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Executive Summary New vehicle sales in Vietnam have risen by 2% year on year (y-o-y) over the first eight months of 2011 to reach 70, 650 units, according to data from the Vietnam Automobile Manufacturers Association (VAMA). This figure includes both domestically produced vehicles plus those imported into the country by VAMA members. On the import side, the number of completely built units (CBUs) imported into the country over the Jan-Aug period rose by 30% y-o-y to reach 42, 000, according to a September 2011 report on the AutomotiveWorld website. The value of imported cars increased by 32% y-o-y to US$782mn. This comes despite efforts by the government to curb imports in favour of developing the domestic industry. Looking at the monthly data, new vehicles sales reached 9, 518 units in August 2011, up 9. 8% y-o-y, compared with 8, 671 units in August 2010, according to the VAMA. During the same month, passenger car sales increased by 54% y-o-y to 4, 201 units, which helped to overturn a negative month-on-month (mo-m) trend from the past several months. Commercial vehicle sales were down 24% y-o-y to 3, 164 units in August. There has been something of a slowdown in the monthly growth rate in sales figures for the entire new vehicle sector. As of May 2011, new vehicle sales were up by 11% y-o-y. By August, they slowed to 2% y-o-y. Against this backdrop, BMI is happy to maintain its 2011 new vehicle sales forecast of 118, 824 units for now, but we caution that there may be slight downside risks to this forecast should the downward trend in m-o-m sales resume. The country is still dogged by high inflation, with the CPI at 18% as of September 2011, and a weak currency, which may act as a demand suppressant over the rest of the year. Moreover, the car industry remains heavily taxed, with taxes reportedly accounting for some 60% of the value of a new car in Vietnam at present. One glimmer of hope for the autos industry was a report in the Vietnam Investment Review magazine during August 2011 that the Ministry of Finance is considering plans to revise the special consumption tax levied on vehicles, a move which may see certain types of vehicles exempted from taxation in the future. No concrete proposals had been tabled as this report was being compiled in October 2011. Among local producers, the leading domestic automaker remains Truong Hai Auto Joint Stock Co (Thaco), which sold 2, 677 cars in September. The company has sold a total of 23, 413 cars over the JanSep 2011 period, with a market share of almost 29% of new vehicle sales year-to-date. In second place is Toyota Vietnam, which has sold 22, 106 vehicles year-to-date, with a market share of 27. 4% In May 2011, the Vietnam Today website reported that the head of

Thaco, Tran Ba Duong, stated that constant changes to domestic tax policy continue to cause problems for local automakers. As part of © Business Monitor International Ltd Page 5 Vietnam Autos Report Q1 2012 discussions with Deputy Prime Minister Hoang Trung Hai, Tran called for consistency in tax levels, which would allow carmakers to invest for the future and prepare for the onset of competition following the slashing of import tariffs to zero by 2018. Tran also called for further government support to help develop the burgeoning local spare parts industry. For his part, Deputy PM Hoang praised Thaco's recent work and also said that the government would be looking favourably on Quang Nam province's proposal to develop a new autos manufacturing centre within the Chu Lai open economic zone. Name change for Vidamco In September 2011, General Motors Company (GM) announced that it would be changing the name of its Vietnamese operation from Vidamco to GM Vietnam. At the same time, the company announced that it would now be selling all of its cars under the Chevrolet brand, with production and sales of Daewoo branded cars to stop immediately. The company will continue to provide after-sales care and spare parts for owners of Daewoo cars. GM Vietnam plans to launch three new Chevrolet models in Vietnam before the end of the year and to upgrade its dealer network and service centres. According to the company, Chevrolet sales were up by 40% over the first eight months of the year. As of September 2011, GM Vietnam had sold 7, 353 CBUs year-to-date with a market share of 9. 1%. This puts the company in third place in the Vietnamese market, behind Thaco and Toyota Vietnam. The company's best-selling model is currently the compact Cruze, which has sold 2, 009 CBUs in the year to September 2011. ©

Business Monitor International Ltd Page 6 Vietnam Autos Report Q1 2012 SWOT Analysis Vietnam Autos Industry SWOT Strengths Low rate of vehicle ownership provides more opportunity for sales growth. Low labour costs. Weaknesses Fluctuations in import tariffs on completely built units (CBUs) bring instability to the market. Increased special consumption tax (SCT) on locally produced vehicles puts pressure on domestic manufacturers. Opportunities Ford Motor's largest ever contract in the country will boost the local production and parts industry. The market shows diversity, with growth in both the premium and small car segments. Threats A return to higher import tariffs has started to reduce sales growth after an initial surge prior to the new rates. Despite government efforts to develop the component sector, growth may still be hindered by a lack of enough domestic CBU production to absorb output. © Business Monitor International Ltd Page 7 Vietnam Autos Report Q1 2012 Vietnam Political SWOT Strengths The Communist Party of Vietnam remains committed to market-oriented reforms and we do not expect major shifts in policy over the next five years. The one-party system is generally conducive to short-term political stability. Relations with the US have witnessed a marked improvement, and Washington sees Hanoi as a potential geopolitical ally in South East Asia. Weaknesses Corruption among government officials poses a major threat to the legitimacy of the ruling Communist Party. There is increasing (albeit still limited) public dissatisfaction with the leadership's tight control over political dissent. Opportunities The government recognises the threat that corruption poses to its legitimacy, and has acted to clamp down on graft among party officials. Vietnam has allowed legislators to become more vocal in criticising government policies. This is opening up opportunities for more checks and balances within the one-party system. Threats Macroeconomic instabilities in 2010 and 2011 are likely to weigh on public acceptance of the one-party system, and street demonstrations to protest economic conditions could develop into a full-on challenge of undemocratic rule. Although strong domestic control will ensure little change to Vietnam's political scene in the next few years, over the longer term, the one-party state will probably be unsustainable. Relations with China have deteriorated over recent years due to Beijing's more assertive stance over disputed islands in the South China Sea and domestic criticism of a large Chinese investment into a bauxite mining project in the central highlands which could potentially cause large-scale environmental damage. © Business Monitor International Ltd Page 8 Vietnam Autos Report Q1 2012 Vietnam Economic SWOT Strengths Vietnam has been one of the fastest-growing economies in Asia in recent years, with GDP growth averaging 7. 