

2022 Annual Results





We are One of the Largest Automobile Dealers in China

Customer Scale

3.54_{mn}

customers serviced¹

6.72_{mn}

units serviced²

Financial Scale

RMB **179.9_{bn}**

revenue²

RMB **19.8_{bn}**

aggregate profit¹

Volume Scale

660_k

vehicles sold in total²

140_k

pre-owned automobile sold²

Recognitions

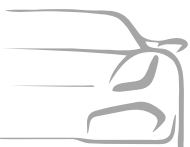
Investment Grade

by the Top 3 rating agencies

#1

Top 100 Automobile Dealers
in China for 2022³

¹ Total customers serviced and new sales customers by vehicle in the past 12 months as of December 31, 2022; ² For the full year of 2022; ³ According to Kaida Excellence



Adhering to Our Customer-centric Strategy

Customer Centricity



Customer Satisfaction



Dealer network optimization



Acquisition and integration of



Zung Fu China
仁孚中国

Number of dealerships

360 in 2019 → **417** in 2022

% of luxury brands by sales volume

50% in 2019 → **59%** in 2022

Aggregate profit

RMB14.3bn in 2019 → **RMB 19.8** bn in 2022



Centralized body and spray services



Centralized procurement center



Customer relationship management (CRM) center



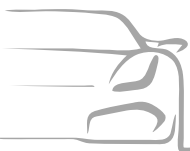
Urban showrooms / Used car marketplace

15%
customers serviced

16%
units serviced

28%
insurance policies brokered

2019-22 CAGR



Our Outstanding Brand Mix

Economies
of Scale

Delicate
Management

Steady
Growth

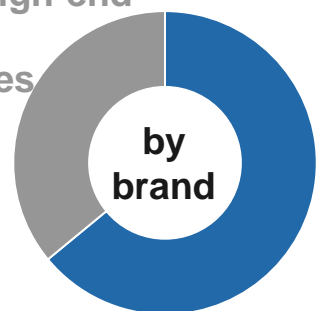
Financial
Performance

Persistent Focus on Core Luxury Brands

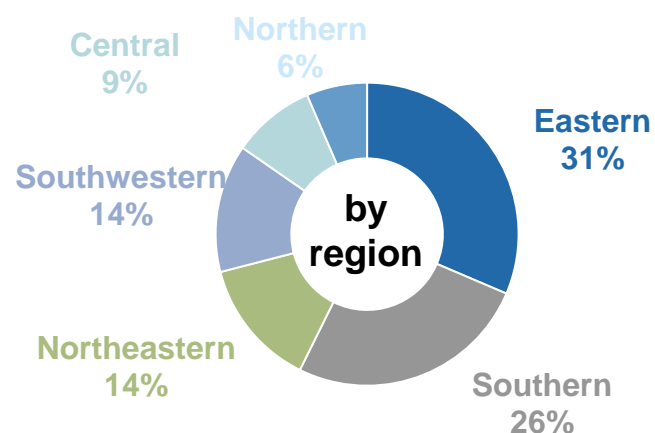
Number and Distribution of Dealerships in Operation

417 dealership stores as of Dec 31, 2022

Mid-to-high-end
brands
150 stores
36%



Luxury
brands
267 stores
64%



by
region

24 stores newly established and 19 stores exited in 2022

Newly-established and Acquired Stores

	2022	City
Mercedes-Benz	8	Shaoxing, Taizhou, Nanjing, Nanchang, Yantai, Weifang, Xiamen, Huizhou
Lexus	5	Suzhou, Zhongshan, Nantong, Foshan, Tianjin (acquired)
BMW	4	Huai'an, Xuzhou, Qingdao, Guangzhou
Audi	2	Tianjin, Taizhou

