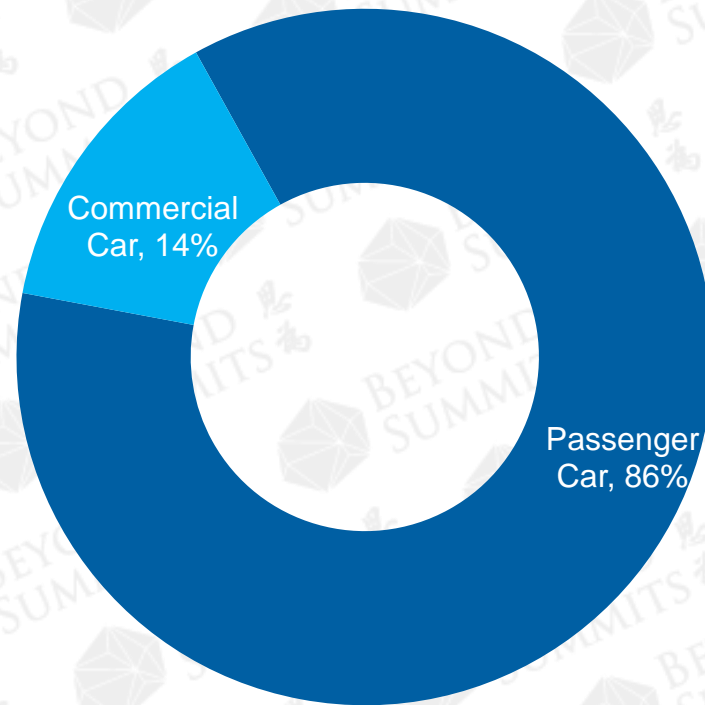
China's Automobile Production & Sales(million)



Source: China Automotive Industry Association

In 2016, for the production output of China's automobiles, passenger cars accounted for 86.8%, while commercial vehicles accounted for 13.2%.

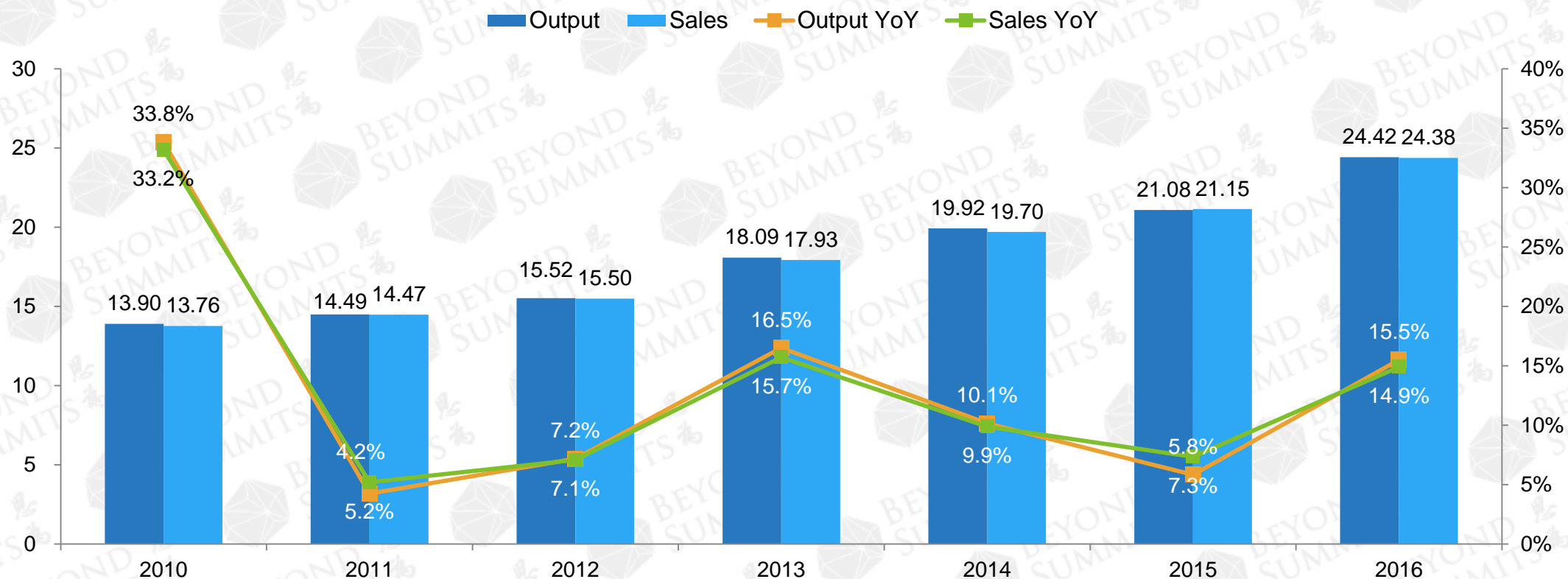
China's Automobile Output in 2016



Source: China Automotive Industry Association

In 2016, the passenger vehicle market in China represented a booming trend in both production and sales. Among them, the volume of passenger car production was 24,421,000, an increase of 15.5% year-on-year.