2% annually between 2000 and 2010. The economic boom has lifted many Vietnamese out of poverty, with the official poverty rate in the country falling from 58% in 1993 to 20% in 2004. Weaknesses Vietnam still suffers from substantial trade, current account and fiscal deficits, leaving the economy vulnerable to global economic uncertainties. The fiscal deficit is dominated by substantial spending on social subsidies that could be difficult to withdraw. The heavily managed and weak currency, the dong, reduces incentives to improve the quality of exports, and also serves to keep import costs high, thus contributing to inflationary pressures. Opportunities W TO membership has given Vietnam access to both foreign markets and capital, while making Vietnamese enterprises stronger through increased competition. In spite of current macroeconomic woes, the government will continue to move forward with market reforms, including privatisation of state-owned enterprises and liberalisation of the banking sector. Urbanisation will continue to be a long-term growth driver. The UN forecasts the urban population will rise from 29% of the population to more than 50% by the early 2040s. Threats Inflation and deficit concerns have caused some investors to re-assess their hitherto upbeat view of Vietnam. If the government focuses too much on stimulating growth and fails to root out inflationary pressure, it risks prolonging macroeconomic instability, which could lead to a potential crisis. Prolonged macroeconomic instability could prompt the authorities to put reforms on hold as they struggle to stabilise the economy. © Business Monitor International Ltd Page 9 Vietnam Autos Report Q1 2012 Vietnam Business Environment SWOT Strengths Vietnam has a large, skilled and low-cost workforce, which has made the country attractive to foreign investors. Vietnam's proximity to China and South East Asia, and its good sea links, make it a good base for foreign companies to export goods to the rest of Asia and beyond. Weaknesses Vietnam's infrastructure is still weak. Roads, railways and ports are unable to cope with the country's economic growth and growing linkage with the rest of the world. Vietnam remains one of the world's most corrupt countries. Its score in Transparency International's 2010 Corruption Perceptions Index was 2. 7, placing it in 22nd place in the Asia-Pacific region. Opportunities Vietnam is increasingly attracting investment from key Asian economies, such as Japan, South Korea and Taiwan. This offers the possibility of the transfer of high-tech skills and knowhow. Vietnam is pressing ahead with the privatisation of state-owned enterprises and the liberalisation of the banking sector. This should offer foreign investors new entry points. Threats Ongoing trade disputes with the US and the general threat of American protectionism remain a concern. Labour unrest remains a lingering threat. A failure by the authorities to boost skill levels could leave Vietnam a second-rate economy for an indefinite period. © Business Monitor International Ltd Page 10 Vietnam Autos Report Q1 2012 Global Overview Industry Trend Analysis — Economic Woes Weigh On Car Demand Domestic and international economic pressures are likely to be the overriding theme for the performance of new car sales in all major markets globally for 2011 and 2012. Broadly speaking, the picture looks mixed in 2012, as the poor economic outlook will dent demand in most markets while a combination of favourable base effects and improved vehicle supplies will aid in recovery in the other markets. Table: Passenger Car Sales (Units), Jan-August 2011 Last Month Monthly Sales % chg y-o-y Sales YTD % chg y-o-y 2011 Salesf 2011 Sales Growth (% y-o-y)f 2012 Salesf 2012 Sales Growth (% y-o-y)f Core Europe August 522, 900 10. 0 6, 621, 287 -2. 8 9, 743, 624 -3. 4 10, 045, 354 3. 1 Eastern Europe August 59, 968 4. 2 498, 900 -1. 3 803, 845 -1. 8 848, 593 5. 5 Japan August 273, 273 -2. 6 2, 198, 476 -28. 2 3, 017, 209 -28. 4 3, 236, 989 7. 3 United States August 509, 108 2. 1 4, 246, 407 9. 3 6, 058, 543 5. 0 6, 179, 714 2. 0 Canada August 60, 772 8. 2 474, 713 -0. 2 694, 435 -2. 0 702, 768 1. 2 Brazil August 236, 172 -0. 7 1, 880, 253 11. 7 2, 918, 961 8. 4 3, 119, 105 6. 9 India* August 144, 516 -10. 0 743, 275 -1. 3 2, 822, 872 12. 0 3, 079, 753 9. 1 China August 1, 041, 584 3. 3 8, 640, 000 4. 9 14, 448, 000 5. 0 17, 120, 880 18. 5 Turkey August 38, 875 -7. 9 372, 139 37. 9 601, 545 17. 9 662, 854 10. 2 f = forecast, * refers to financial year starting April 2011. Source: Individual Industry Associations, BMI Developed Slowdown Year-on-year (y-o-y) growth of 10% in the our Core Europe grouping (Germany, France, the UK, Spain and Italy) during August has done little to change our forecast of a cumulative 3. 4% contraction in the region by end-2011 and a modest 3. 1% growth in 2012. With more than a fifth of Spain's workforce out of employment (as of June 2011) and the Italian economy stalling under a debt burden, the increasing weakness in the German, French and UK markets — the previous outperformers — give us reason to expect that H211 is likely to be significantly worse than H111. Although we have downgraded our growth forecasts for each of the bloc's major economies, including France, Germany, Italy and Spain in 2012, we expect 3% growth in new car sales in the region to mostly come on the back of favourable base effects. There are downside risks to this forecast if Italy’s and Spain’s new car markets enter 2012 during a contraction. A Greek default could further hit confidence and bank lending in the region. © Business Monitor International Ltd Page 11 Vietnam Autos Report Q1 2012 A host of factors, ranging from the ongoing shortage of some passenger car models from leading Japanese brands and Hurricane Irene, which closed some dealerships towards the end of the month, were held responsible for anaemic 2. 1% y-o-y growth in US car sales in August. We expect broader economic pressures and the renewed fiscal stimulus to weigh heavily on consumers’ minds. We believe 2011 US autos sales growth will therefore be limited to 5%. We do not believe that the US is headed into recession in 2012, but in line with our view of a weak consumer segment, we expect new car demand to grow at an