Luxury Brands ¹



Mercedes-Benz

108



30



21



LEXUS

54



32



19

xx Number of stores

Mid-to-high-end Brands ²



TOYOTA

97



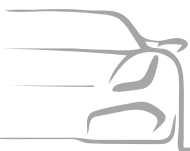
29



HONDA

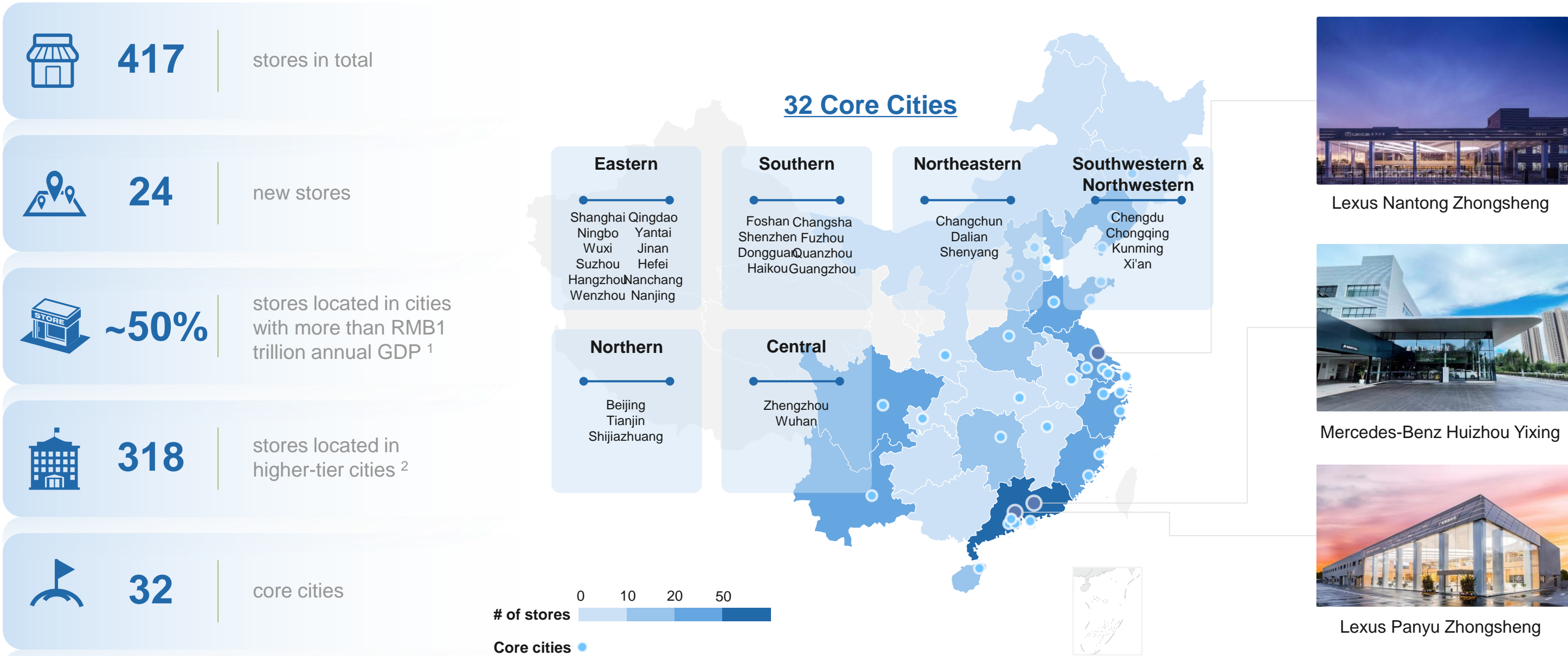
22

¹ Other luxury brands include Porsche (2 stores) and Infiniti (1 store); ² Other mid-to-high-end brands include Volkswagen (1 store) and GAC Motor passenger vehicle (1 store)

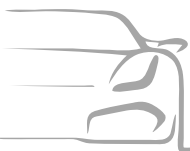


Superior Network Across China

Persistent Focus on More Economically Developed Cities and Regions

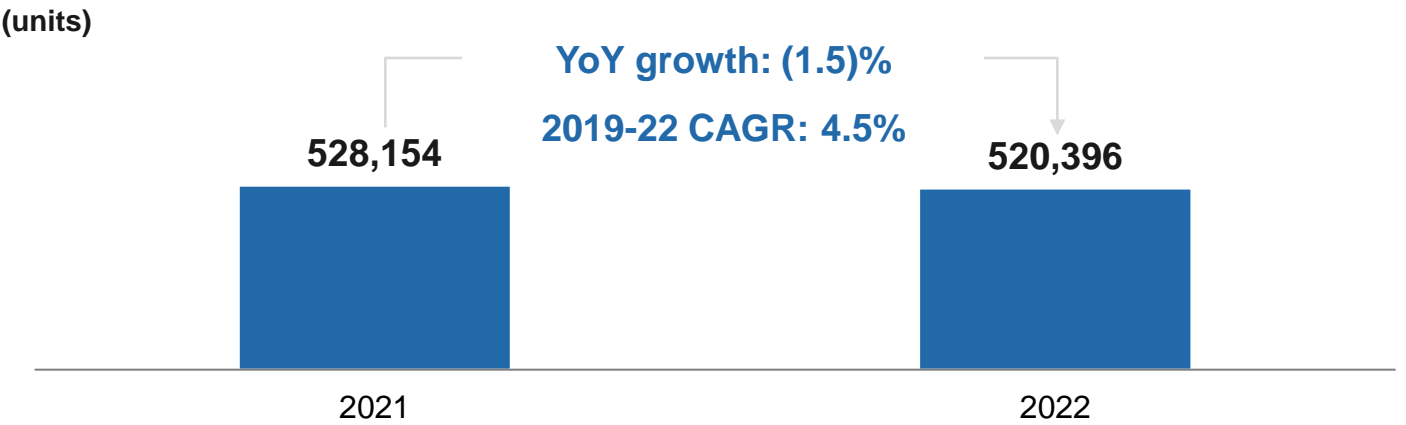


¹ Total 24 cities: Shanghai, Beijing, Shenzhen, Chongqing, Guangzhou, Suzhou, Chengdu, Wuhan, Hangzhou, Nanjing, Tianjin, Ningbo, Qingdao, Wuxi, Changsha, Zhengzhou, Foshan, Fuzhou, Quanzhou, Jinan, Hefei, Xi'an, Nantong, and Dongguan; ² Higher-tier cities include 4 first-tier cities, 15 new first-tier cities, and 30 second-tier cities

