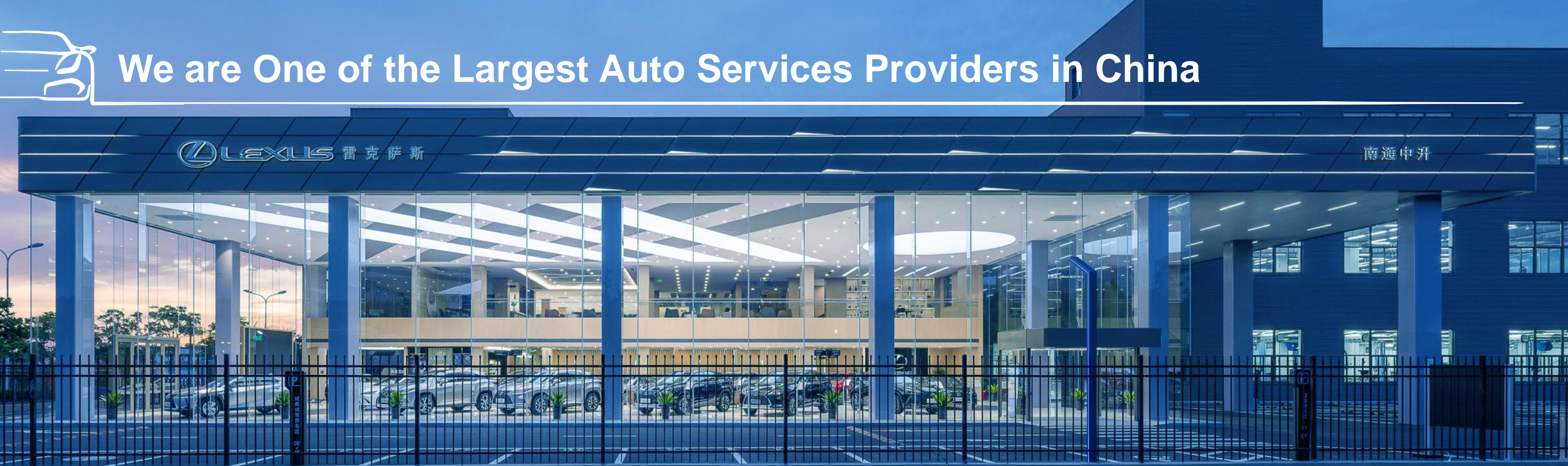


# 2023 Interim Results







We are One of the Largest Auto Services Providers in China

Customer Scale

Financial Scale

Volume Scale

Recognitions

Customers serviced<sup>1</sup>

**3.54mn**

As of 31 December 2022

**3.63mn**

As of 30 June 2023

Revenue

**RMB 179.9bn**

FY2022

**RMB 81.9bn**

1H2023

Vehicles sold in total

**660k**

FY2022

**290k**

1H2023

Units Serviced

**6.72mn**

FY2022

**3.73mn**

1H2023

Aggregate profit

**RMB 19.8bn**

FY2022

**RMB 9bn**

1H2023

Used cars sold

**140k**

FY2022

**70k**

1H2023

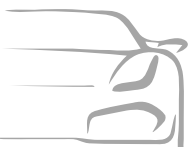
**Investment Grade**

by the top 3 rating agencies

**#1**

Top 100 Automobile Dealers in  
China for 2023<sup>2</sup>

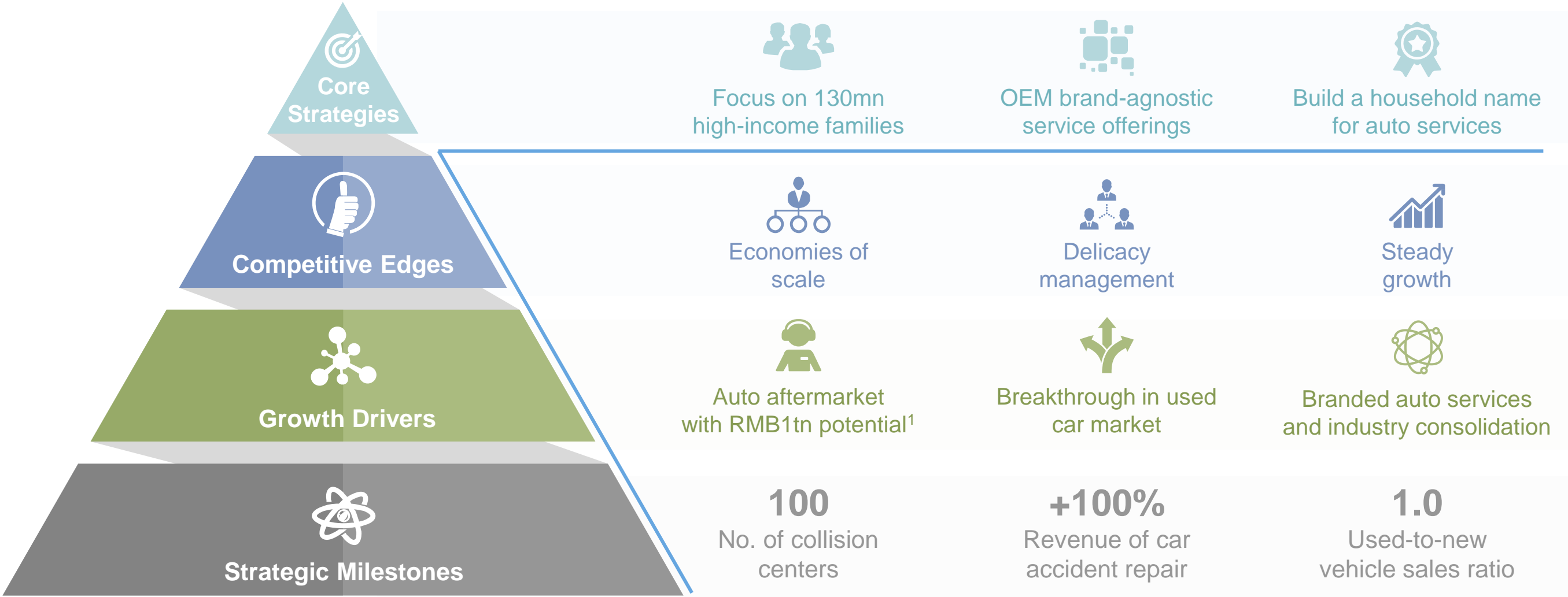
<sup>1</sup> Total customers serviced and new sales customers by vehicle identification number in the past 12 months; <sup>2</sup> According to Kaida Excellence



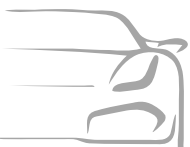
# Zhongsheng's Strategic Vision



*To become the most trusted auto service brand for premium consumers in China*



<sup>1</sup> Expected 2020-30 market size growth according to third-party research



# Our Brand Mix

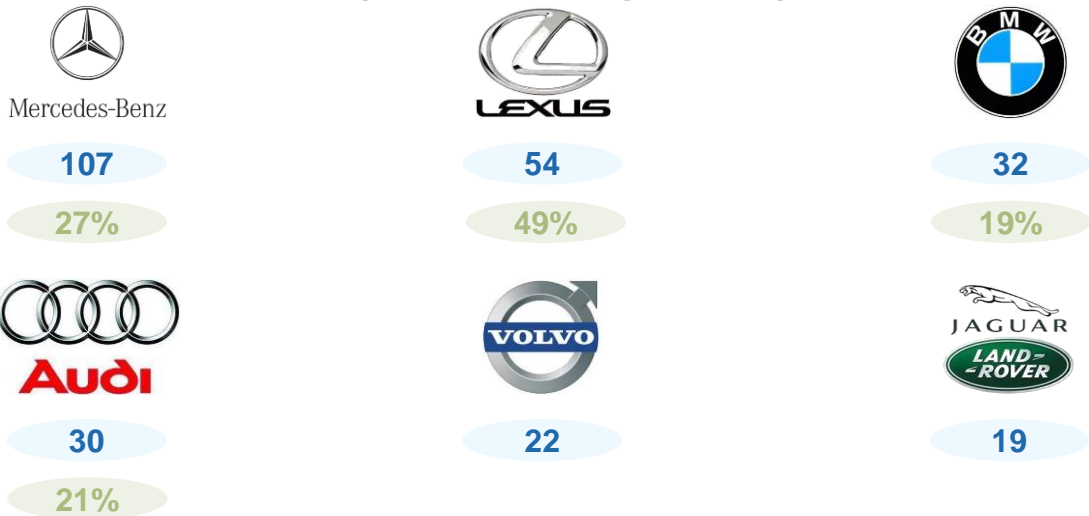
Economies of Scale

Operational Development

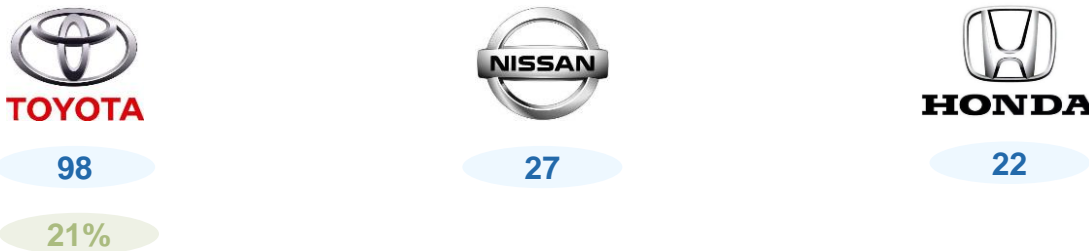
Financial Performance

416 dealership stores as of 30 June 2023

### Luxury Brands<sup>1</sup> (267 dealership stores)

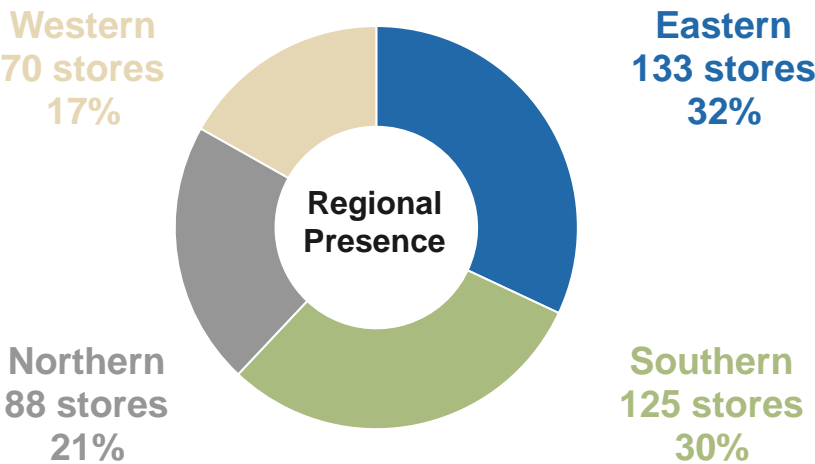


### Mid-to-high-end Brands<sup>2</sup> (149 dealership stores)



Number of Stores      Market Share<sup>3</sup>

2 stores newly established and 3 stores exited in 1H23



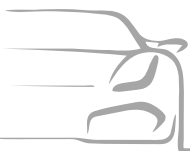
Percentages represent number of stores in the region as % of the total number of dealership stores