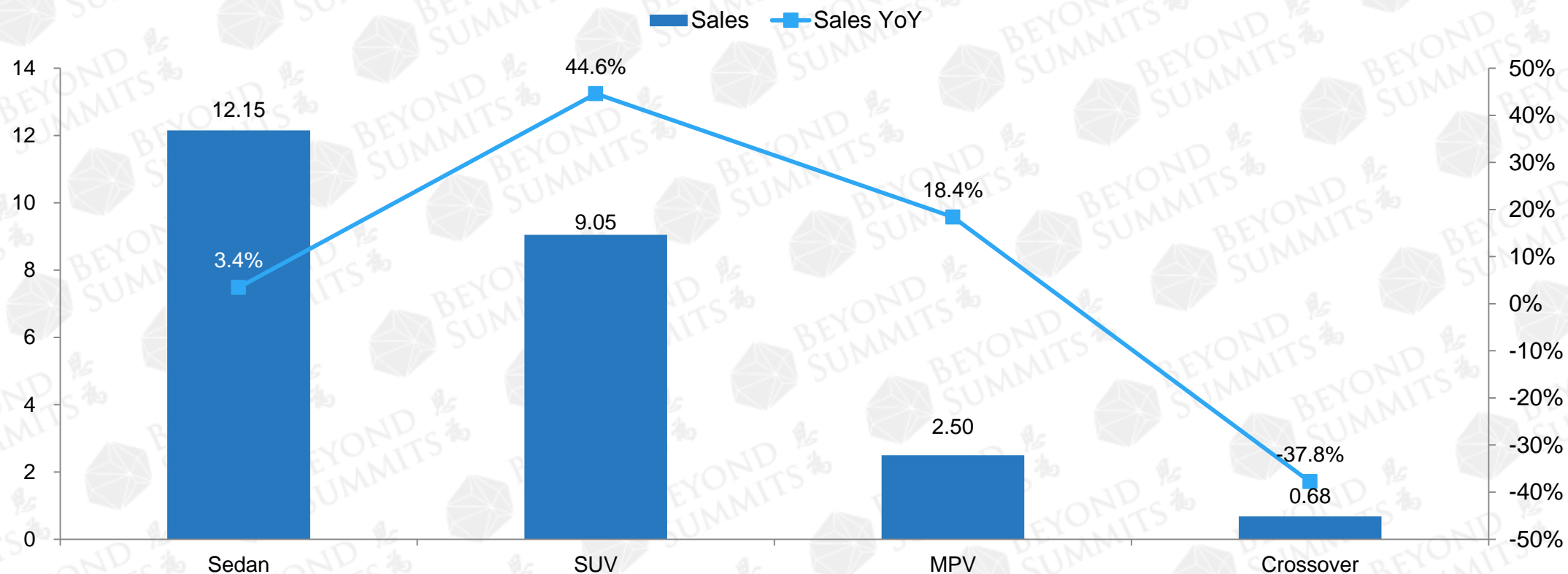
China's Passenger Car Production & Sales(million)



Source: China Automotive Industry Association

Among the four types of current domestic passenger cars, Chinese consumers particularly preferred SUV. In 2016, the domestic sales of SUVs were 9.05 million, a year-on-year increase of 44.6%.

China's Passenger Car Sales Distribution and Sales Growth Rate (million)



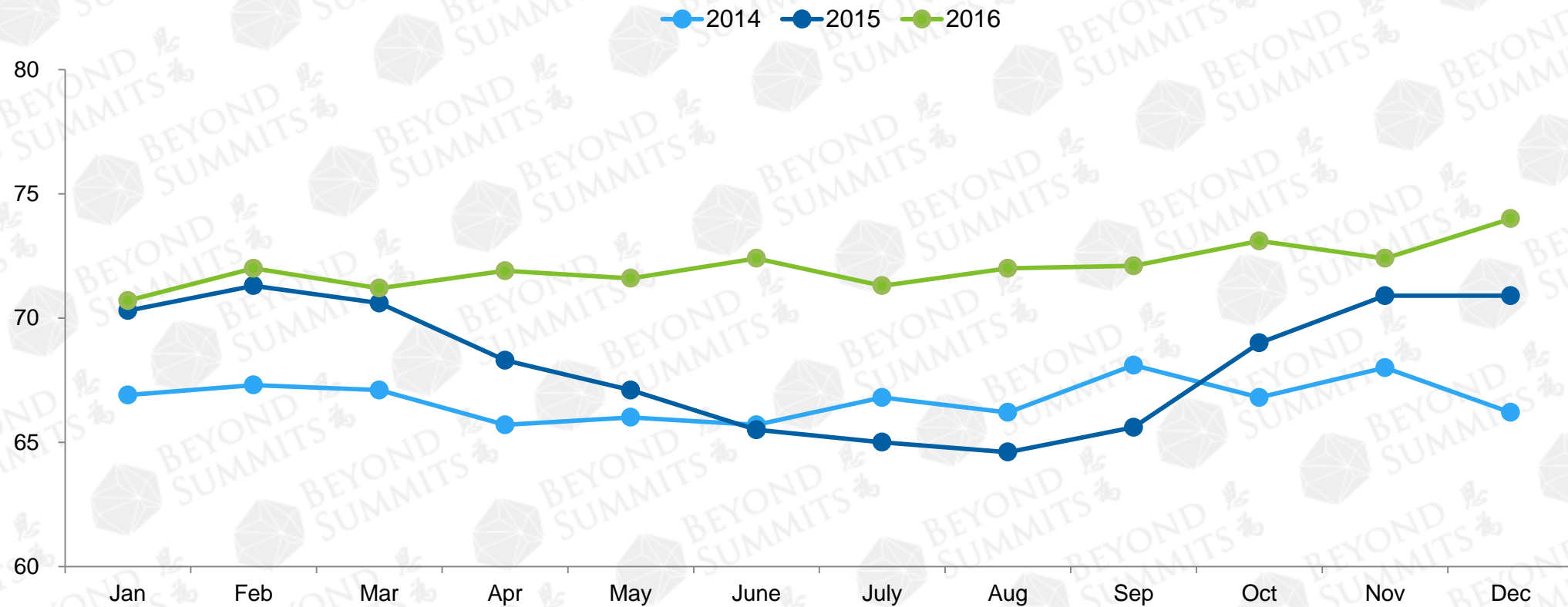
Source: China Automotive Industry Association

SUV=Suburban Utility Vehicle

MPV=Multiple Purpose Vehicle

In 2016, the Ministry of Finance's policy to reduce passenger vehicle purchases tax of 1.6 liters or less had also boosted the sales of this type of passenger cars.