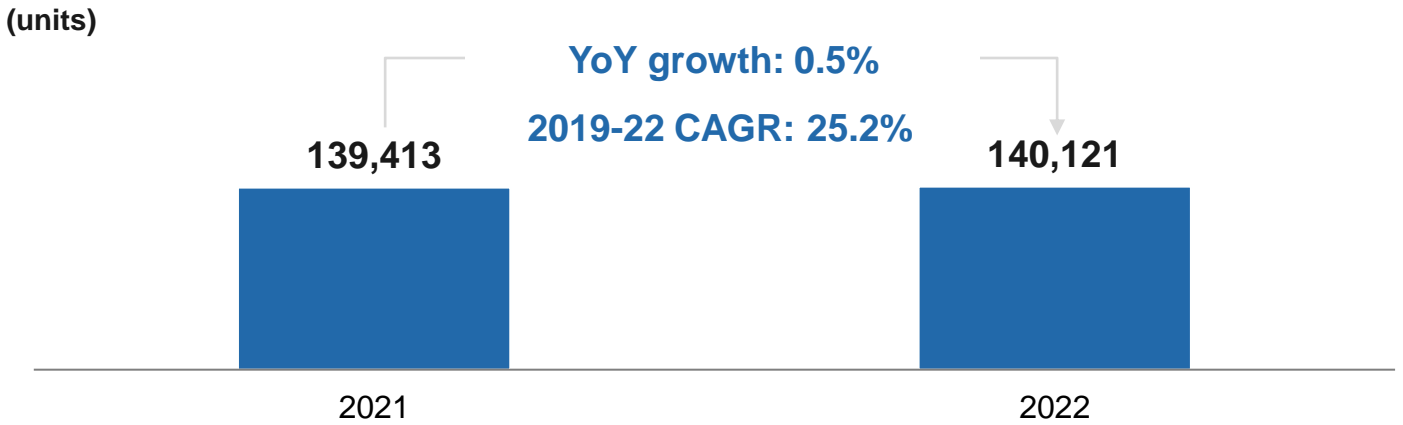


Luxury Brands Driven Sales Volume

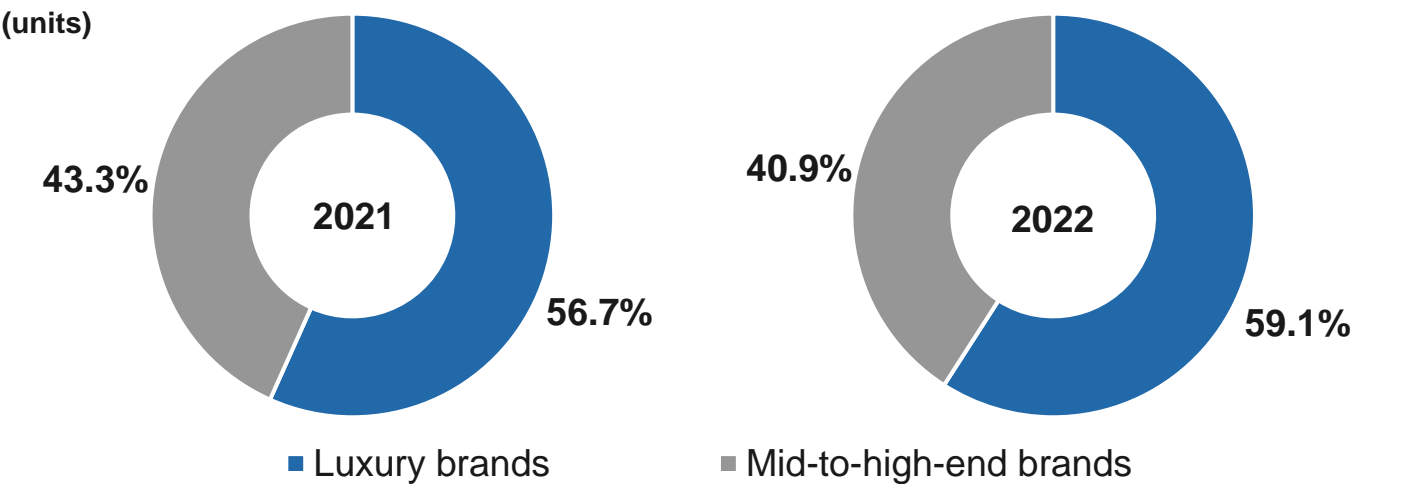
New Car Sales Volume



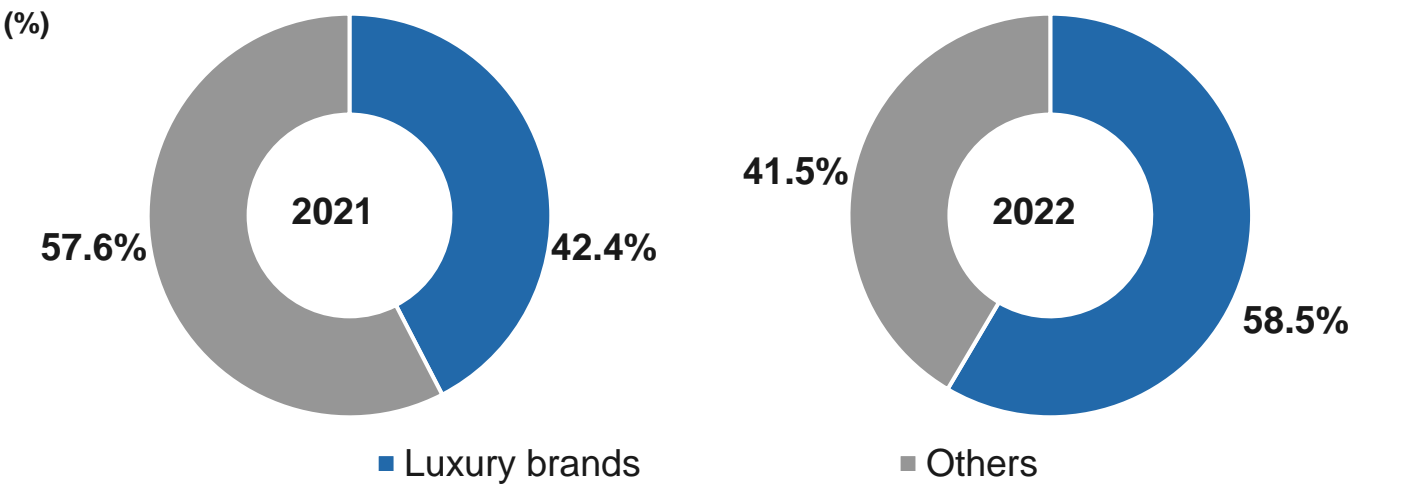
Used Car Sales Volume

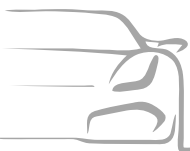