### Newly-established and acquired stores

	1H2023	City
Volvo	1	Qingdao
Toyota	1	Beijing (Acquired)

<sup>1</sup> Other luxury brands include Porsche (2 stores) and Infiniti (1 store); <sup>2</sup> Other mid-to-high-end brands include Volkswagen (1 store) and GAC Motor passenger vehicle (1 store); <sup>3</sup> Market share = our new car sales of a certain brand in 32 core cities in 2022 / total new car sales of that brand in those cities



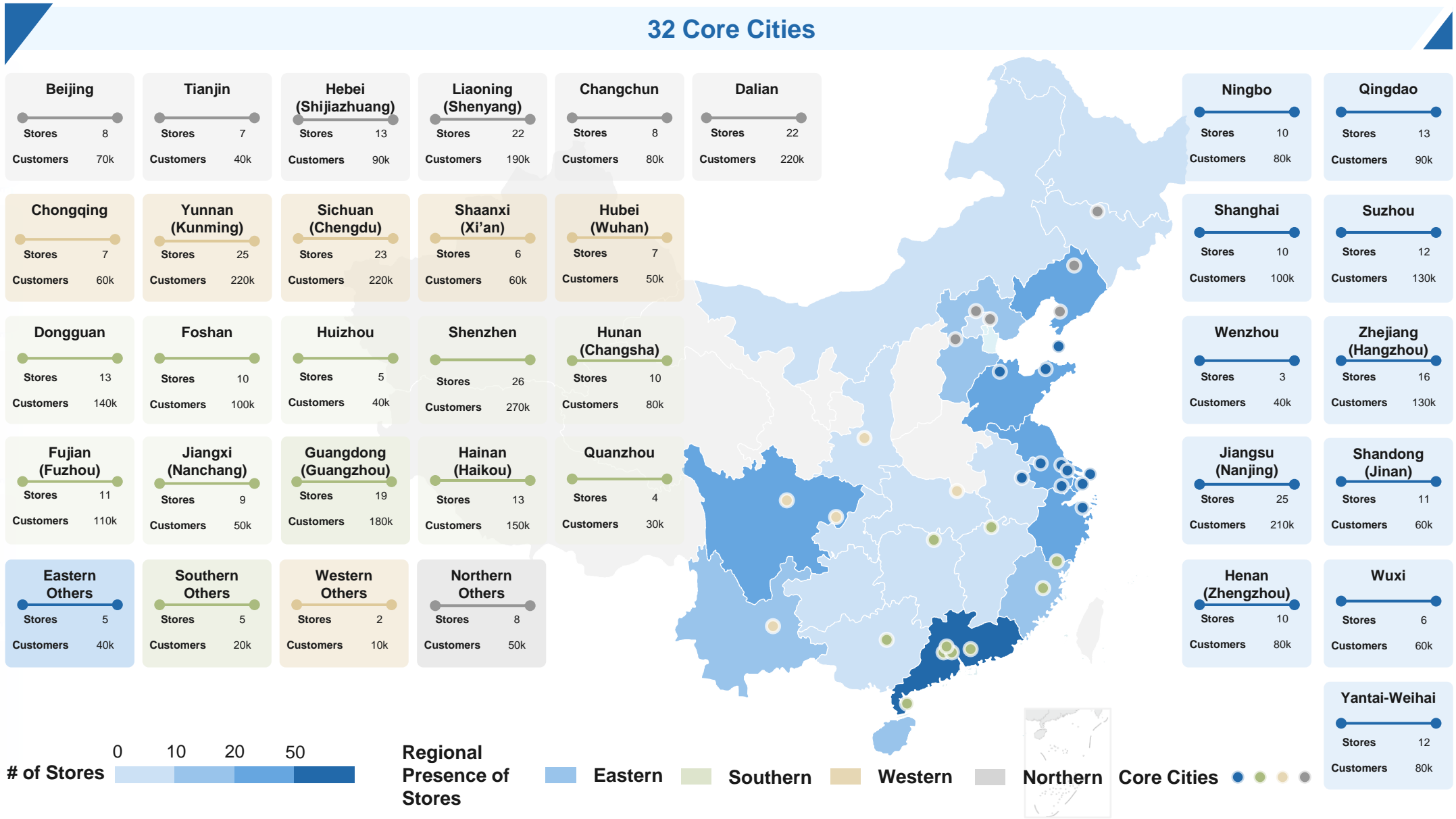


# Network Density and Organization Structure

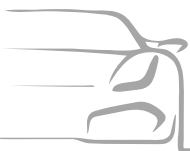
Economies of Scale

Operational Development

Financial Performance

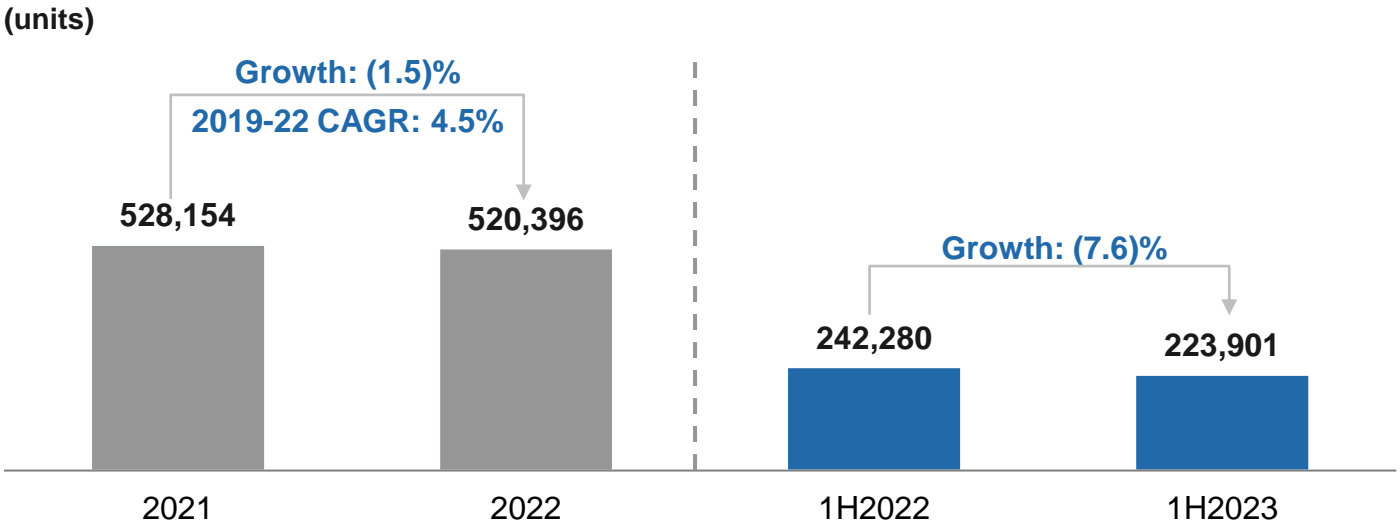


<sup>1</sup> As of 30 June 2023; <sup>2</sup> A total of 24 cities: Shanghai, Beijing, Shenzhen, Chongqing, Guangzhou, Suzhou, Chengdu, Wuhan, Hangzhou, Nanjing, Tianjin, Ningbo, Qingdao, Wuxi, Changsha, Zhengzhou, Foshan, Fuzhou, Quanzhou, Jinan, Hefei, Xi'an, Nantong, and Dongguan; <sup>3</sup> Higher-tier cities include 4 tier-1 cities, 15 new tier-1 cities, and 30 tier-2 cities