unimpressive 2% during the year. Domestic Troubles Demand in some of the major The Regulatory Damage EMs has fallen victims to domestic economic pressures Brazil Passenger Car Sales (Units) and government regulation. In Brazil, a combination of inflationary trends, rising lending rates and import restrictions saw new car sales contract for a second consecutive month in August. But BMI expects demand to slow further during the remainder of the year amid fears that debt problems in Brazil could be on the rise and the fact that the average rate of Source: Anfavea interest on consumer lending stood at 47% as of May this year. Both factors mean that current credit conditions in the country are simply unsustainable. Moreover, with inflation passing 7% y-o-y in August, we believe that the market is set for more modest 6. 9% growth in new car sales in 2012. Similar inflationary pressures and the consequent increase in the running costs of vehicles in India prompted Indian consumers to demand 10% fewer cars in August this year compared with the same period last year. Sales in the first five months of the financial year (April to July) contracted 1. 3%. While this puts downside pressures on our forecast of 12% growth in the current financial year, we are adopting a 'wait and see' approach ahead of the upcoming festival period, which traditionally spurs sales. In 2012, we see demand growing a more modest 9. 1%. © Business Monitor International Ltd Page 12 Vietnam Autos Report Q1 2012 Slowdown: Blame It On Outsiders China's slowing from rapid growth in previous years continues. Car sales in August were up only 3. 3% y-o-y compared with 6. 7% in July, putting eight-month sales up 4. 9% y-o-y, in line with our expectations of full-year growth of 5%. This is largely owing to the outside threat of a double-dip scenario in the US, which would significantly impact Chinese exports and the wider economy, plus the ongoing effects of the withdrawal of car sales incentives. For 2012, we are forecasting real GDP growth of 8. 1%, which should take vehicle sales growth up 18. 5%. Growth in the emerging European countries (comprising Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia) will rest entirely on the strength of economic growth in Western Europe, although favourable base effects could add some upside risks to vehicle demand. With consumers refusing to take on new debt and the economic recovery looking very fragile, a 1. 3% y-o-y contraction in the sales of new cars during the January to August period closely align with BMI's expectations of a 1. 8% y-o-y fall in the full-year figure. After four consecutive years of contraction in the new cars market, we believe that the emerging Europe market should return to positive territory in 2012 with modest 5. 5% growth. © Business Monitor International Ltd Page 13 Vietnam Autos Report Q1 2012 Regional Overview Industry News — Thai Floods Threaten Regional Car Sales As Thailand's position as a regional production and export hub in the autos sector has Playing To Strengths Scores From BMI's Risk/Reward Ratings By Country become more prominent, the risk that events such as the recent flooding in the country will impact not just domestic production and sales but also neighbouring export markets has increased. Several major carmakers based in the country have been forced to stop production owing to disruptions in the supply chain and there is currently no timeframe for normal operations to resume. Scores out of 100, with 100 highest. Source: BMI Honda Motor's plant in Ayutthaya has been closed since October 4, halting production of the Jazz small car, which is exported to around 30 countries. This is the second blow for the plant this year, after restricted supplies from Japan following the March earthquake and tsunami meant that its exports fell 11% in H111 and the company is on course to post its first contraction in exports in 14 years. Toyota Motor has also shuttered its three production plants, which are not affected by flooding themselves, but are impacted by the lack of parts from suppliers hit by the disaster. A decision on whether to re-open is due to be made on October 15, but at the moment the company cannot say to what degree output will be affected as it is unknown how long the conditions will last. Toyota has a combined annual production capacity of 650, 000 units at the three plants and in September it suggested it might begin production of subcompacts in Thailand for export as a move to avoid the strengthening yen. Its exports, most of which are currently shipped to Australia, Brunei and Singapore, accounted for 53% of its total production of 630, 000 units in 2010. With total industry sales in Australia and Singapore already lower on a year-on-year basis, disruption to one of the markets' major brands would worsen the outlook. Toyota claims it has enough stock to fulfil orders for at least a month. © Business Monitor International Ltd Page 14 Vietnam Autos Report Q1 2012 Ford Motor's strategy of raising local content in its vehicles has forced the carmaker to close its AutoAlliance Thailand (AAT) plant in Rayong for at least two days due to affected supplies from Ayutthaya. Ford's dealers are in a position to go ahead with business as usual, while Ford's ASEAN president Peter Fleet says the company will be evaluating the situation to decide when to restart production. Ford, which rolled out its new Ranger pick-up in September, announced at the beginning of October that it will source local content to the value of US$2bn per year from Thailand. This will start when its new plant, also in Rayong, becomes operational in 2012, although sourcing will include purchases by AAT. While high levels of local content are often encouraged to increase competitiveness and support the local supplier segment, events such as this highlight the risk to such a strategy. Isuzu Motors has halted production of its pick-up trucks until at least October 14, which will impede its attempts to fulfil an already growing backlog of orders. Isuzu has announced plans to spend THB7. 3bn (US$233. 9mn) on a new plant to increase production of its new D-Max range of pick-ups, as it is already struggling to meet pent-up demand for the existing model. Although it is too soon to say how the closures will impact our forecasts for production, the flood's effects on suppliers will also pose a downside risk to production in other countries for some companies. Toyota's regional production strategy means that parts from Thailand are used by plants in other ASEAN countries. Indeed, Thailand's significance to the regional industry has been underlined by a source from Toyota Motor Thailand, quoted in The Nation, who said that the situation is worse than after the Japanese disaster, which only required a reduction in output rather than a full closure. © Business Monitor International Ltd Page 15 Vietnam Autos Report Q1 2012 Business Environment Ratings The aim of BMI's Business Environment Rating system for the automotive industry is to show the rewards and the risks that carmakers operating in a particular region — in this case Asia Pacific — may face. The unique system assesses crucial factors, such as sales and output growth, international trade, market size and location, and the level of market competition, in addition to taking into account a country's economic and political backdrop. The ratings system allows analysts to fully expound the potential advantages and disadvantages of investing in Asian car markets, and offers an overall comparison of the key markets in the region. The ratings have changed slightly against the backdrop of the global economic slowdown, as some markets have proved better equipped to cope than others. Australia now leads the regional rankings, with a much higher score of 70. 