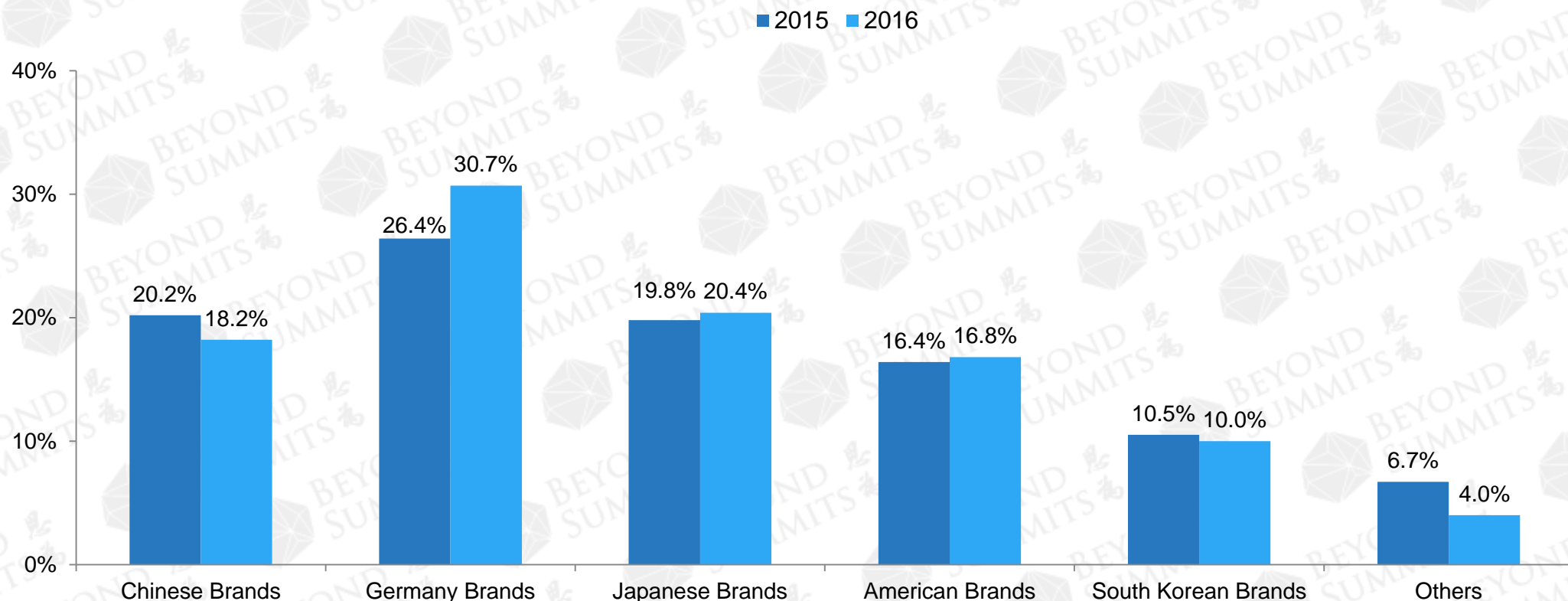
Proportion of Sales of Passenger Cars with a Capacity under 1.6 Liters



Source: China Automotive Industry Association

In 2016, the sales of self-owned brand cars in China have not been very satisfactory, with a market share of only 18.2%, which has shrunk from the previous year.

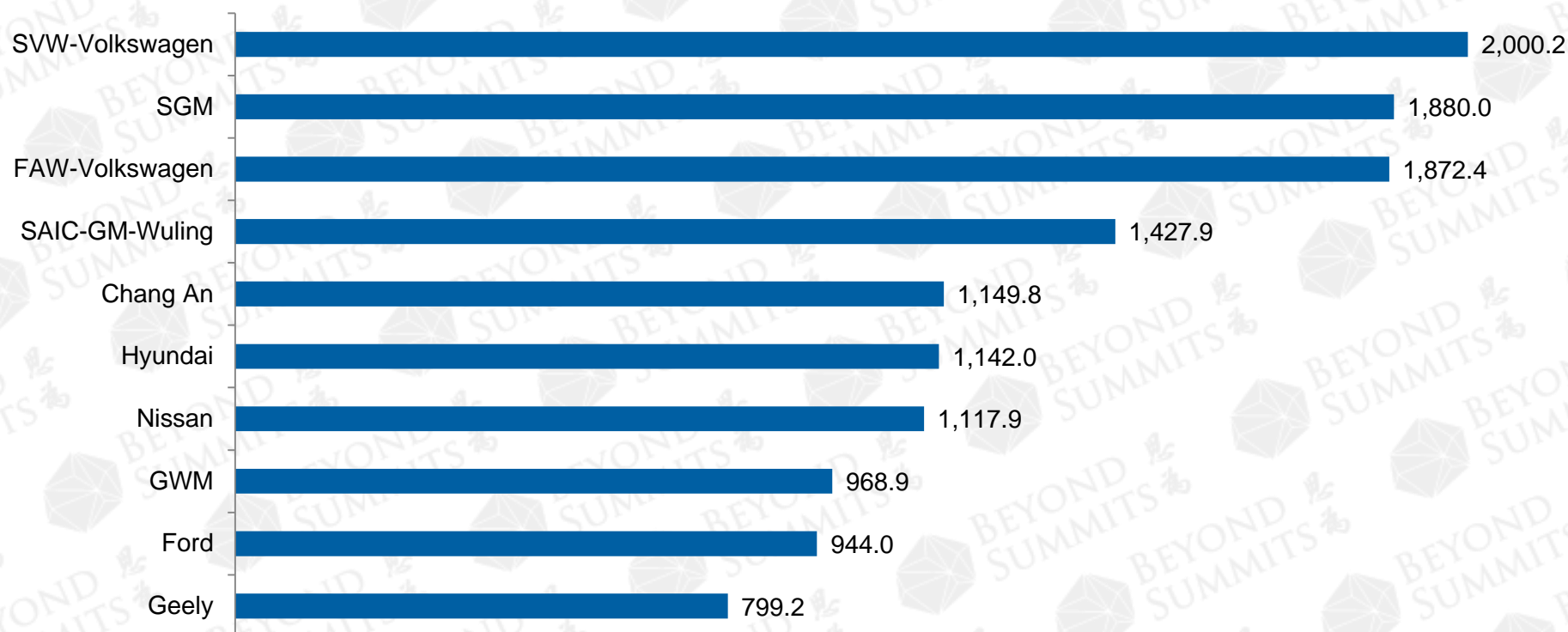
Market Share of China & Foreign Branded Passenger Cars 2015 vs 2016