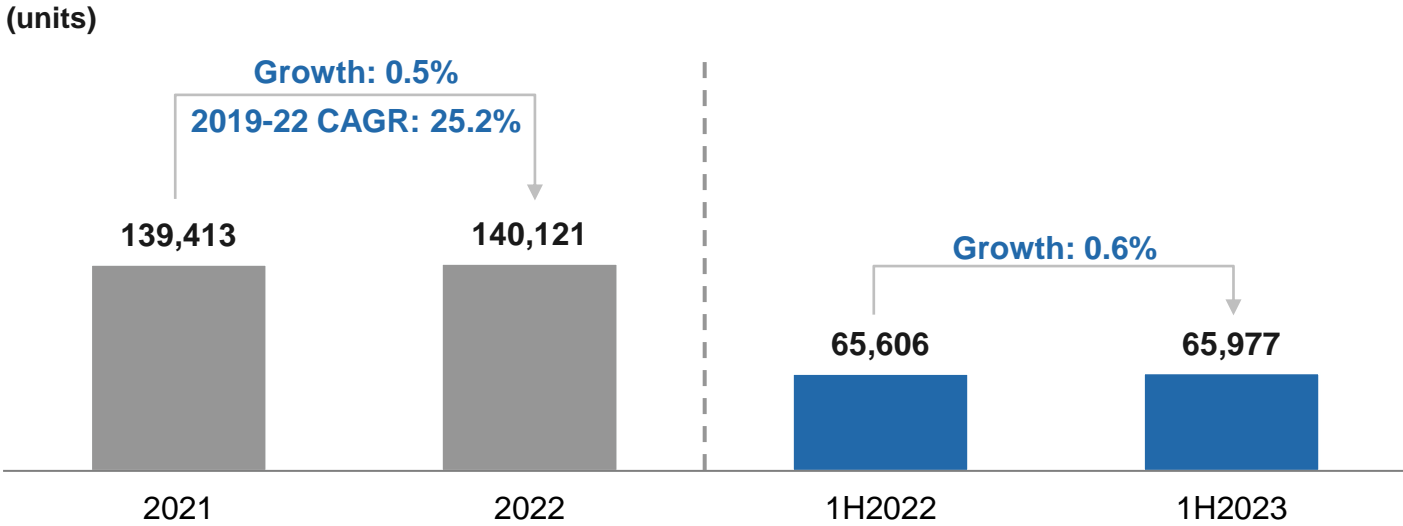


# Vehicle Sales Breakdown

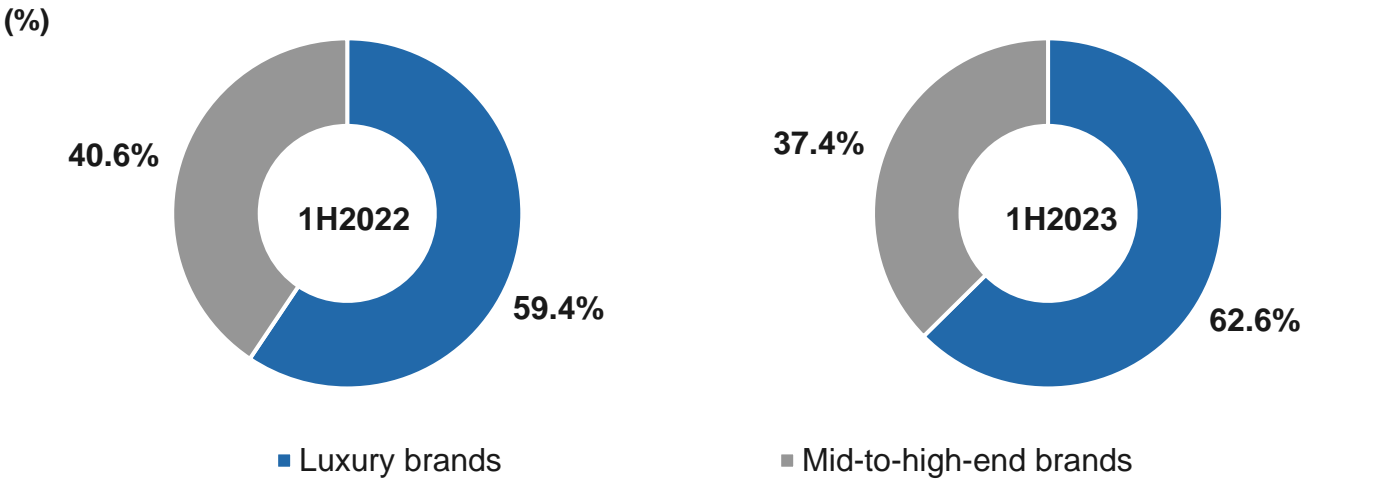
## New Car Sales Volume



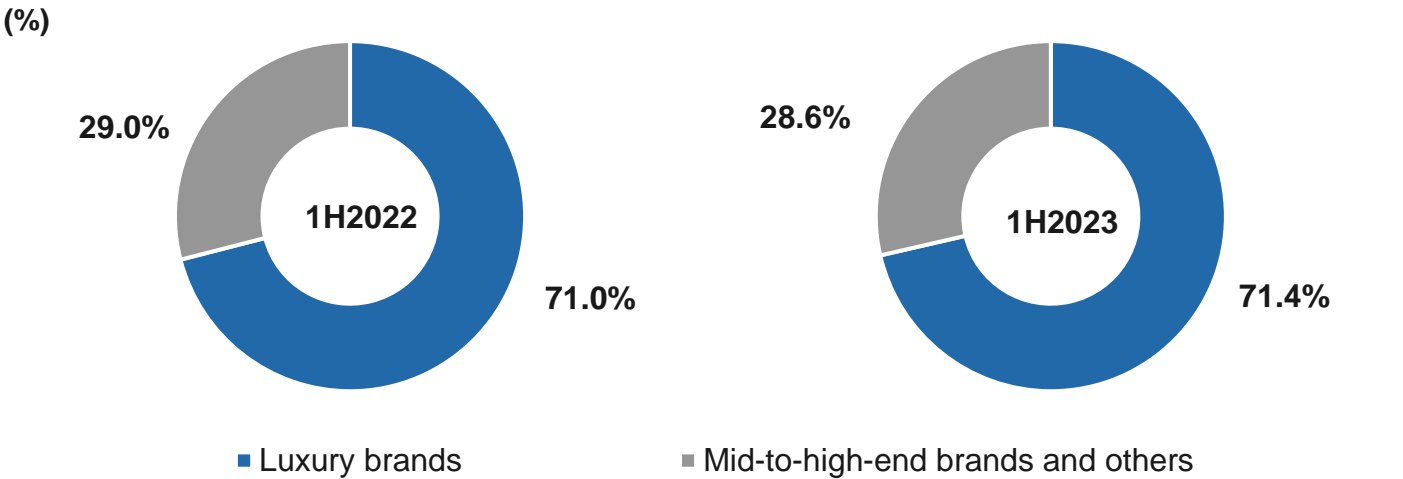
## Used Car Sales Volume

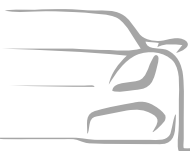


## Luxury Brands Contribution to New Car Sales Volume



## Luxury Brands Contribution to Used Car Sales Volume





# Continuous Customer Base Expansion

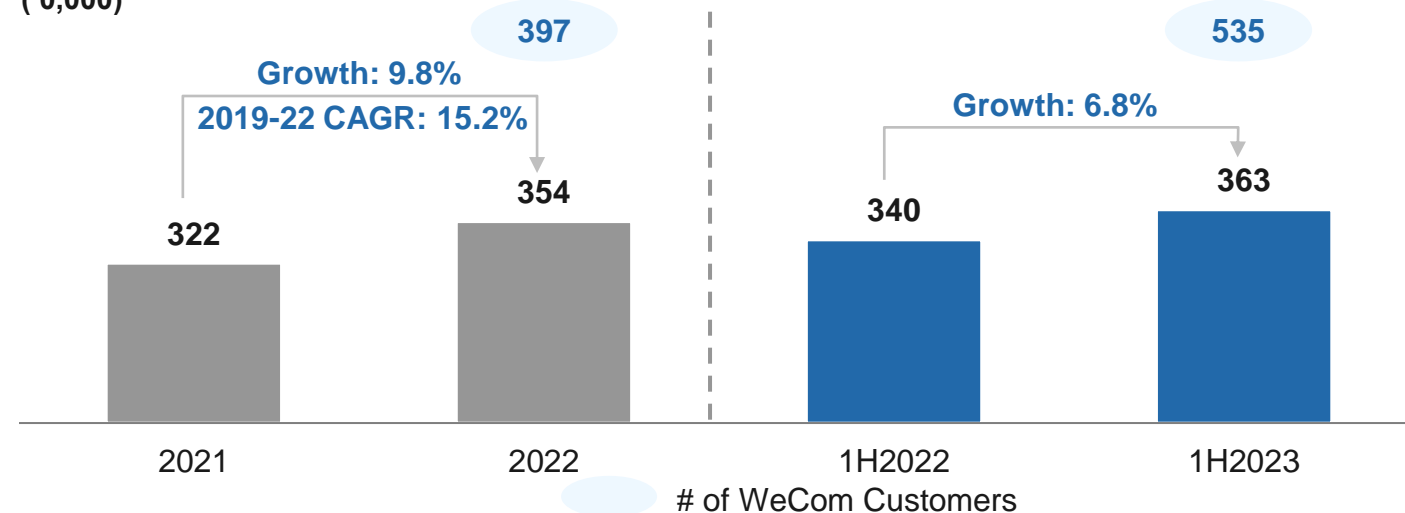
Economies of Scale

Operational Development

Financial Performance

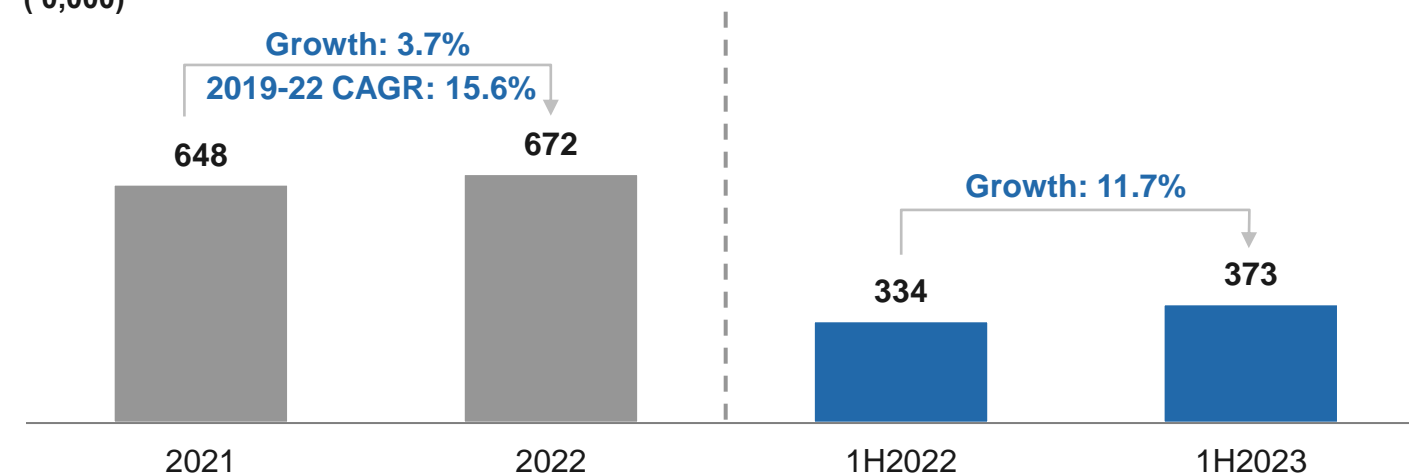
## Customers Serviced

('0,000)