1 out of a possible 100, compared with 65. 3 in the last ratings. The developed nature of the country means that Australia is at a disadvantage due the near-saturation status of its autos market, which reduces growth potential. On the other hand, a high GDP increases purchasing power, while market risks are reduced by low levels of corruption and a strong legal framework. This is reflected in the market's high score for its low risk. Its Country Rewards score has also risen from 66. 7 to 87. 2. China has now fallen to second, although its overall score has risen from 66. 5 to 67. 7. The market's highest scores are still for its production and sales growth potential, based on BMI's forecasts up to 2013, although signs of a slowdown in the market have been evident. Even though a low level of vehicle ownership can look tempting in terms of possible growth, the low score for country structure (caused by the large gap that exists between wealthy towns and poorer rural areas) acts as a clear restriction on potential penetration. In terms of China's macroeconomic environment, a healthy long-term political and economic outlook ensures strong scores for Country Risk. A country held back by an autos market on the brink of saturation is South Korea, which has stayed in third place with 66. 8 out of 100, up from 64. 2. Historically poor labour relations weigh on the country's overall rating, although long-term political and economic stability reduce the risks. The score for Country Rewards has risen this year from 52. 2 to 65. 8. Free trade agreements add to South Korea's sound regulatory environment, although there is room for improvement if a deal with the US can be ratified. Japan stays in fourth with an overall rating of 61. 1, up from 60. 6 in the previous ratings. The risks associated with a developed market still exist, however. Just as Australia and South Korea suffer in the ratings due to their developed statuses, a saturated market also weighs on Japan's ratings. While the country scores well in terms of Country Risk, with low levels of corruption and a sound legal framework that have bumped up the market's overall score, the autos industry is nearing full capacity, and this consequently reduces production growth potential, while the high level of vehicle ownership restricts possible sales growth. Labour costs are also high, which adds to the cost of expanding production. © Business Monitor International Ltd Page 16 Vietnam Autos Report Q1 2012 Moving up to fifth is Thailand, which has benefited from an improved country risk score, taking its overall rating to 58. 3. A number of new export-oriented investment projects have raised the country's production growth potential for the next five years, despite the current downturn, while several existing free trade agreements have increased the reach of investors. Government incentives for manufacturers producing low-emission vehicles have boosted Thailand's regulatory environment score, along with good labour relations and trade relationships. India is now down to sixth with a slightly lower score of 55. 4, as a reduction in its Country Rewards rating drags on the Rewards category. India shares the same pros and cons as China, ranking highly in terms of high production and sales growth potential, but with a low score for country structure (again caused by a large gap between wealthy urban and poorer rural areas), which acts as a restriction on future penetration rates. However, the country's regulatory environment rating is bolstered by the government's efforts to encourage 'green' motoring, as well as a number of free trade agreements which are supporting the country's bid to become a regional export hub. The Philippines has moved up to seventh, although its overall score is down marginally from 54. 6 to 54. 0. The market offers only average sales and production growth potential according to BMI's five-year forecast. Although the market is dominated by Japanese brands, the competitive landscape is still far from saturated by carmakers and could still provide opportunities for new entrants, while the country also scores well for its regulatory environment. In terms of Country Risk, solid scores for long-term economic and political risk should assure investors. Indonesia, which has fallen to eighth with 53. 9, compared with 56. 2 previously, is the region's largest passenger car market and as such will always have an appeal for investors. Low labour costs and a competitive environment with room for new players increase Indonesia's attractiveness, as do its recently upgraded regulations on intellectual property rights (IPRs), which boost its regulatory environment rating. The country's risks act as a hindrance however, with low scores for corruption, bureaucracy and the legal framework. The Country Rewards score has fallen from 47. 5 to 36. 3, taking its score for limits to potential returns down from 53. 5 to 49. 5. Malaysia follows in ninth position with a rating of 52. 6, up slightly from 50. 2, although there is room for improvement in terms of the country's regulatory environment. While the country is a leading light of the ASEAN trade bloc, which has made it a popular choice for regional production activities in the autos sector, there is potential for greater things if a proposed free trade agreement with the US is finalised. In terms of the market itself, production growth potential receives an average rating, while potential sales growth is low in comparison with its peers. Taiwan, which has climbed to 10th on 49. 4 points, paints a similar picture to Japan, in that its macroeconomic environment is sound, with high scores for long-term economic risk and low corruption. © Business Monitor International Ltd Page 17 Vietnam Autos Report Q1 2012 However, autos production is set to fall over BMI's five-year forecast period, while projected sales growth is also minimal. The country receives an above-average rating for its regulatory environment, although links with China may arouse concerns over IPRs. Singapore has climbed one place to rank 11th with a rating of 48. 5, compared with 45. 2 in the previous year, with an increase in its Country Rewards score from 76. 5 to 90. 1. Singapore, along with Thailand, has the highest number of free trade agreements in force for any Asian market. However, in industry terms, the lack of domestic production facilities and the imposition of vehicle quotas, which restrict potential sales growth, weigh on the market's overall rating. Nevertheless, Singapore has climbed three places since our first ratings were produced. Vietnam stays in 12th place. A newly liberated autos market has witnessed stellar growth, and according to the above-average rating for its potential over the next five years, sales growth should be maintained. Its highest score is for Industry Risk, which stands at 85. 0. Its Country Risk score has also risen from 49. 8 to 51. 5, taking its total score for risks up to