Source: Souhu Auto

In 2016, SAIC Volkswagen ranked first in the sales of passenger vehicle companies in China, followed by SAIC-GM and FAW-Volkswagen. It was worth noting that Geely Automobile entered the top ten in 2016.

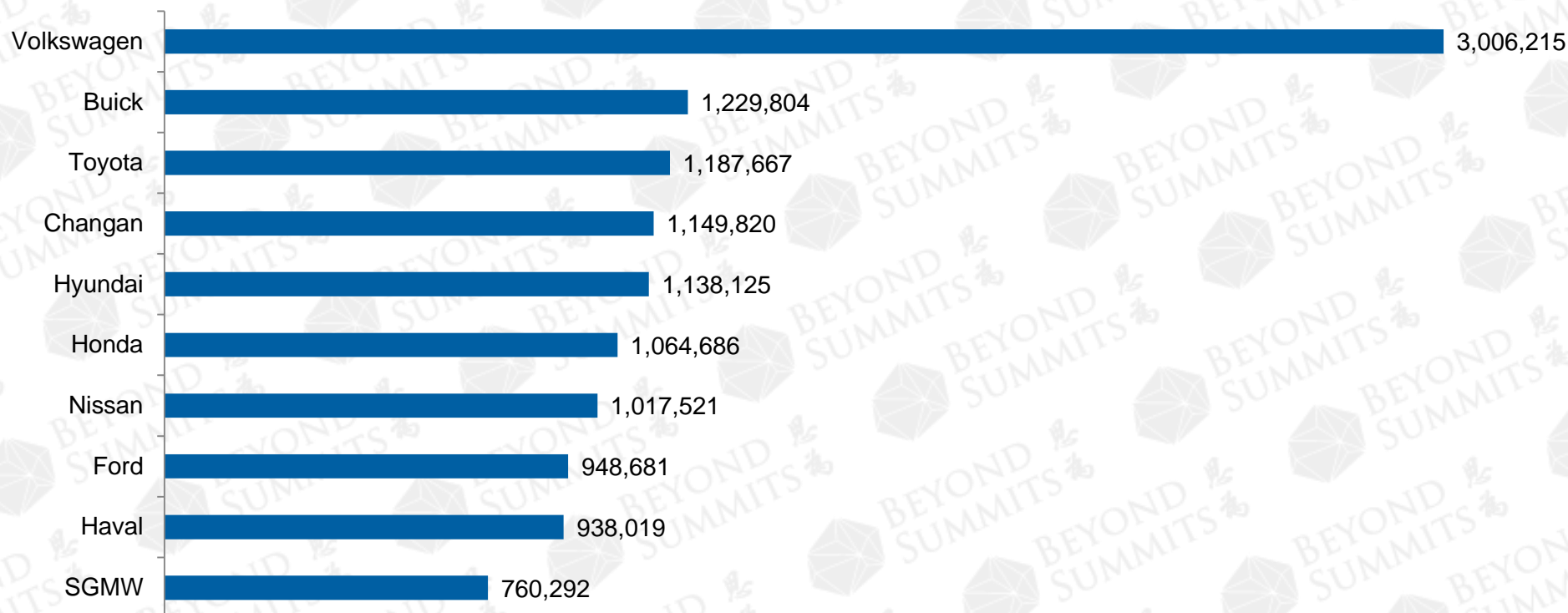
Top 10 in Passenger Car Sales in 2016 (thousand)



Source: CPAC

In 2016, Volkswagen's sales were far higher than other brands in all passenger vehicle brands, which was 3,006,215. It was worth noting that Changan, Hafu, Baojun and other Chinese self-owned brands have great potential to catch up.

Top 10 Passenger Car Brands in 2016 (unit)



Source: CPAC

In 2016, Wuling Rongguang and Lavidia still ranked first in passenger car models and sedan models respectively.

Top 10 Passenger Car Models in 2016 (unit)

Wuling Rongguang	650,018
Haval H6	580,683
Lavida	478,699
Buick Excelle	370,370
SGMW 730	370,169
Buick Bluebird Sylph	367,979
Jetta	348,437
Sagitar	341,331
Trumpche GS4	321,555
SGMW 560	307,360

Top 10 Sedan Models in 2016 (unit)

Lavida	478,699
Buick Excelle	370,370
Buick Bluebird Sylph	367,979
Jetta	348,437
Sagitar	341,331
Corolla	307,360
Escort	296,867
Santana	282,815
Elantra	253,804
Emgran EC7	223,781

Source: CPAC

In 2016, Haval H6 and Wuling Rongguang still ranked first in SUV and MPV respectively, showing that Chinese self-owned branded cars have great influence in domestic market.