Luxury Brands Contribution to New Car Volume



Luxury Brands Contribution Used Car Volume





Continuous Customer Scale Expansion

Economies
of Scale

Delicate
Management

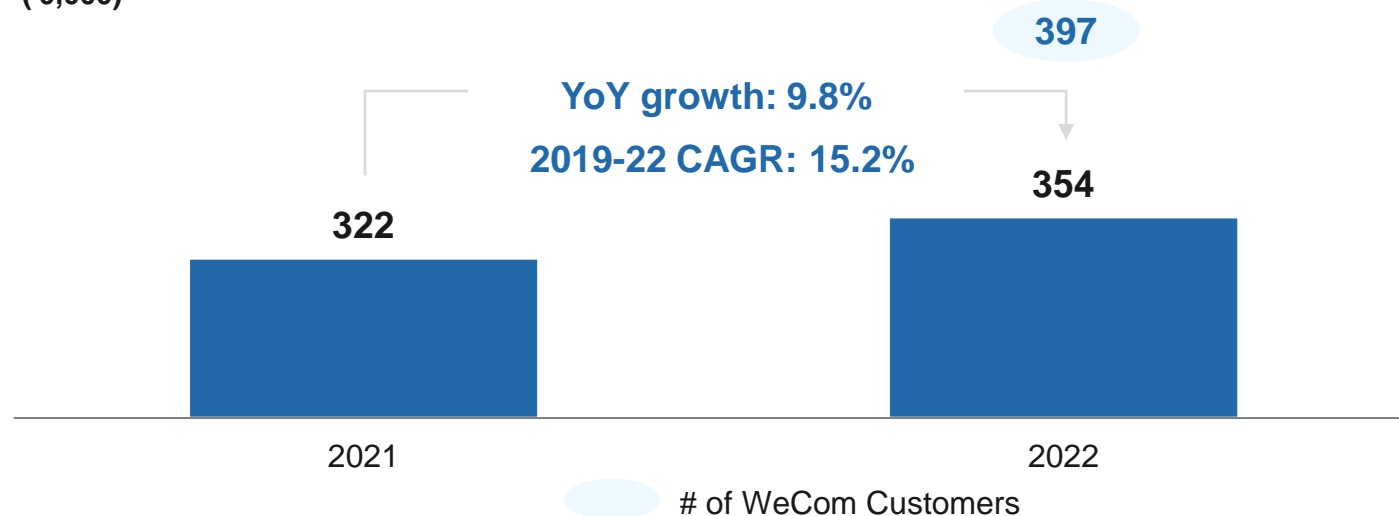
Steady
Growth

Financial
Performance