68. 2. Vietnam is still a country we would expect to see climb the ratings in future, particularly if its vehicle tariff policy becomes more consistent. This leaves Hong Kong, which suffers from a lack of local automotive production, in 13th place on 46. 6, although this is an improvement from its previous score of 42. 9. The country scores highly for its longterm economic and political risk and regulatory environment and indeed, its Country Reward score has risen from 72. 0 to 87. 4. However, with these scores near to the maximum achievable, and with little prospect of vehicle production on the horizon to raise Hong Kong's score for that criterion, the market is unlikely to climb much further in the ratings in the foreseeable future. Rounding out the rankings on 38. 9, down from 42. 4, is Pakistan, which is held back by low production growth potential and an average rating for sales growth. However, as a signatory to the Trade Related Intellectual Property Rights Agreement (TRIPS) under the auspices of the WTO, the country's regulatory environment scores well. A number of free trade agreements also contribute to this criterion, although forming FTAs with non-Asian countries would improve this rating further. Despite low marks for bureaucracy and corruption, the market does score well for its long-term economic risk and policy continuity. © Business Monitor International Ltd Page 18 Vietnam Autos Report Q1 2012 Table: Business Environment Ratings — Auto Industry Asia Pacific Rewards Risks Industry Rewards Country Rewards Rewards Industry Risks Country Risks Risks Autos Risk/ Reward Rating Australia 58. 3 87. 2 68. 4 80. 0 68. 2 74. 1 70. 1 1 China 81. 7 44. 9 68. 8 65. 0 65. 2 65. 1 67. 7 2 South Korea 63. 3 65. 8 64. 2 75. 0 70. 4 72. 7 66. 8 3 Japan 51. 7 76. 6 60. 4 50. 0 75. 4 62. 7 61. 1 4 Thailand 53. 3 48. 3 51. 6 60. 0 56. 4 58. 2

58. 3 5 India 68. 3 28. 2 54. 3 60. 0 55. 8 57. 9 55. 4 6 Philippines 50. 0 46. 1 48. 6 75. 0 58. 0 66. 5 54. 0 7 Indonesia 56. 7 36. 3 49. 5 75. 0 52. 9 63. 9 53. 9 8 Malaysia 40. 0 61. 2 47. 4 60. 0 69. 7 64. 8 52. 6 9 Taiwan 35. 0 50. 0 40. 3 70. 0 71. 5 70. 8 49. 4 10 Singapore 11. 7 90. 1 35. 3 55. 0 86. 0 70. 5 48. 5 11 Vietnam 45. 0 26. 8 38. 6 85. 0 51. 5 68. 2 47. 5 12 Hong Kong 10. 0 87. 4 37. 1 55. 0 82. 9 68. 9 46. 6 13 Pakistan 31. 7 25. 2 29. 4 75. 0 47. 0 61. 0 38. 9 14 Regional Ranking Scores out of 100, with 100 highest. Source: BMI. The Autos Business Environment Rating is our principal rating. It is comprises two sub-ratings, 'Rewards' and 'Risks', which have a 70% and 30% weighting respectively. In turn, the 'Rewards' rating comprises Industry and Country elements, which have weightings of 65% and 35% respectively. These are based upon specific industry growth and size dynamics within the market, and the broader economic and sociodemographic environment of the country. The 'Risks' rating is comprised of Industry Risks and Country Risks, each of which has a 50% weighting. These are based on a subjective evaluation of industry regulation and competitive issues particular to that market, and the industry's broader Country Risk exposure, which is based on BMI's proprietary Country Risk Ratings. The ratings structure is aligned across all 14 industries for which BMI provides Business Environment Ratings methodology, and is designed to enable clients to consider each rating individually or as a composite, with the choice dependant on level of exposure to the industry in each particular state. For a list of the data and indicators used, please consult the appendix located at the back of the report. © Business Monitor International Ltd Page 19 Vietnam Autos Report Q1 2012 Macroeconomic Forecast Scenario Growth To Moderate Despite

Improvement In Net Exports BMI View: Vietnam's real GDP growth figure came in slightly better than expected at 5. 7% y-o-y in Q211. However, we expect economic activity to continue to moderate in H211, and we see this as a positive sign that government efforts to iron out macroeconomic imbalances in the economy remain on track. Despite incipient evidence of a narrowing trade deficit, we warn that global economic headwinds remain a downside risk to external demand. Accordingly, we are projecting real GDP growth to remain subdued at 6. 0% for 2011 (below the government's target of 6. 5%), but we predict growth of 6. 5% in 2012. Vietnam's real GDP growth figure came in slightly better than expected at 5. 7% y-o-y in Q211. However, leading indicators suggest that economic activity should continue to moderate, and we see this as a positive sign that government efforts to iron out the country's macroeconomic imbalances remain on track. Prevailing economic headwinds in the US and eurozone should continue to act as a dampener on external demand. This in turn suggests that production activity in the manufacturing sector and other export-based industries should remain depressed in H211. Furthermore, lending rates, which have surged to around 25. 0-27. 0% as a result of the State Bank of Vietnam's (SBV) aggressive monetary tightening in recent months, suggests that gross fixed capital formation (GFCF) growth would remain subdued in H211. Although the SBV has cut its reverse repurchase rate by 100bps from 15. 00% to 14. 00% on July 4, we see the move as an attempt to ease liquidity in the banking system rather than a signal for further rate cuts. We note that the SBV's benchmark policy rate (refinance rate) remains unchanged at 14. 00% and we expect the rate to remain on hold through 2011. Growth Slows In