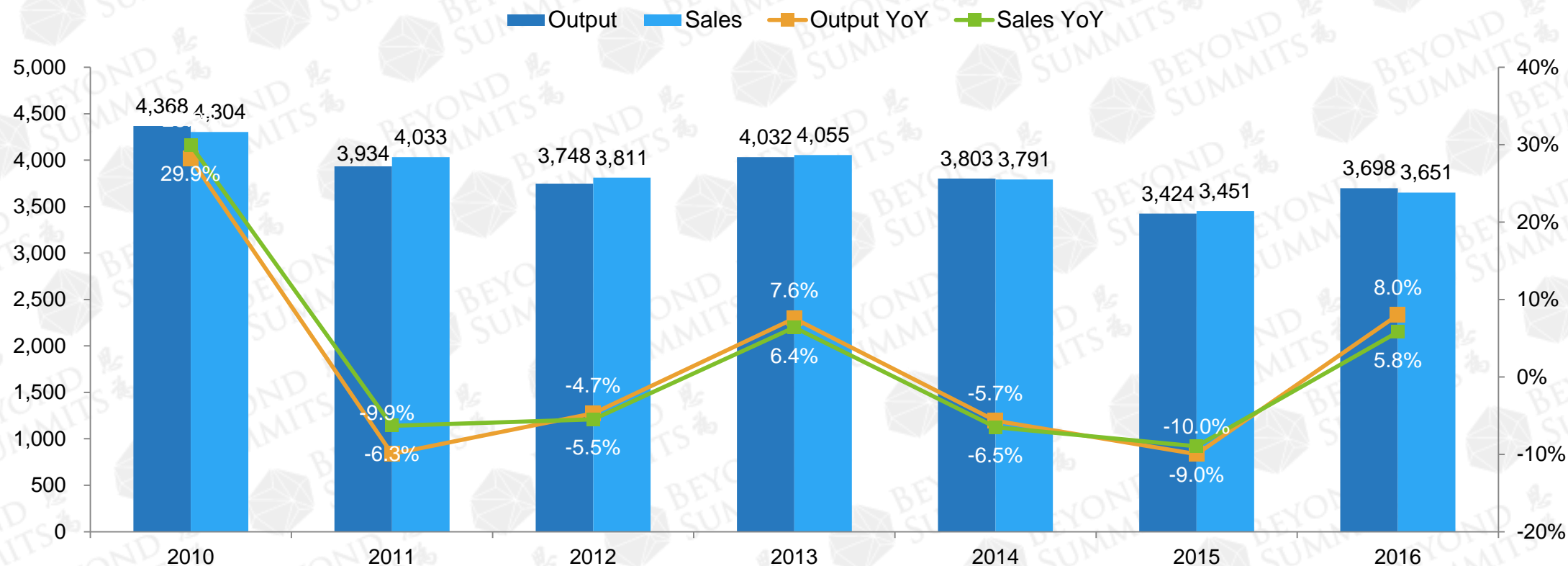
Top 10 SUV Models in 2016 (unit)	
Haval H6	580,683
Trumpche GS4	326,906
SGMW 560	321,555
Envision	275,383
Tiguan	240,510
Changan CS75	209,353
Refine S3	197,947
Haval H2	196,926
Honda CR-V	180,319
X-Trail	180,202

Top 10 MPV Models in 2016 (unit)	
Wuling Rongguang	650,018
SGMW 730	370,169
Honor	152,607
Jing Koo M30	121,153
Null	118,185
Yinxiang H3	106,634
Fengguang 330	98,039
Lingzhi	90,700
GL8	79,600
Fengguang 730	70,634

Source: CPAC

In 2016, the production and sales volume of China's commercial vehicle market rose for the first time after falling for two consecutive years, reaching 3.488 million units and 3.651 million units respectively, an increase of 8% and 5.8% from 2015.