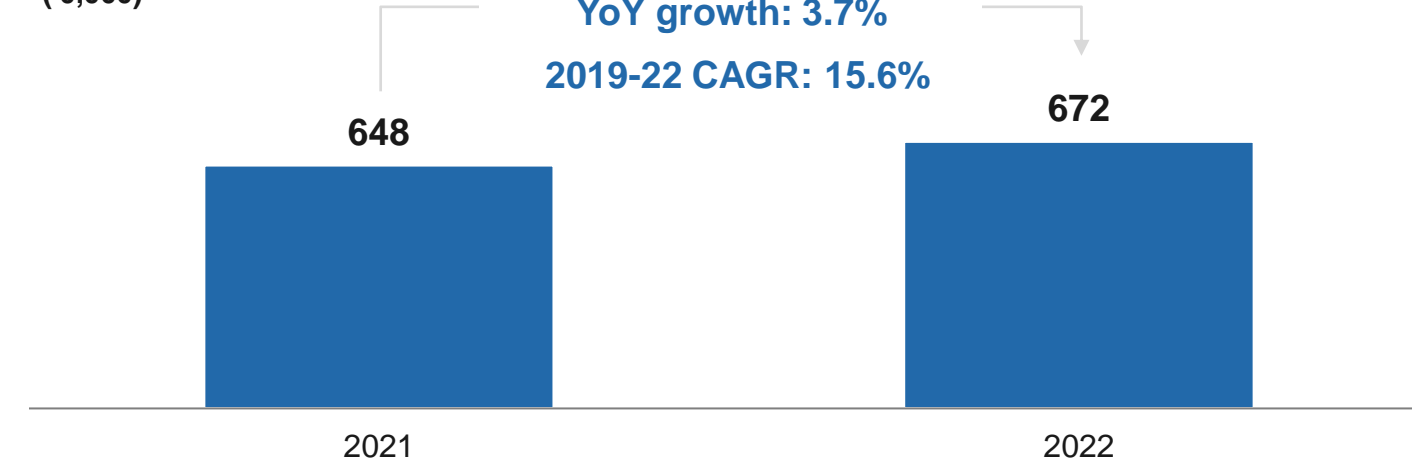
Customers Serviced

('0,000)



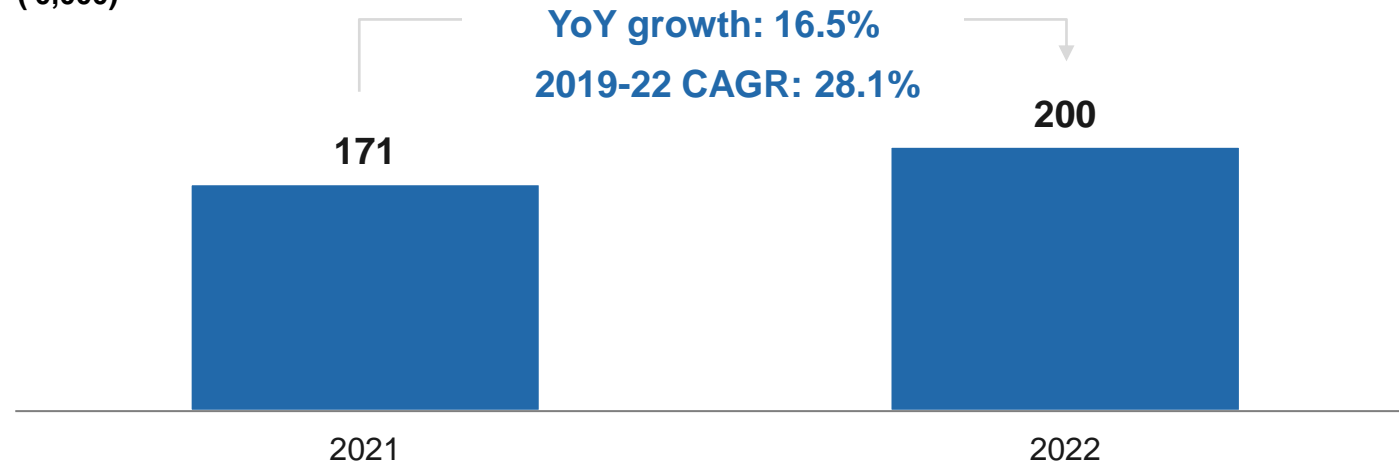
Units Serviced

('0,000)



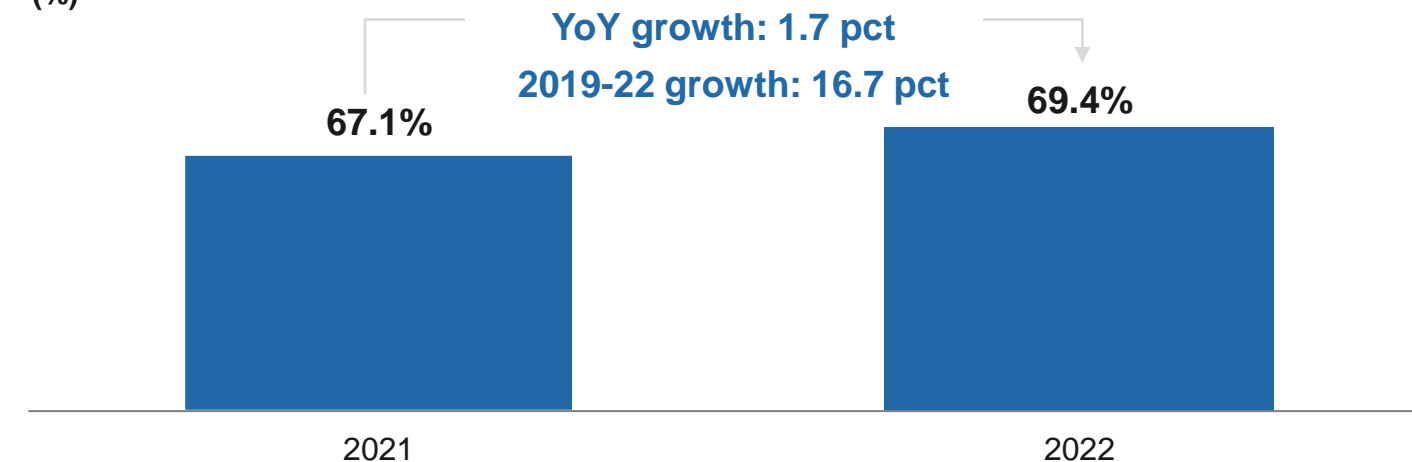
Insurance Policies Brokered

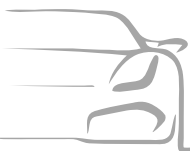
('0,000)