Construction And Agricultural Sectors According to figures published by the General Statistics Office, output in the agricultural sector has slowed to multi-year lows of just 1. 8% y-o-y in Q211, compared to 2. 0% in Q111. Meanwhile, growth in the construction sector also witnessed a significant slowdown from 7. 0% y-o-y in Q111 to 4. 2% y-o-y in Q211. We believe that exorbitant lending rates due to aggressive monetary tightening by the central bank were mainly responsible for stemming growth in the construction sector. Indeed, construction and infrastructure companies have complained about having to cope with higher debt servicing costs due to their capital-intensive structure. Tight credit conditions may have prompted commercial banks to adjust their loan portfolios towards higher-return industries over the agricultural sector. Given that the agricultural sector accounts for a significant 18. 4% of nominal GDP, we note that high lending rates should continue to depress agricultural production and, in turn, broader economic growth this year. © Business Monitor International Ltd Page 20 Vietnam Autos Report Q1 2012 Private Consumption Remain Resilient In 2011 Retail sales have moderated considerably since November 2010, when the SBV initiated its monetary tightening cycle. Retail sales growth slowed from 32. 5% in November 2010 to 22. 6% in June, indicating that monetary tightening has dampened private consumption growth. Nonetheless, retail sales remain at double-digit growth rates, indicating that private consumption growth remains resilient. This supports our view that private consumption will remain resilient on the back of robust labour market conditions and rising wages in Vietnam. Public spending cuts and a subdued outlook on GFCF growth due to high lending rates mean that domestic demand will continue to moderate. Narrowing Trade Deficit To Help Cushion Slowdown In Domestic Demand Following a significant 8. 5% devaluation in the Vietnamese dong in February 2011, we are finally beginning to see incipient signs of a narrowing trade deficit. Trade export growth accelerated to 23. 5% yo-y in June from 14. 6% in May, while imports growth slowed to 16. 2% y-o-y from 20. 5% in May. The latest trade figures showed a smaller trade deficit of US$0. 4bn in June (the smallest deficit since August 2010) compared to US$1. 4bn in May, relieving concerns that further deterioration in the trade balance would lead to another devaluation. Industrial production, which provides a reliable gauge for export orders, also indicates that demand for exports remained resilient. Industrial production growth has begun to pick up in recent months, rising from 11. 8% y-o-y in April 2011 to 17. 0% in June. Although we are optimistic that trade exports are beginning to show signs of strength, we caution that global economic headwinds in the US and eurozone remain a downside risk to external demand. Nonetheless, trade imports, which are beginning to slow on the back of moderating domestic demand and a slowdown in the broader economy, should help reduce the trade deficit over the coming months. We remain optimistic that an improvement in net exports would help cushion the impact of a slowdown in domestic demand, while headline economic growth should continue to moderate throughout the year. Looking ahead to 2012, we expect the SBV to ease monetary policy in light of moderating inflation and this should support a pickup in economic growth. Accordingly, we are maintaining our real GDP growth forecast of 6. 0% for 2011, followed by a pickup towards 6. 5% in 2012. © Business Monitor International Ltd Page 21 Vietnam Autos Report

Q1 2012 Table: Vietnam — Economic Activity 2008 2009 2010 2011e 2012f 2013f 2014f 2015f Nominal GDP, VNDbn 2 1, 485, 038. 0 1, 658, 389. 0 1, 953, 223. 3 2, 379, 025. 2 2, 783, 319. 1 3, 152, 968. 4 3, 547, 056. 7 3, 972, 115. 8 Nominal GDP, US$bn 2 89. 8 92. 8 101. 9 115. 5 136. 6 159. 2 184. 3 211. 8 6. 3 5. 3 6. 8 6. 3 7. 2 7. 2 7. 2 7. 2 1, 041 1, 063 1, 153 1, 294 1, 515 1, 749 2, 004 2, 282 Population, mn 3 86. 2 87. 3 88. 4 89. 3 90. 2 91. 1 92. 0 92. 8 Industrial production index, % y-o-y, ave 1, 2 13. 6 6. 7 14. 1 10. 0 15. 0 16. 0 17. 0 16. 0 4. 7 6. 0 5. 0 6. 0 5. 0 5. 0 5. 0 5. 0 Real GDP growth, % change y-o-y 2 GDP per capita, US$ 2 Unemploym ent, % of labour force, eop 2 e f 1 2 3 Notes: BMI estimates. BMI forecasts. at 1994 prices; Sources: General Statistics Office. World Bank/BMI calculation/BMI. © Business Monitor International Ltd Page 22 Vietnam Autos Report Q1 2012 Industry Forecast Scenario Table: Vietnam Autos Sector — Historical Data And Forecasts 2009 Total Production (CBUs) Total Sales (CBUs) Total Imports (CBUs) Imports (value, US$bn)* 2010 2011e 2012f 2013f 2014f 2015f 2016f 33, 689 37, 199 40, 322 43, 872 48, 170 52, 805 57, 789 63, 252 119, 460 112, 224 118, 824 126, 562 138, 656 159, 496 181, 478 206, 597 76, 300 53, 100 47, 790 49, 988 52, 338 54, 798 57, 428 60, 184 -76, 300 -53, 100 -47, 790 -49, 988 -52, 338 -54, 798 -57, 428 -60, 184 Figures are for complete knocked-down kits/completely built units, f = forecast, * estimate. Sources: VAMA Sales Vietnam's new vehicles market is characterised by fluctuating tariffs, which often make it hard to identify sales patterns. Sales of domestically produced vehicles were affected by an increase in vehicle ownership tax in 2008. After the tax doubled to 10%, the Vietnam Automobile Manufacturers Association (VAMA) reported that average sales for the last four months of that year dropped by around half compared with the first eight months of 2008. The registration tax was raised again on January 1 2009 to 12% in Hanoi and 15% in Ho Chi Minh City. Furthermore, the special consumption tax (SCT) was increased on April 1, bringing a return to the days of prohibitively high vehicle prices in the country. New vehicle sales fell by 6% y-o-y in 2010 with VAMA attributing the decline to the ongoing effects of the economic crisis. A further deterrent to sales was the country's ever-changing tariff regime. New vehicle sales in Vietnam have risen by 2% year on year (y-o-y) over the first eight months of 2011 to reach 70, 650 units, according to data from the Vietnam Automobile Manufacturers Association (VAMA). This figure includes both domestically produced vehicles plus those imported into the country by VAMA members. On the import side, the number of completely built units (CBUs) imported into the country over the Jan-Aug period rose by 30% y-o-y, to reach 42, 000 CBUs, according to a report on the AutomotiveWorld website. The value of imported cars increased by 32% y-o-y to US$782mn. This comes despite efforts by the government to curb imports in favour of developing the domestic industry. Looking at the monthly data, new vehicles sales reached 9, 518 units in August 2011, up 9. 