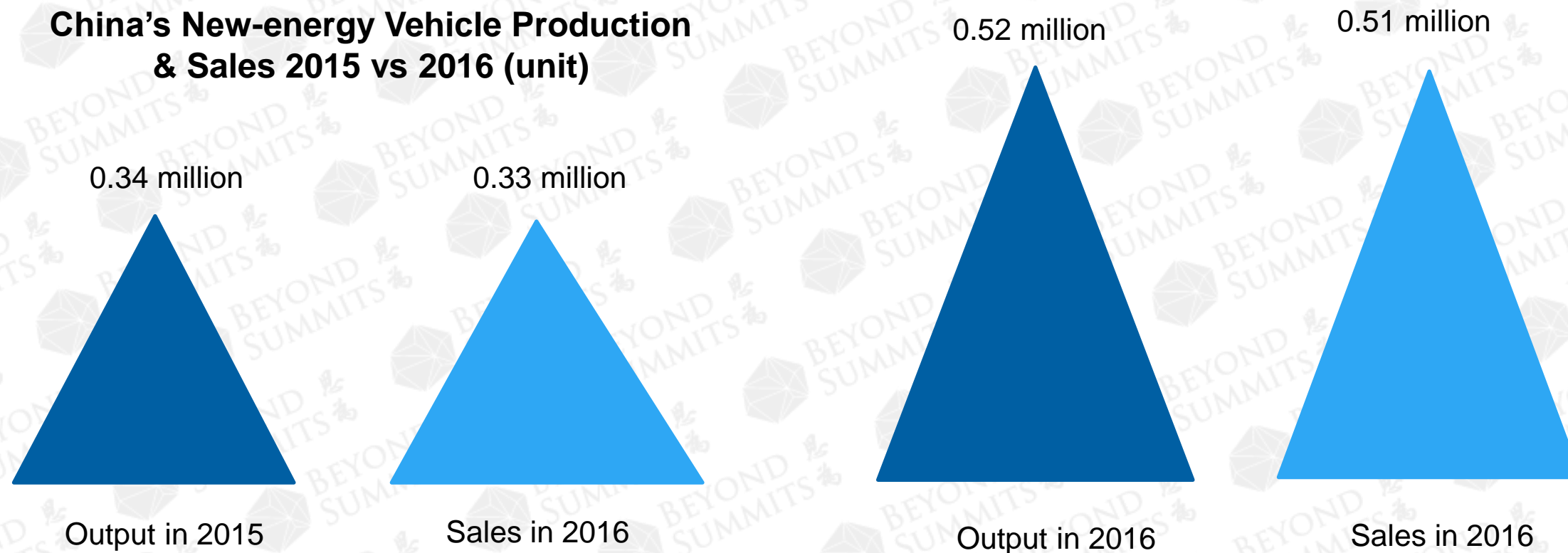
China's Commercial Car Production & Sales (thousand)



Source: China Automotive Industry Association

Chinese government has attached great importance to the development of new energy vehicles and has introduced a series of policies and measures to promote the development of new energy vehicles, including high subsidies on the purchase price of new energy vehicles and favorable policies like no traffic restrictions based on even- and odd-numbered license plates, which have further boosted the production and sales of new energy vehicles.

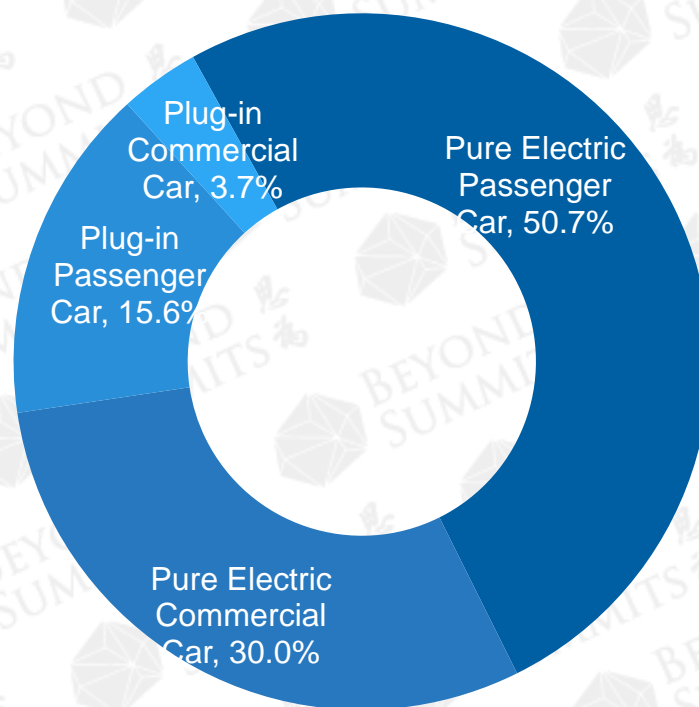
China's New-energy Vehicle Production & Sales 2015 vs 2016 (unit)



Source: China Automotive Industry Association

In 2016, the proportion of sales of pure electric vehicles in new energy vehicles exceeded 80%, which was mainly due to the country's significantly tilted policies on subsidy, traffic restrictions, and restrictions on purchase of pure electric vehicles.

China's New-energy Car Sales in 2016



Source: China Automotive Industry Association

The easiness for applying the license plate was the primary factor to purchase new-energy car in the past. Low purchase and use costs and environmental protection are important reasons for future purchases.

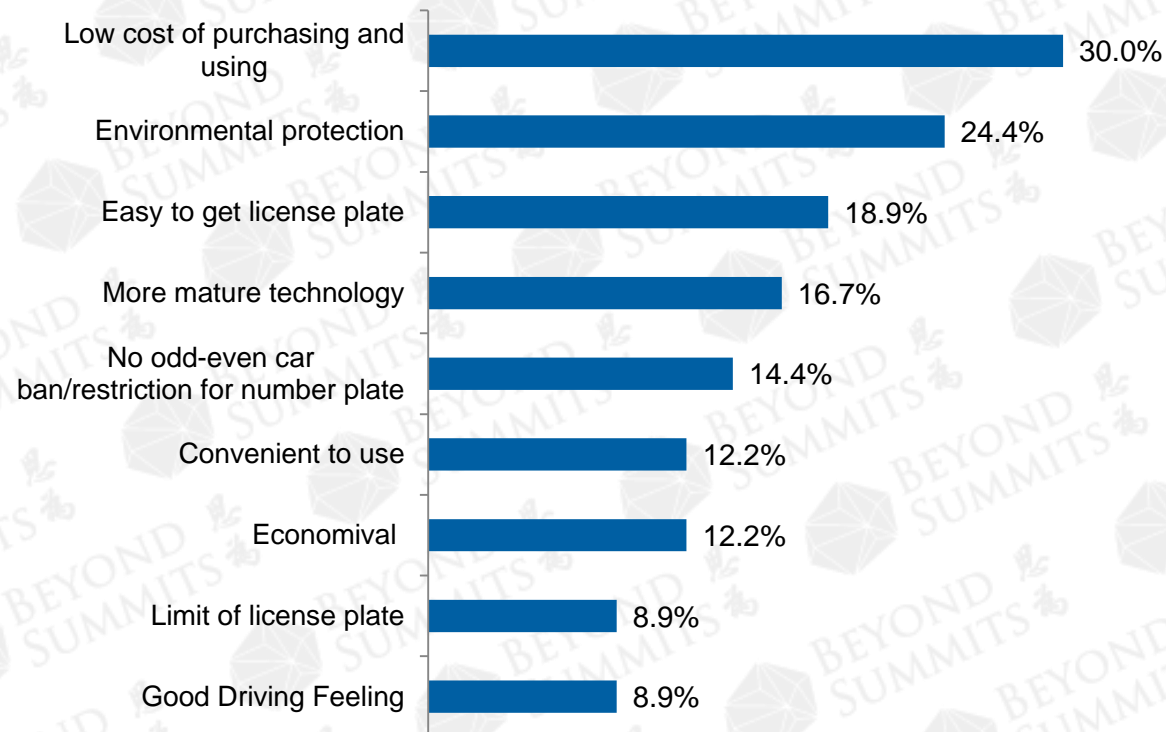
The primary factor of Choosing New-energy Car