Auto Financing Penetration Rate

(%)





Middle-office Platform (MOP) Strategy

Economies of Scale

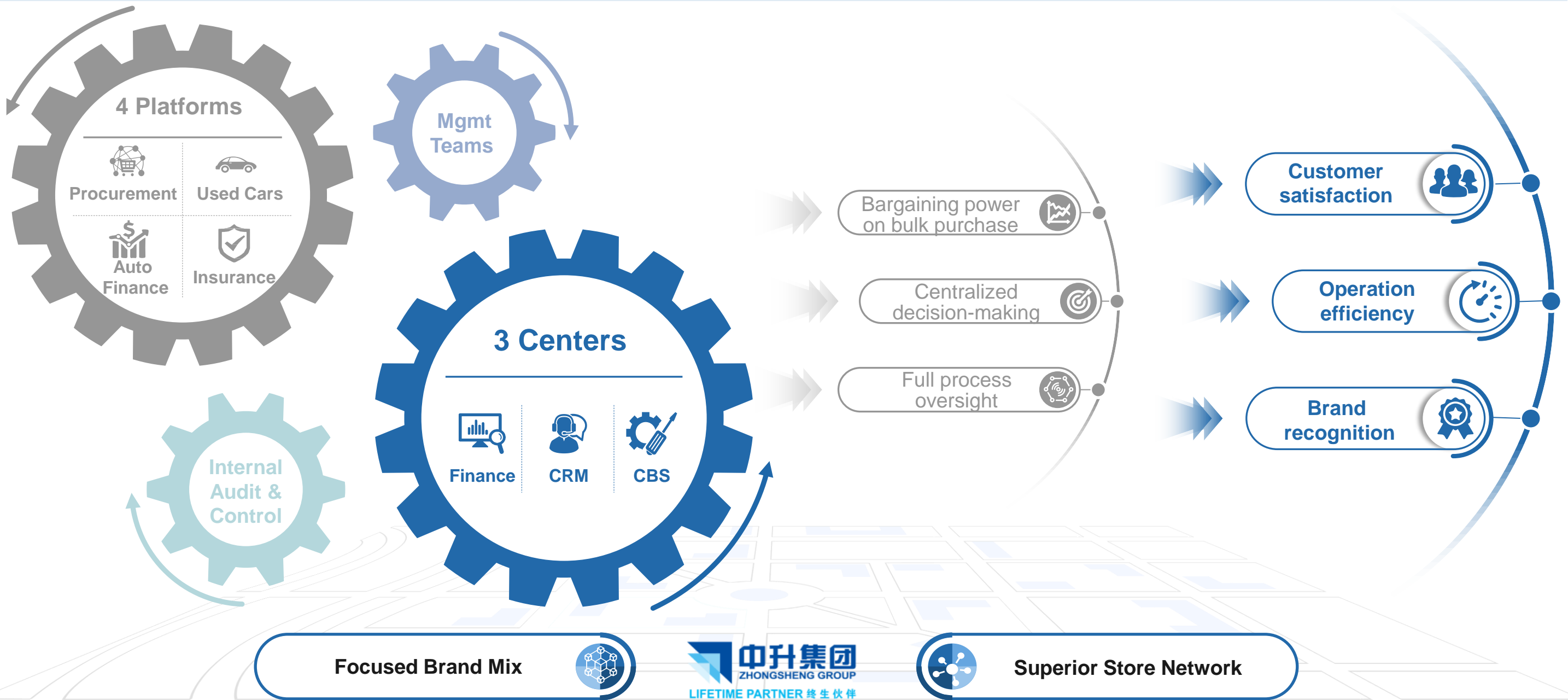
Delicate Management

Steady Growth

Financial Performance



Our Professional Management Teams, Organizational Structure and Internal Audit and Internal Control Functions Together Lead to Best-in-class Store Operations Efficiency and Profit Contribution