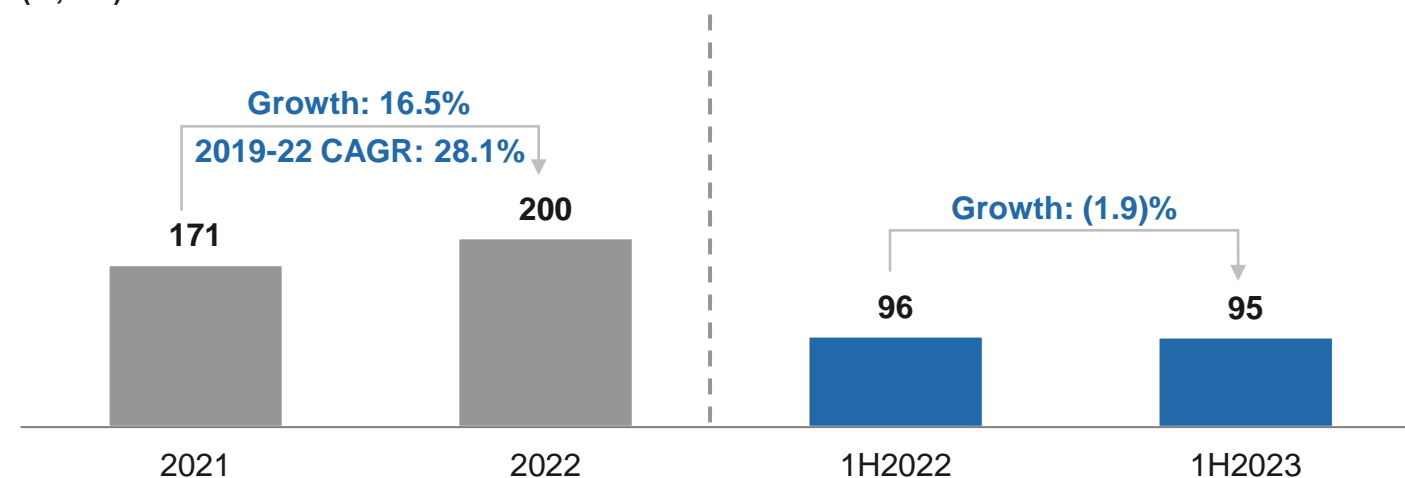
## Units Serviced

('0,000)



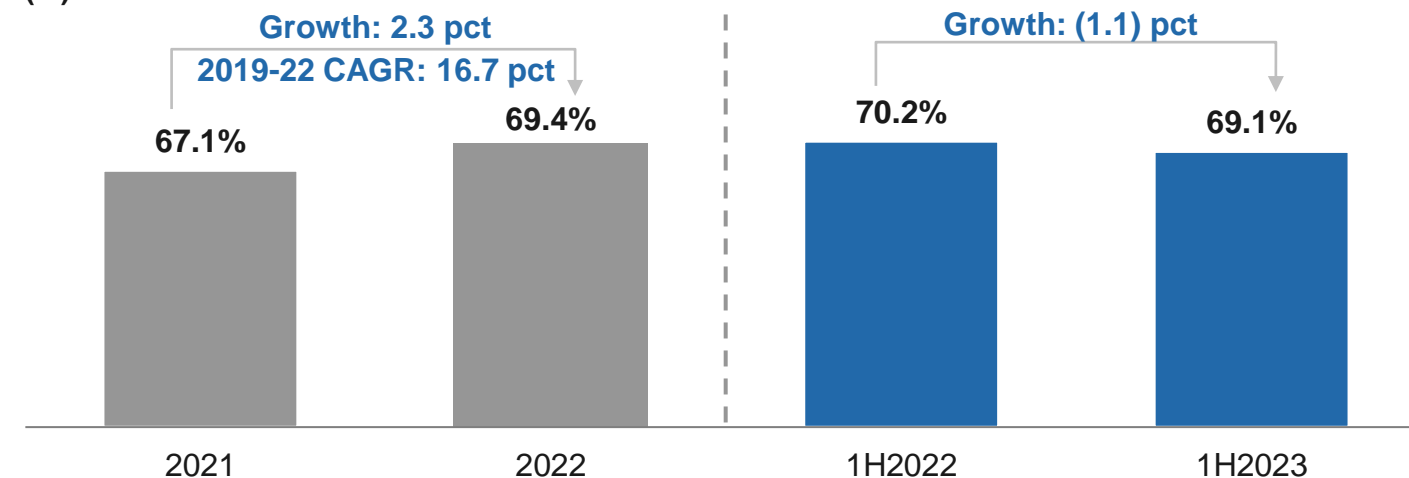
## Insurance Policies Brokered

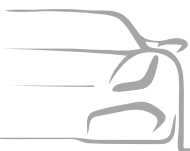
('0,000)



## Auto Financing Penetration Rate

(%)



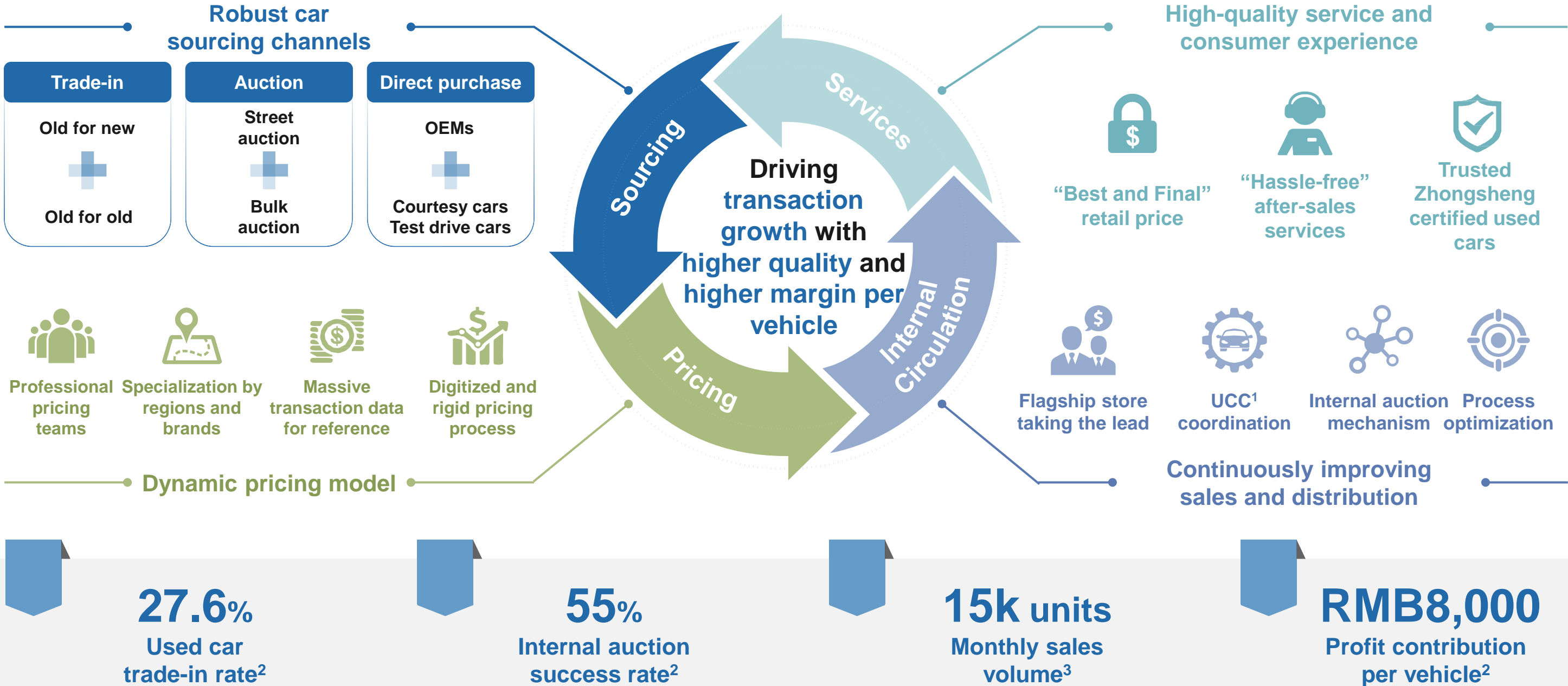


# Operational Highlights of Used Car Business

Economies of Scale

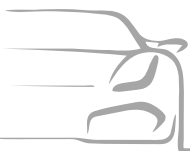
Operational Development

Financial Performance



<sup>1</sup> Used-car command center; <sup>2</sup> As of 1H2023; <sup>3</sup> For June 2023