8% y-o-y, compared with 8, 671 units in August 2010, according to the VAMA. During the same month, passenger car sales increased by 54% y-o-y to 4, 201 units, which helped to overturn a negative month-on-month (m- © Business Monitor International Ltd Page 23 Vietnam Autos Report Q1 2012 o-m) trend from the past several months. Commercial vehicle sales were down 24% y-o-y to 3, 164 units in August. There has been a slowdown in the monthly growth rate in sales figures for the entire new vehicles sector. As of May 2011, new vehicle sales were up by 11% y-o-y. By August, they had slowed to 2% y-o-y. Against this backdrop, BMI is happy to maintain its 2011 new vehicle sales forecast of 118, 824 units, but we caution that there may be slight downside risks to this forecast should this downward trend in m-o-m sales continue. The country is still dogged by high inflation, with the CPI at 18% as of September 2011, and a weak currency, which may act as a demand suppressant over the rest of the year. The car industry remains heavily taxed, with taxes reportedly accounting for some 60% of the value of a new car in Vietnam at present. One glimmer of hope for the autos industry was the news in August 2011 that the Ministry of Finance is reportedly making plans to revise the special consumption tax levied on vehicles, a move which may see certain types of vehicles exempted from taxation. No concrete proposals had been tabled as this report was being compiled in October 2011. New Regulations To Hit Small Importers New rules aimed at reducing the number of vehicles imported into Vietnam are likely to see many smaller unauthorised importers close down as the government looks to address the industry's trade deficit and promote local production. Despite previous efforts by the government to curb vehicle imports, an underdeveloped production industry means that imports remained strong in the early months of 2011. The new regulation, which was due to come into effect on June 26, will require importers of cars with fewer than nine seats to provide documentation stating that they are authorised dealers for foreign carmakers. They will also be required to operate customer service divisions for the imported models. This will greatly reduce the number of importers, according to the director of car dealer Tradoco, Pham

Huu Tam, who also said that only 11 joint ventures will meet the requirements. Smaller dealers may be forced to become sales agents or close completely. Vehicle imports in the first four months of 2011 rose 71% to 14, 330 units, according to the Ministry of Industry and Commerce. In value terms, growth was even more pronounced, up 88% to US$185mn. BMI still believes that more needs to be done to encourage domestic production before attempting to slash imports. Total production accounts for little under one-third of total sales, leaving the country well behind its regional peers in the ASEAN bloc, which can largely serve their domestic and export demand. Industry policy in Vietnam tends to be more restrictive than other countries that have promoted production in certain vehicle segments either through investment or purchase incentives. © Business Monitor International Ltd Page 24 Vietnam Autos Report Q1 2012 Production Vietnam's domestic autos production capability could be set for a considerable boost thanks to plans to create a national industry hub in the Chu Lai Economic Zone. The aim of the project is to increase the scale of domestic production in order to make the sector more competitive when import tariffs are eliminated under the ASEAN Free Trade Agreement in 2018. Regardless of the agreement’s impact, BMI believes the Vietnamese autos sector has been struggling to compete with its regional peers for some time and that such a move would have been necessary at some point to win investment. In a positive development for the project, it has piqued the interest of major South Korean carmakers Hyundai Motor and Kia Motors. Hyundai has already committed to an agreement with local company Truong Hai Automobile, which will act as the company's exclusive distributor in the country. Hyundai will also set up an engine production plant with an annual production capacity of 10, 000 engines for the domestic market in the initial phase, followed by an expansion to 50, 000 to accommodate exports to China, after 2015. Kia is in negotiations with the economic zone's management regarding a project to produce 100, 000 cars per year from 2015. This would be a considerable boost to local production, as BMI expects total industry output will be just shy of 60, 000 units by 2015. There will be requirements placed on Kia and any other carmakers planning similar projects. Within the first year of operation, each company must achieve a local content rate of 47% and allocate at least 70% of output to export. By the time the factory is running at full capacity, output should contain 60% local content. The government has set localisation rates before, which were not met by the industry due to a lack of new investment in the supplier segment. A target of 25% local content was set for 2005, due to rise to 30% by 2007. However, the Ministry of Finance estimated that by 2004, the level of local content in vehicles was just 2-10%. This time, the government and the authorities of Quang Nam province, where the economic zone is based, are backing the industry with a package of investment incentives. The Quang Nam authority has suggested exempting land for such projects from leasing fees for the lifespan of the project, although the Ministry of Finance has instead suggested an exemption for the construction period plus the following 11 years. Quang Nam has also proposed a raft of tax breaks including an extension of the 10% corporate tax rate from the usual 15 years for companies in the economic zone to 30 years, as well as delaying import and luxury taxes for five years between 2015 and 2019. BMI believes such measures are necessary to show investors that the government and local authorities are serious about establishing a viable industry hub. When tariffs are removed in accordance with the terms of AFTA in 2018, Vietnam will be competing with countries which have established and proven industry © Business Monitor International Ltd Page 25 Vietnam Autos Report Q1 2012 policies in place, such as Thailand, already dubbed ‘ the Detroit of Asia’, as well as Indonesia and Malaysia, which are up-and-coming alternatives. Although the government has tried to increase domestic production in the industry before, particularly by raising import tariffs on vehicles, there has been little in the way of rewards for companies which have chosen to invest. This is reflected in the 'Rewards' section of BMI's Industry Risk/Reward Ratings for the autos sector in Asia, where Vietnam scores far below its neighbours in terms of the industry rewards on offer. There is a sense of urgency now, as the Ministry of Industry and Trade believes the country will need 70, 000-100, 000 passenger cars per year by 2016-2020 and if local factories cannot step up capacity to meet demand and become more competitive by the time tariffs are dropped in 2018, smaller companies will be out of business. Market Overview The country's autos industry is still in its infancy as producers typically import complete knock-down kits (CKDs), which are assembled and sold domestically. The domestic parts sector is small at present, although the government is making it a priority. Given rapid economic growth in the region, there is significant development potential for the industry, especially as less than 1% of the population owns a car. In recent years, significant hurdles have appeared, not least a drastic change to the tax regime. The increase in consumption tax stems from concerns that manufacturers are not investing heavily enough in the domestic parts industry. By 2005, the government wanted to achieve a minimum 25% localisation of parts, increasing to 30% by 2007. Yet, in 2004, the Ministry of Finance estimated that the proportion of locally made parts in domestically sold vehicles ranged from 2-10%. This is a significant gap, and could largely be attributed to the continued import of CKDs. © Business Monitor International Ltd Page 26 Vietnam Autos Report Q1 2012 Table: New Vehicle Sales By Top 10 VAMA Members (CBUs) 2009 2010 % chg, y-o-y Market Share (%) Toyota Motor 30, 109 31, 135 3. 