Filming



Captive tow trucks at a CBS center



CBS center in Dalian

63%

average cut of
paint ovens

31 pct

average increase in
production loading of
paint booths

36%

average decrease in
of servicemen

~RMB**3**bn

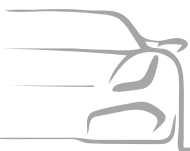
annual procurement

~RMB**10**bn

annual auto insurance
premium brokered

67%

service ratio of
3-year-old vehicles



Innovation for Customer Experience

Economies of Scale

Delicate Management

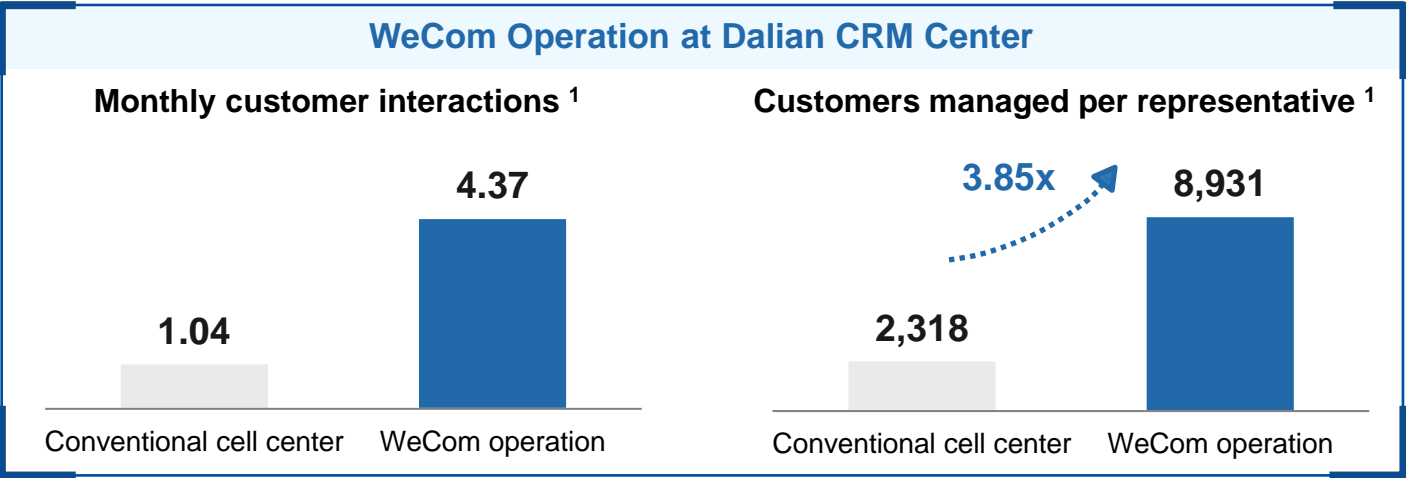
Steady Growth

Financial Performance

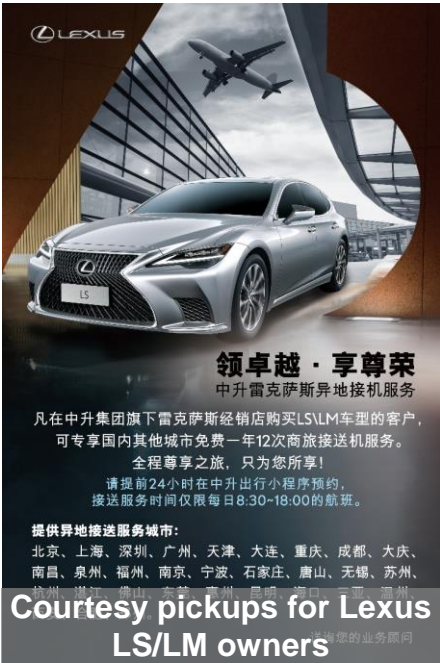


We are Leading the Market with Innovative Operations, Services and Products

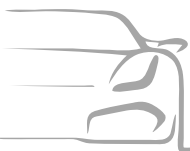
Omni-channel Operations



Service and Products Innovation



¹ Comparison of operational performance for conventional cell center vs. WeCom operation based on the operational data of our non-Dalian CRM centers vs. Dalian CRM center