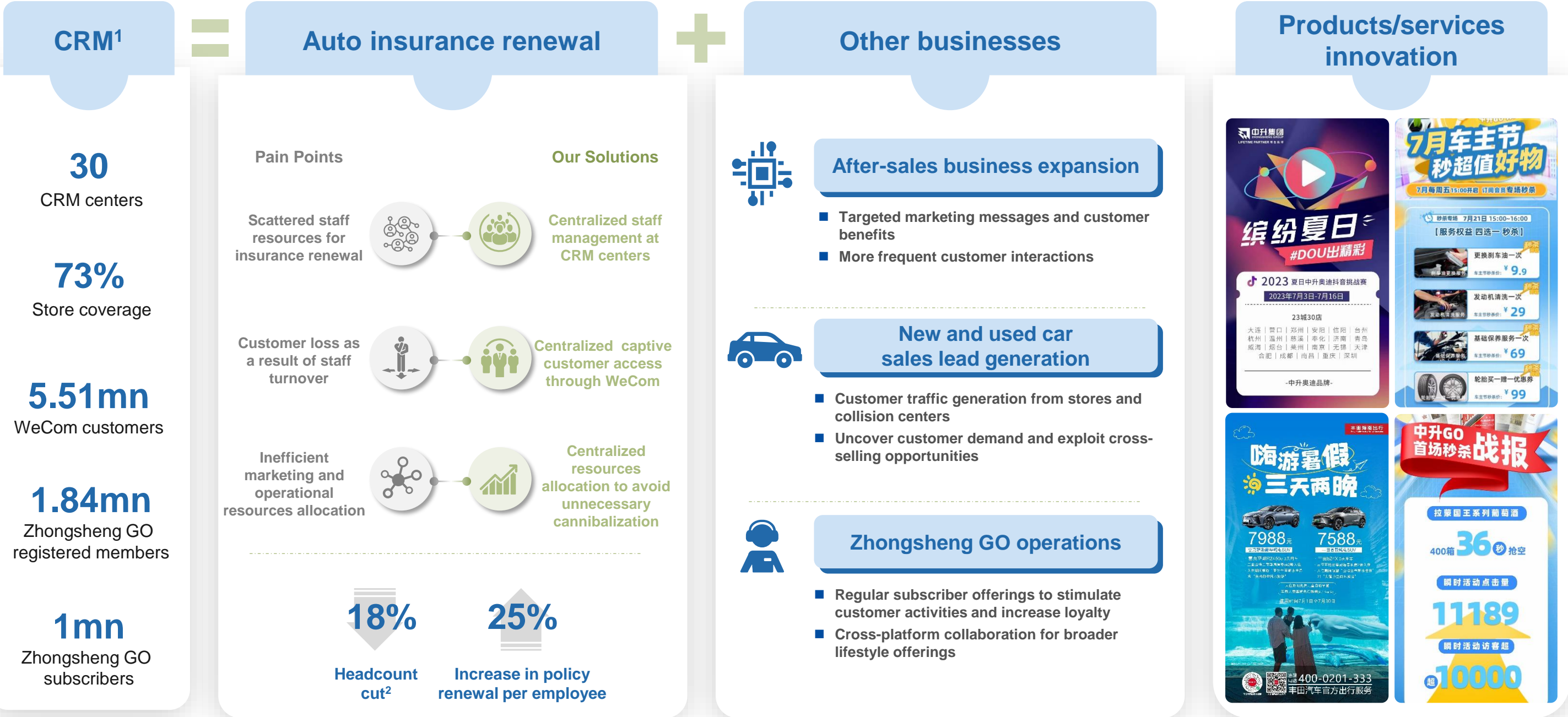


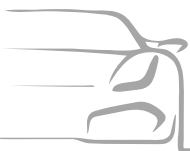
# Operational Highlights of CRM Centers

Economies of Scale

Operational Development

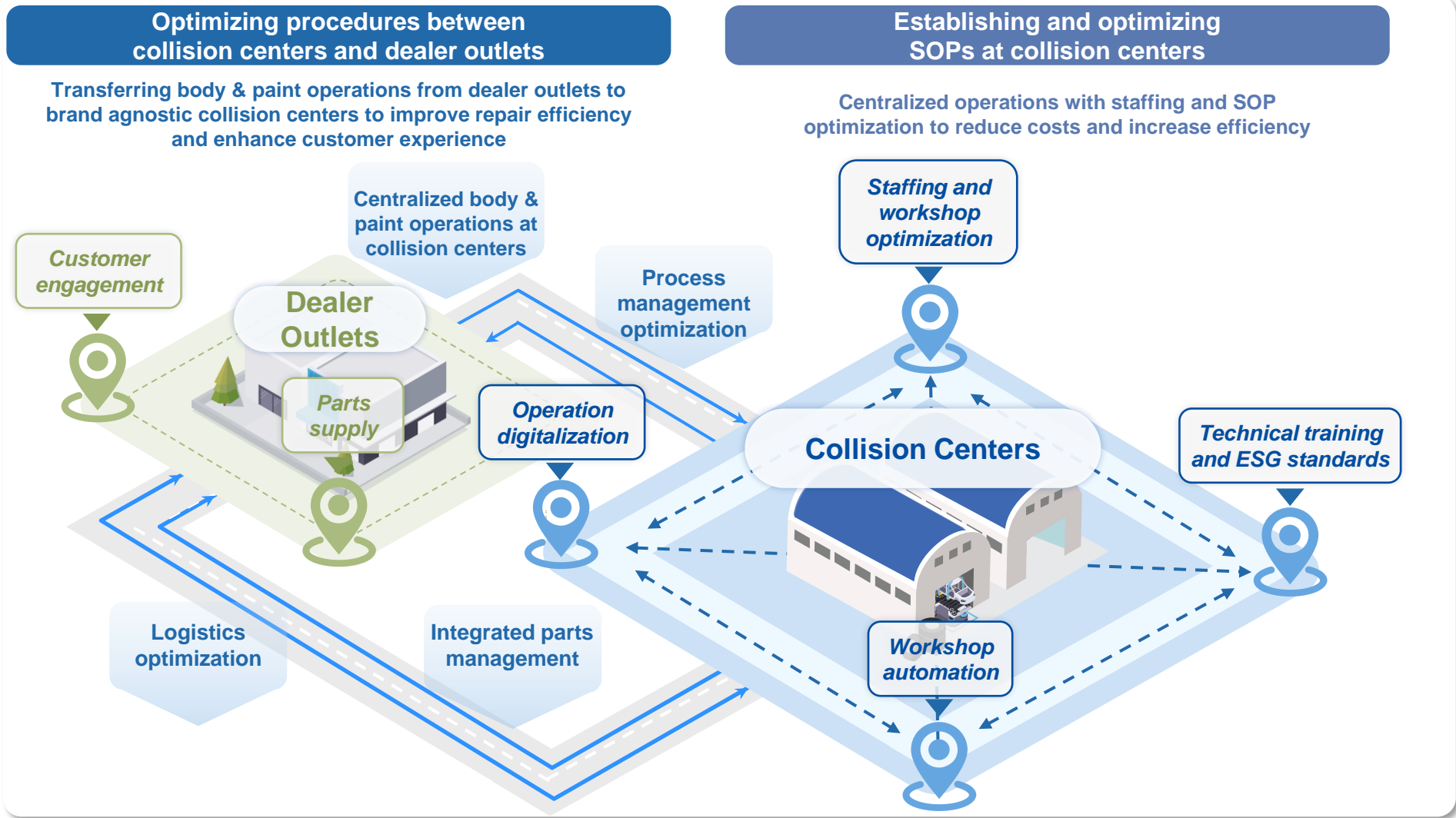
Financial Performance





# Operational Highlights of Collision Centers

Overview of collision centers			
	In operation	Under construction	Planning
# of collision centers <sup>1</sup>	9	5	21
# of cities covered <sup>2</sup>	7	16	29
# of dealership stores covered <sup>2</sup>	107	131	273
# of active customers covered <sup>2</sup>	1.10mn	1.31mn	2.56mn



## Before and after setting up collision centers

1H23 vs. 1H22

3.4x  
Increased paint oven utilization

67%  
Increase in average daily painting area per person



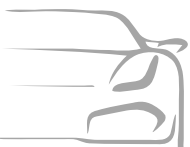
## Collision centers ramp-up

1H23 vs. 2H22

46%  
Increase in daily body job working hours

76%  
Increase in average daily completions

<sup>1</sup> As of August 2023, there are 9 collision centers in operation, including Dalian (1 center), Shenzhen (2 centers), Chengdu (2 centers), Nanjing (1 center), Kunming (1 center), Fuzhou(1 center) and Wuhan(1 center); <sup>2</sup> The number of cities covered, the number of dealership stores covered, and the number of active customers covered covers the collision centers in operation and includes the scope upon completion of the collision centers under construction and under planning












# Major Global Auto Incumbents' NEV Roadmaps and Penetration Progresses

Economies of Scale

Operational Development

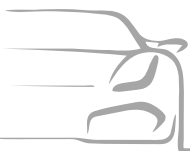
Financial Performance



Electrification and smartification progressions			R&D efforts and commitments	China NEV Market Growth <sup>1</sup> (1H2023 YoY)		Increasing NEV Parc Will Further Bolster Accident Car Business
	2019-22	2023-26		Volume Growth	Market Share Gain	
 Mercedes-Benz	<b>MRA/MFA</b> Shared ICE-EV platform <b>EVA</b> First-generation BEV platform	<b>MMA</b> Modularized platform for small / mid-sized vehicles (Benz's first 800V platform) <b>MB.EA / AMG.EA</b> Mid / large-sized BEV platform	<ul style="list-style-type: none"><li>Mercedes-Benz is making <b>China</b>, the world's top auto market, central to its <b>next EV campaign</b> starting in 2025</li><li>From 2025, <b>all new Mercedes-Benz platforms will produce EVs only</b></li></ul>	<b>140%+</b>	<b>80%+</b>	
 BMW	<b>CLAR</b> Shared ICE-EV platform	<b>NCAR</b> BEV platform (BMW's first 800V platform)	<ul style="list-style-type: none"><li>BMW has established and will continue to upgrade its <b>electrification R&amp;D system</b> in China, the second largest and most complete outside of its headquarters in Germany</li><li><b>Innovative BEV models iX1</b> and <b>i5</b> will be produced in Shenyang starting in 2H23</li></ul>	<b>110%+</b>	<b>50%+</b>	
 TOYOTA  LEXUS	<b>e-TNGA</b> First-generation BEV platform (based on ICE platform)	<b>BEV / Hydrogen Factory</b> Brand new BEV platform	<ul style="list-style-type: none"><li>Toyota further shifts the focus of R&amp;D to <b>smartification</b> and <b>electrification</b> in its <b>R&amp;D center</b> in China</li></ul>	<b>180%+</b>	<b>110%+</b>	
 VW  Audi	<b>MEB</b> First-generation BEV platform (based on ICE platform)	<b>XPeng</b> EV development cooperation <b>PPE / MEB Entry / SSP</b> Premium / Entry-level / Scalable BEV platforms	<ul style="list-style-type: none"><li>Audi is cooperating with SAIC to <b>develop EV models</b></li></ul>	<b>330%+<sup>2</sup></b>	<b>220%+<sup>2</sup></b>	
						<b>NEV vs. ICE specifics in accident car business</b>
						 Average claim probability <sup>3</sup> ↑ ~10ppt
						 Average revenue per unit <sup>4</sup> ↑ ~20-30%
						 Average premium difference per policy <sup>5</sup> ↑ 21%

<sup>1</sup> Data based on auto insurance policy statistics; <sup>2</sup> Includes Audi NEV data only; <sup>3</sup> 2016-2022 data from China Banking and Insurance Information Technology Management Company ("CBIT"); <sup>4</sup> Data from industry expert estimates; <sup>5</sup> 2021 data from CBIT