82.3% *Easy to apply the license plate*

5.7% *No odd-even car/no restriction for number plate*

4% *Environmental compatibility*

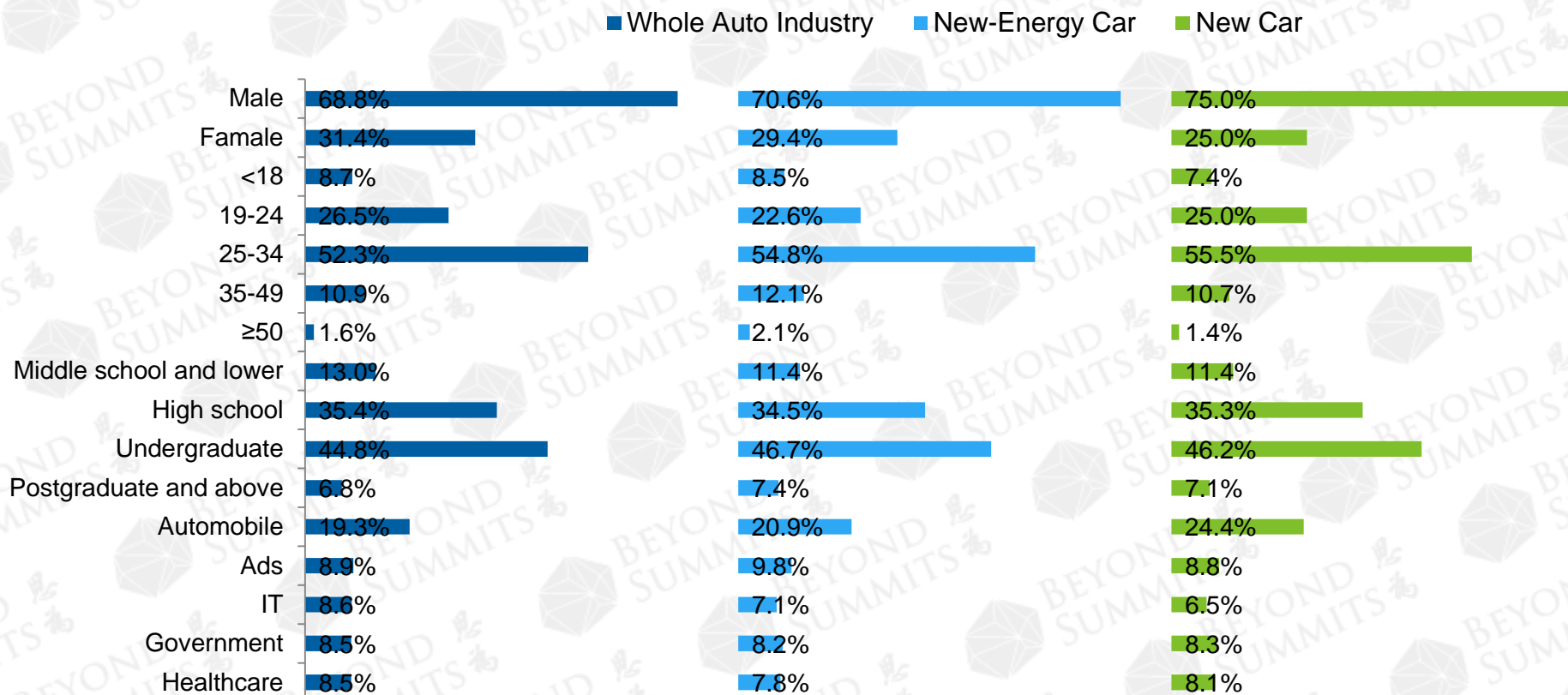
The Reason of Purchasing New-energy Car in the Future



Source: CTR , Research Report of New-energy Car Consumer

Automobile industry was a male-dominated industry with a larger proportion of groups aging between 25 and 34, among which, people with a bachelor's degree accounted for the largest proportion. Moreover, the personas in the whole auto industry, new-energy car industry, new car industry had not much difference.