0 27. 7 Truong Hai Auto 21, 167 26, 047 20. 0 23. 2 Vinamotor 15, 284 12, 274 -20. 0 10. 9 GM Daewoo 14, 200 9, 685 -32. 0 8. 6 Vinaxuki 8, 680 9, 002 4. 0 8. 0 Ford Motor 8, 286 6, 475 -22. 0 5. 8 Visuco (Suzuki) 2, 669 3, 242 21. 0 2. 9 Honda Motor 4, 215 3, 140 -26. 0 2. 8 Mercedes-Benz Vietnam 3, 399 2, 827 -17. 0 2. 5 VinaStar (Mitsubishi) 3, 666 2, 492 -32. 0 2. 2 Source: Vietnam Automobile Manufacturers Association Only four of the top 10 locally producing carmakers posted positive growth in 2010, although the competitive landscape remained largely the same. Toyota Motor retained its lead with growth of 3%, down on the 34% growth of Q110 and 29% of H110. Visuco again achieved the best growth of the top 10 manufacturers with a 21% rise in sales, though this was down from 72% in H110. Hino Motor registered the worst sales of all 16 local manufacturers with a 44% decline. © Business Monitor International Ltd Page 27 Vietnam Autos Report Q1 2012 Table: New Vehicle Sales By Top 10 VAMA Members (CBUs) Q110 Q111 % chg, y-o-y Market Share (%) Toyota Motor 7, 128 7, 637 7. 0 27. 4 Truong Hai Auto 3, 946 7, 225 83. 0 25. 9 GM Vietnam 1, 881 2, 628 40. 0 9. 4 Ford Motor 1, 214 1, 986 64. 0 7. 1 Vinamotor 2, 597 1, 941 -25. 0 7. 0 Vinaxuki 1, 987 1, 831 -8. 0 6. 6 Honda Motor 467 1, 098 135. 0 3. 9 Visuco (Suzuki) 560 1, 041 86. 0 3. 7 VinaStar (Mitsubishi) 339 604 78. 0 2. 2 Mercedes-Benz Vietnam 474 592 25. 0 2. 1 Source: Vietnam Automobile Manufacturers Association There was a positive development for the local industry in March 2011, as a Vietnamese producer overtook Toyota in volume sales for the first time. Truong Hai Auto, which produces vehicles for South Korea's Kia Motors among others, registered growth of 29. 9% y-o-y in March to 3, 085 units. This compares with 2, 357 units sold by Toyota in the month. The Japanese brand held onto the lead for Q1, although its lead was cut to just 412 units as Truong Hai achieved growth of 83% y-o-y for the quarter, compared with 7% for Toyota. This may have something to do with Toyota's prominence in the MPV segment, which saw sales fall again in March (-20%), despite strong growth in the first two months. As of September 2011, the leading domestic automaker remains Truong Hai, which sold 2, 677 cars in September. The company has sold a total of 23, 413 cars over the Jan-Sep 2011 period, with a market share of almost 29% of new vehicle sales in the year to date. In second place is Toyota, which has sold 22, 106 vehicles in the year to date, with a market share of 27. 4%. In third place is GM Vietnam, with a 9. 1% market share (7, 353 vehicles sold in the year to date), followed by Ford Motor on 7. 5% (6, 058) and truck maker Vinaxuki on 7% (5, 786). Industry Developments With vehicle imports set to surge when tariffs are removed under the ASEAN Free Trade Agreement (AFTA) in 2018, Vietnam's Ministry of Industry and Trade (MOIT) is looking to make the domestic industry competitive in the meantime. BMI sees an underdeveloped supplier segment as a major area of © Business Monitor International Ltd Page 28 Vietnam

Autos Report Q1 2012 concern, which will be addressed through higher import tariffs on parts that can be made domestically. Higher rates are also applied to vehicles imported as completely built units. In order to facilitate the sector's development, MOIT proposed in June 2010 that investment projects for the autos industry should be given preference. BMI believes that the Vietnamese industry is trapped in a vicious cycle where carmakers are reluctant to invest in production without a well developed supplier base and suppliers, for their part, want to see growth potential in vehicle assembly before investing. To help break the cycle and encourage domestic parts production, MOIT is proposing a zero per cent tariff on imported products and materials used in manufacturing components. The ministry is also requesting that the National Assembly consider a special 50% cut in VAT on trucks, buses and products that will improve the fuel efficiency and environmental credentials of vehicles. The government made moves earlier in 2010 to limit imports. Measures considered included reducing the number of ports that imported vehicles could pass through and restricting access to foreign currency loans for imports. The VAT rate has been returned to 10% after it was cut in half in 2009 to kick-start sales. When the floodgates open in 2018, BMI expects Asian brands to have the best opportunities. Tariffs on vehicles with fewer than nine seats from other AFTA signatories will be scrapped, while parts will be subject to a lower 5% tax, and tariffs on parts from China and South Korea will also be reduced to 5% under respective FTAs. Non-Asian brands based in these countries could also benefit, although in a downside risk for Vietnam, this could lead to increased investment in existing production facilities in other Asian countries. In May 2011, the VietNamNet

Online Newspaper reported on the MOIT's current drafting of an automotive strategy for the 2020-2030 period. According to the report, the Vietnamese government is looking to develop its autos industry in a similar way to that pursued by Thailand, whereby local production and supplier ratios are increased and sizeable engineering centres are developed. At present, the number of local parts used in car assembly is very low, with Suzuki having a localisation ratio of 3% and Ford 2%, according to VietNamNet Online. This is far below the current targeted ratio of 50%. Moreover, foreign manufacturers are yet to make a significant investment in transferring modern technologies to Vietnam. The government wants local suppliers to provide 50-60% of all the necessary car parts for domestic production by 2020. Whether this can be achieved in such a short time, especially given a still-uncertain tariff backdrop, remains to be seen. © Business Monitor International Ltd Page 29 Vietnam Autos Report Q1 2012 Passenger Cars — Forecast & Analysis Table: Vietnam Autos Sector — Historical Data And Forecasts 2009 2010 2011e 20