# Aggregate Profit Breakdown

Economies of Scale

Operational Development

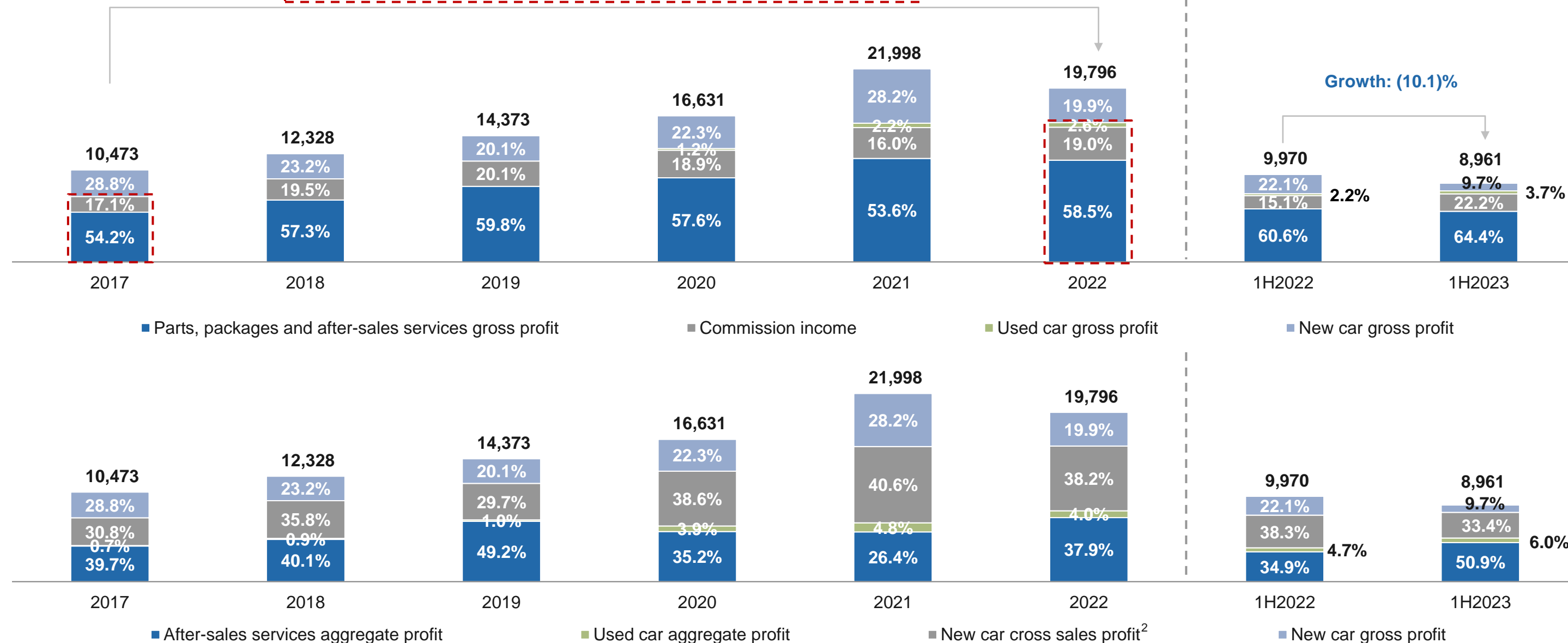
Financial Performance



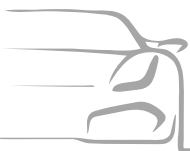
## Aggregate Profit (Gross Profit + Commission Income)<sup>1</sup>

(RMB mn)

Aggregate profit (excl. new car segment) CAGR in 2017-22: 16.3%



<sup>1</sup> The sum of New car gross profit, Used car gross profit, Parts, packages and after-sales services gross profit, and Commission income; <sup>2</sup> Parts and packages gross profit and Commission income earned at the new car point of sales



# Total Revenue

Economies of Scale

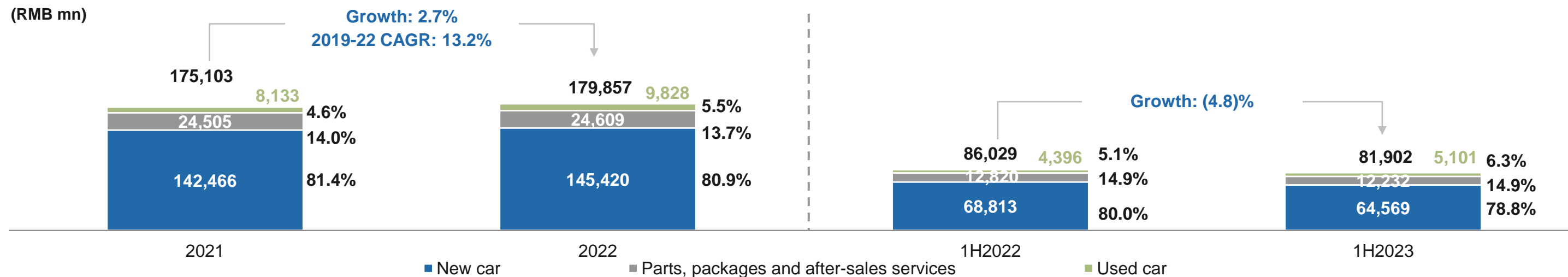
Operational Development

Financial Performance



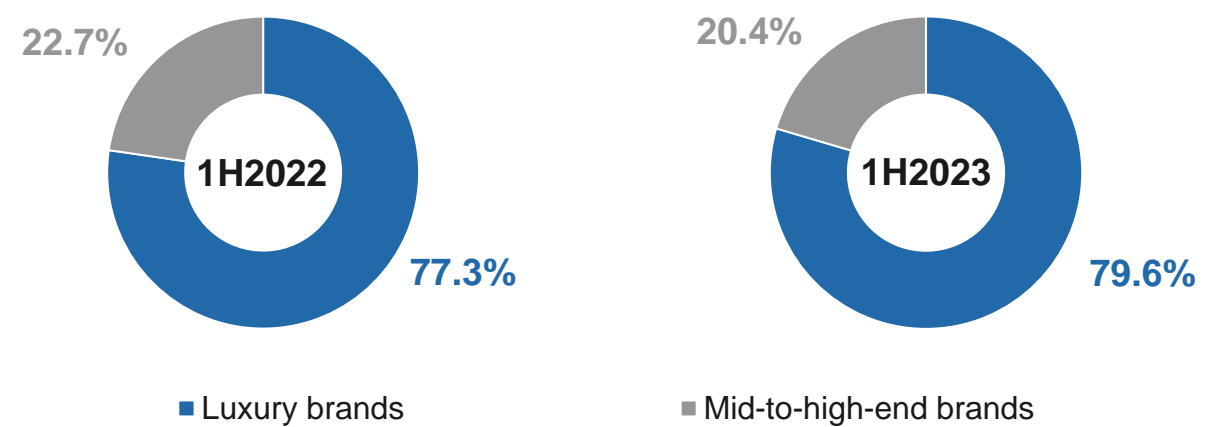
## Total Revenue

(RMB mn)



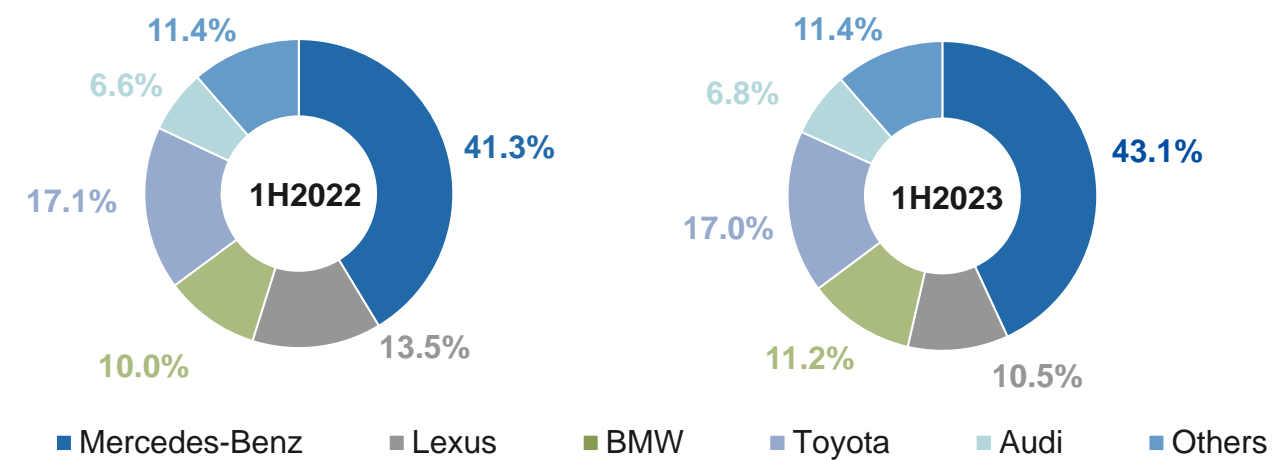
## New Car Sales by Brand Type

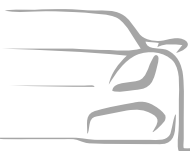
(%)



## New Car Sales by Brand

(%)