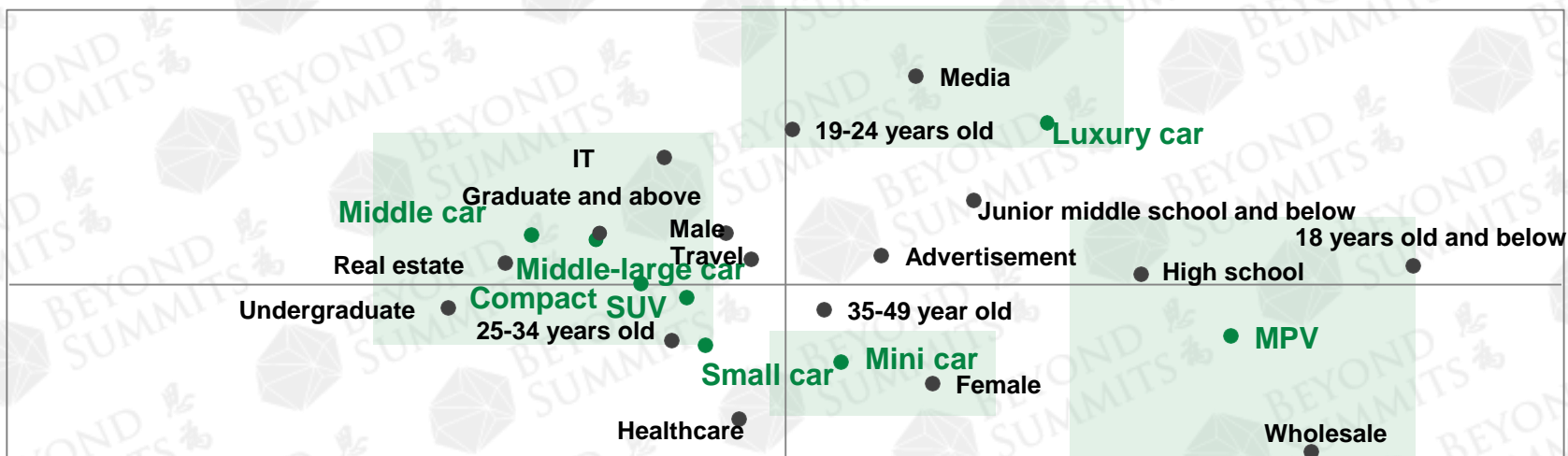
Personas in Automobile Industry



Source: 360 Marketing Research Institute , Research Report of Automobile Industry

Groups in automobile industry were highly related to male, high education, tourism and real estate. People focusing on luxury car were more lower in age. Females paid more attention to small cars. China's MPVs were mainly functional (such as delivering goods) and are relatively low-end.

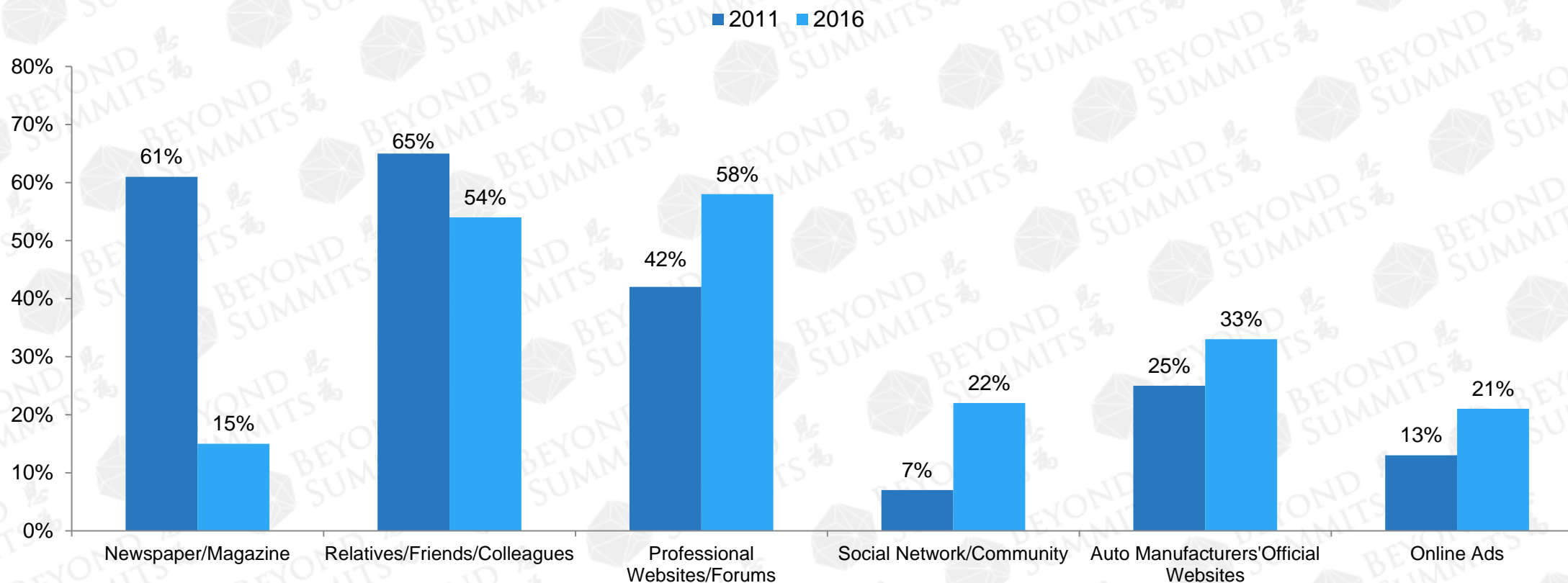
Groups' Persona in Automobile Industry



Source: 360 Marketing Research Institute , Research Report of Automobile Industry

The traditional car information channels are no longer popular, and consumers are increasingly inclined to obtain car-related information from digital media. According to the survey, professional automotive websites and forums such as Autohome are the most popular information channels today, with 58% of respondents using such channels.

Channels Used by Chinese Consumers When Buying Automobile



Source: Mckinsey&Company, Survey on Chinese Automobile Consumers, 2016



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