# Aggregate Profit

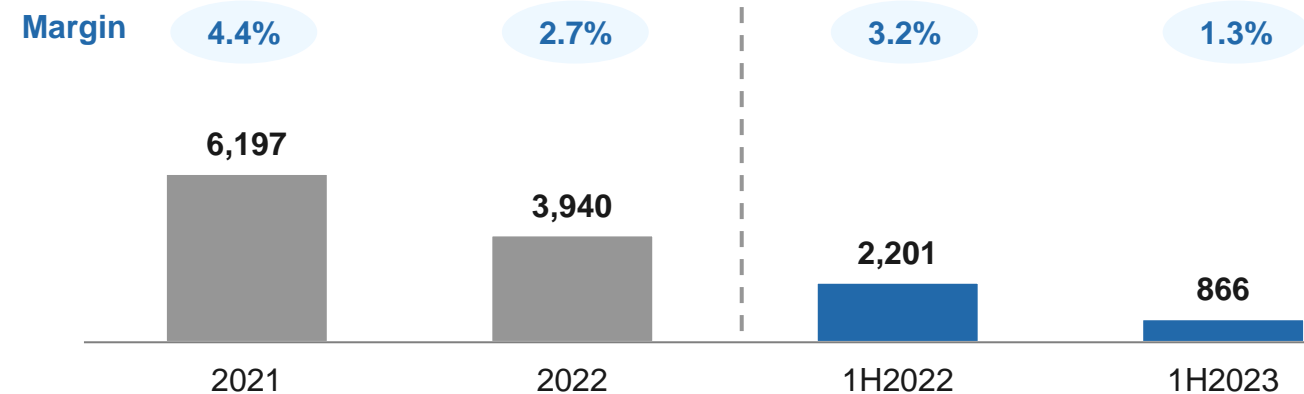
Economies of  
Scale

Operational  
Development

Financial  
Performance

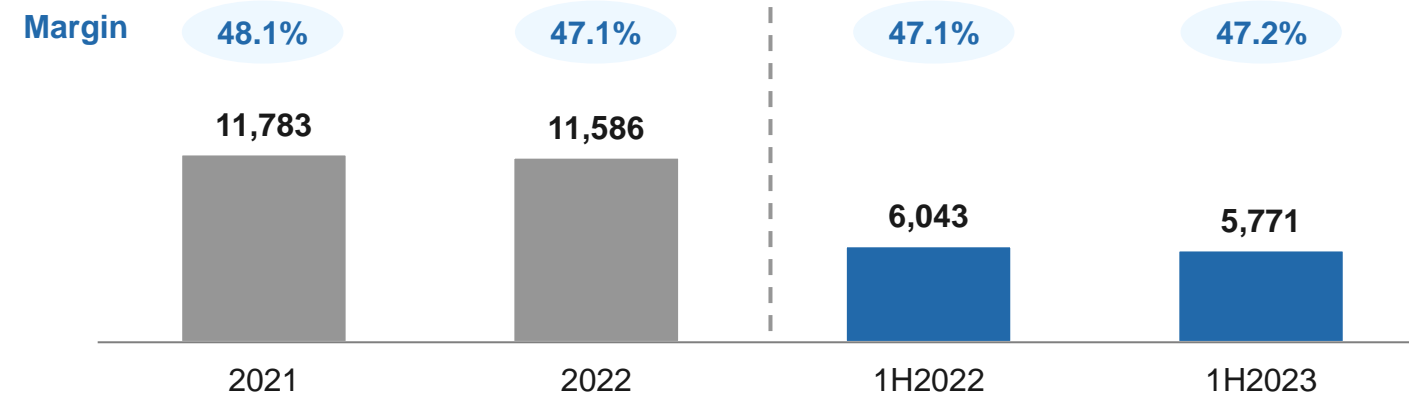
## New Car Gross Profit

(RMB mn)



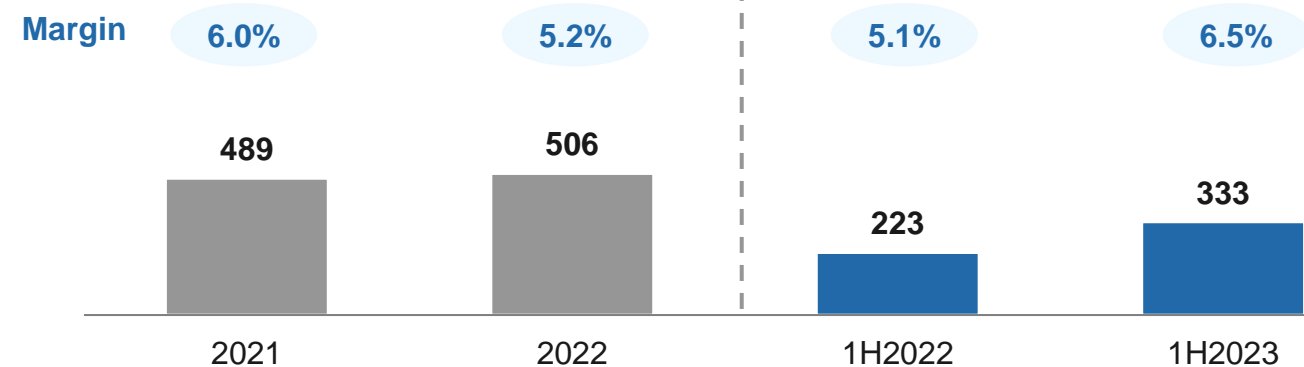
## Parts, Packages and After-sales Services Gross Profit

(RMB mn)



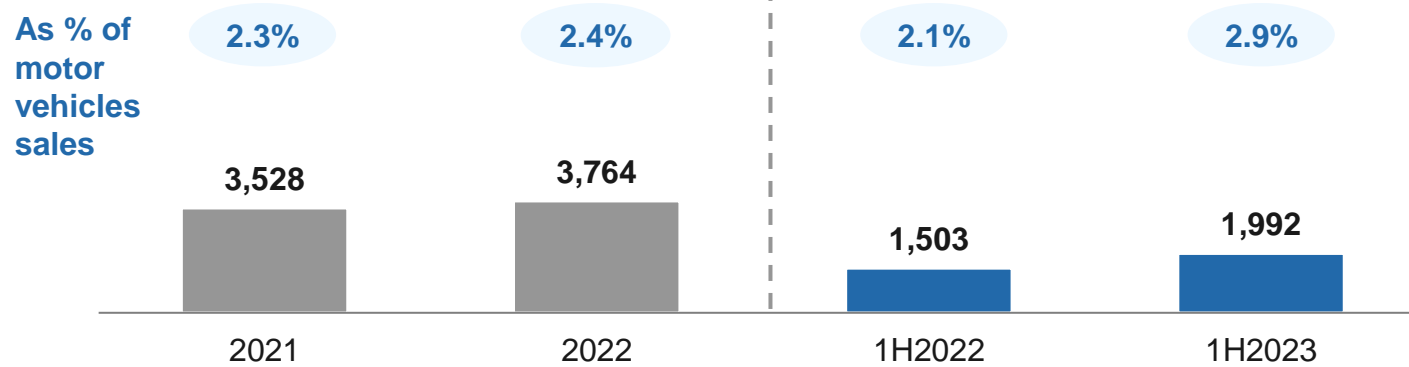
## Used Car Gross Profit

(RMB mn)

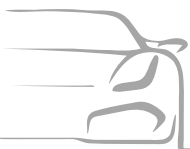


## Commission Income

(RMB mn)







# Operational Expenses

Economies of  
Scale

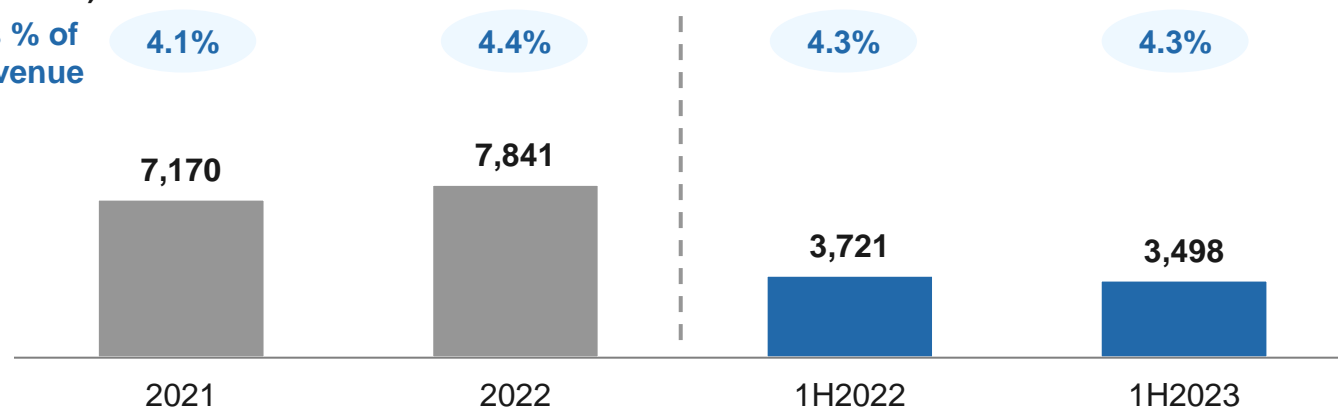
Operational  
Development

Financial  
Performance

## Selling and Distribution Expenses

(RMB mn)

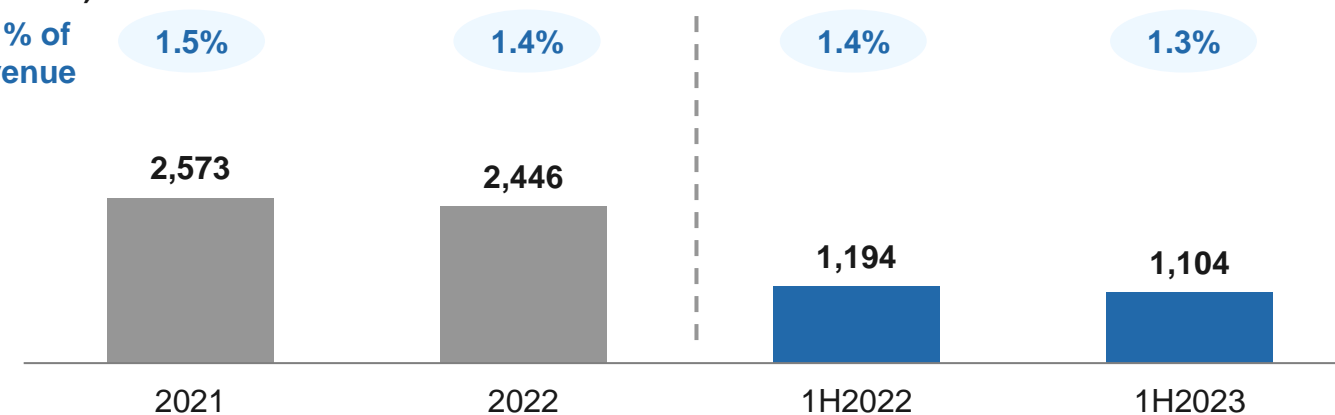
As % of  
revenue



## Administrative Expenses

(RMB mn)

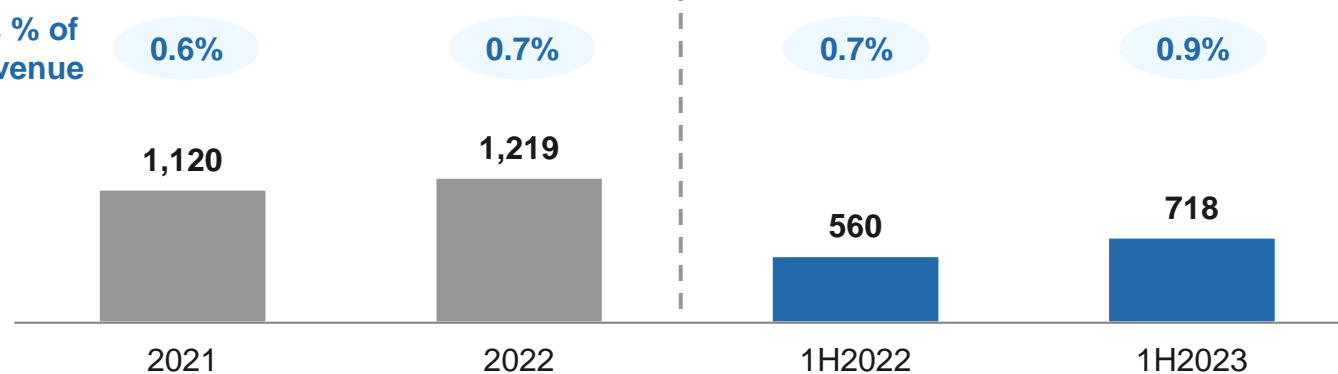
As % of  
revenue



## Finance costs

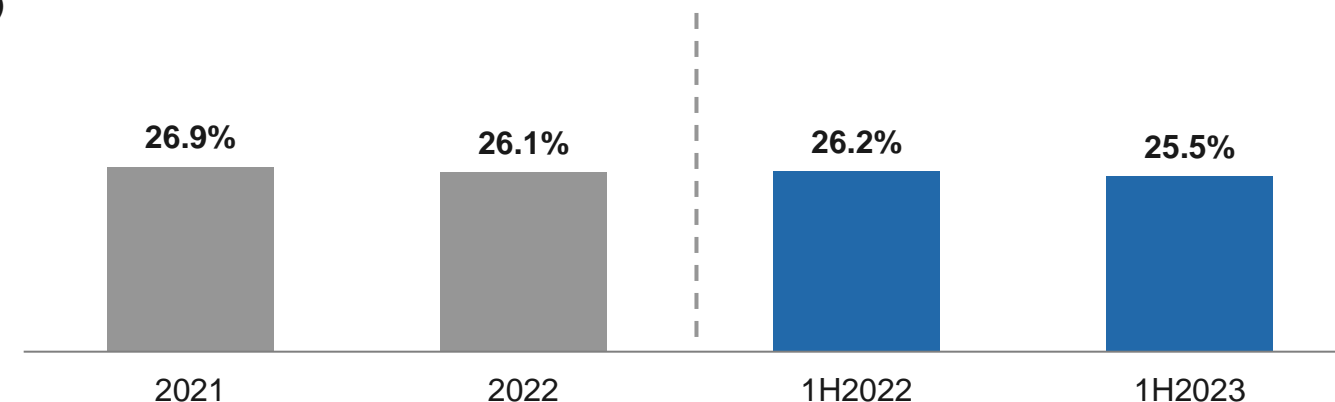
(RMB mn)

As % of  
revenue

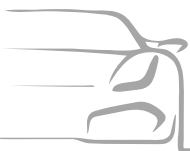


## Effective Tax Rate<sup>1</sup>

(%)



<sup>1</sup> Effective Tax Rate of 1H 2022 restated due to amendments to HKAS 12



# Operational Efficiency and Financial Return

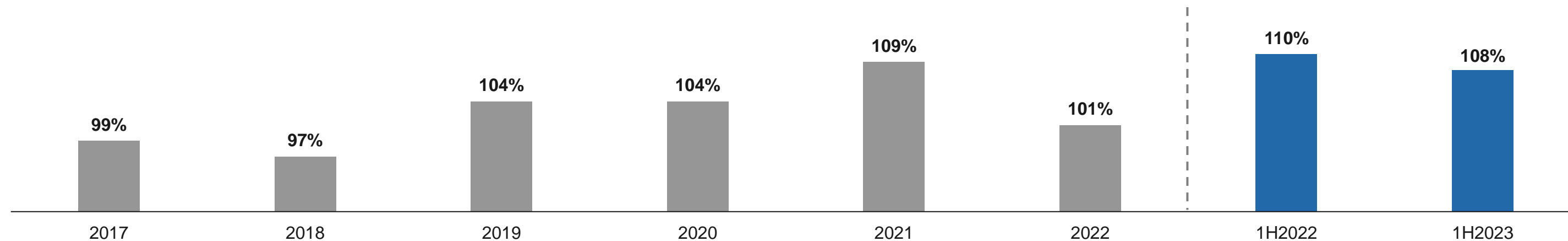
Economies of Scale

Operational Development

Financial Performance

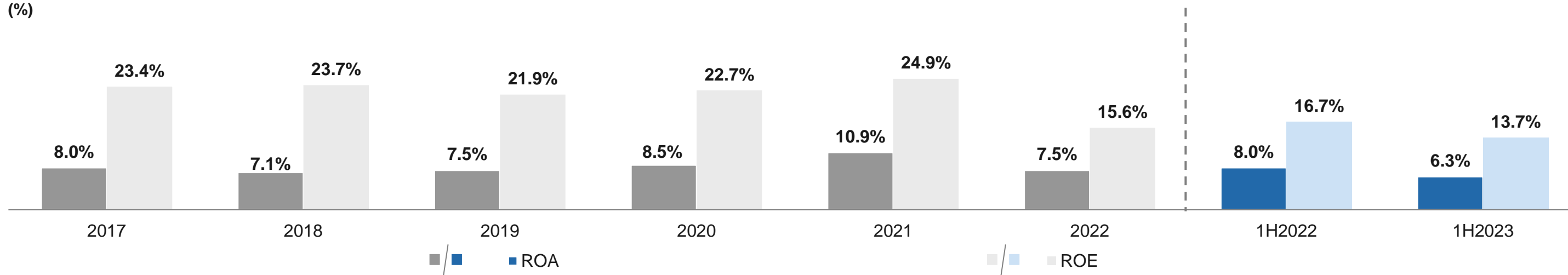


## Absorption Ratio<sup>1</sup>

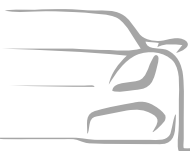


## ROA and ROE<sup>2</sup>

(%)



<sup>1</sup> Absorption Ratio = After-sales Services Gross Profit / (Selling and Distribution Expenses + Administrative Expenses + Finance Costs); <sup>2</sup> ROA and ROE of 1H2022 and 1H2023 are based on simple annualized financials



# Financial Highlights

Economies of  
Scale

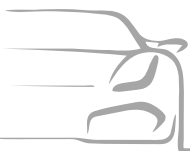
Operational  
Development

Financial  
Performance

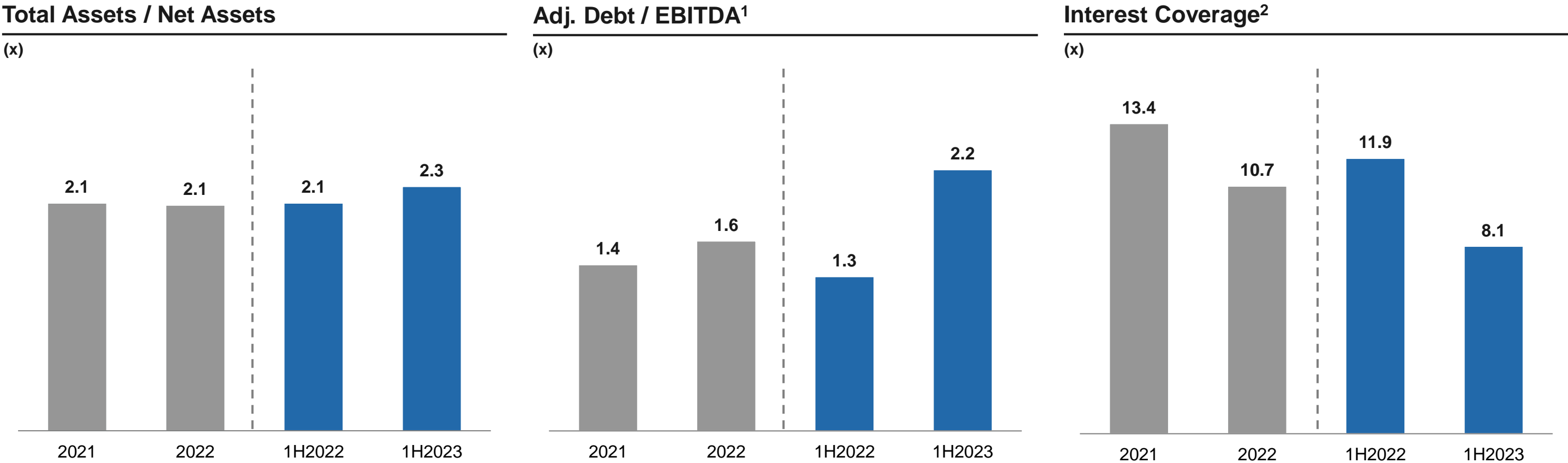


(RMB mn)	2021	2022	1H2022	1H2023
<b>Cash, cash equivalent and cash in transit</b>	<b>11,184</b>	<b>11,829</b>	<b>11,747</b>	<b>16,541</b>
Cash flow from operating activities	10,872	8,785	3,653	3,467
(-) Capex	4,073	2,432	918	839
(-) Lease payments	728	778	330	354
<b>Free cash flow</b>	<b>6,071</b>	<b>5,575</b>	<b>2,405</b>	<b>2,274</b>
Profit before tax	11,504	8,951	4,688	4,048
(-) Interest income	183	240	118	231
(+) Financial expenses	1,120	1,219	560	718
(+) Depreciation & amortization	2,374	2,851	1,439	1,029
<b>EBITDA</b>	<b>14,814</b>	<b>12,781</b>	<b>6,569</b>	<b>5,564</b>
Dividends paid	1,113	1,728	-	-
Repurchase of shares	27	405	63	273
<b>Cash to shareholders</b>	<b>1,140</b>	<b>2,134</b>	<b>63</b>	<b>273</b>





# Ample Liquidity to Secure Our Business



<sup>1</sup>Adj. Debt includes trade and bills payables, excluding inventory; <sup>2</sup>Interest coverage = (Profit before tax + financial expenses + depreciation and amortization) / financial expenses