Proven M&A Track Records

Economies of Scale

Delicacy Management

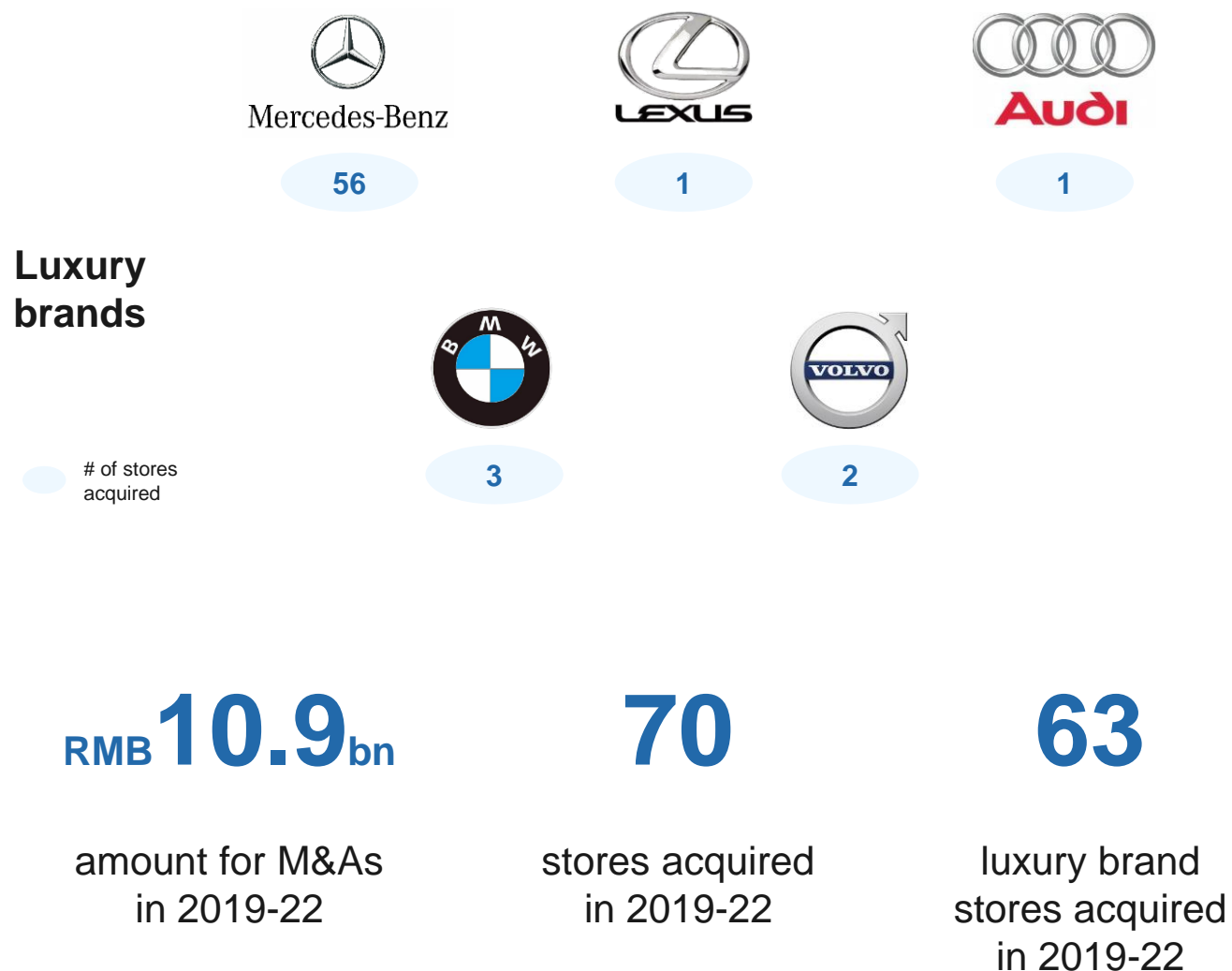
Steady Growth

Financial Performance



Our Professional Management Teams and Delicate Management System Ensure Successful Integration

M&A Track Records

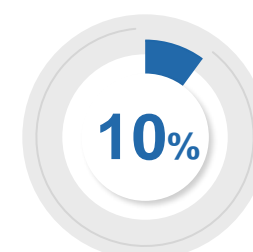


Successful Integration

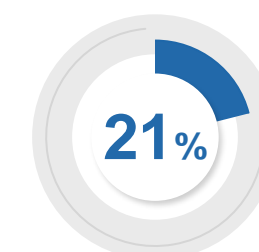


Zung Fu China
仁孚中国

Volume Expansion ¹

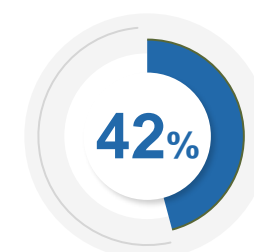


increase in new car sales volume per month

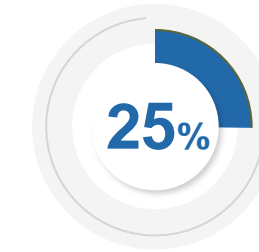


increase in used car sales volume per month

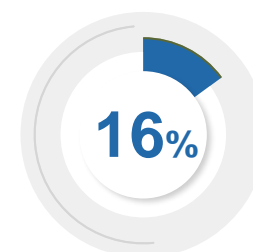
Efficiency Enhancement ¹



increase in cars sold per person per month ²



increase in after-sales revenue per person per month ³



overheads reduction per month ³



Hunan Zung Fu



Hunan Zung Fu

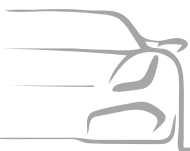


Guangzhou Zung Fu

¹ Change (%) = (Next year – Year of inclusion for comparison) / Year of inclusion for comparison * 100%. Zung Fu China is compared based on the monthly average in October to December 2021 vs. annual average in 2022, as it was included in Zhongsheng's operational system in October 2021;

² Cars sold per person per month for variable business units = (new car sales volume per month + used car sales volume per month) / number of employees of variable business units;

³ After-sales revenue per person per month for fixed business units = after-sales revenue per month / number of employees of fixed business units



Institutionalization of Used Car Market

Economies of Scale

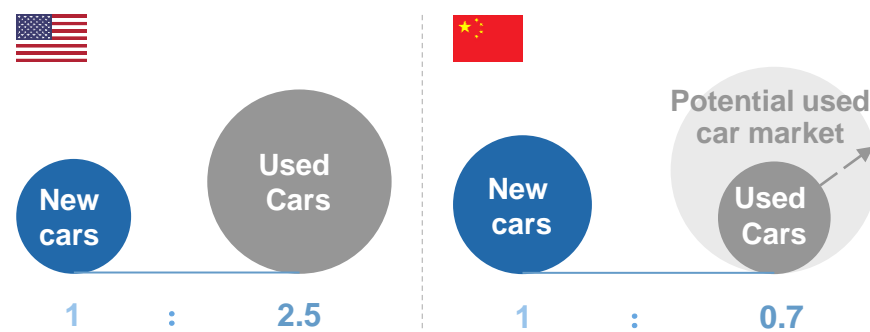
Delicacy Management

Steady Growth

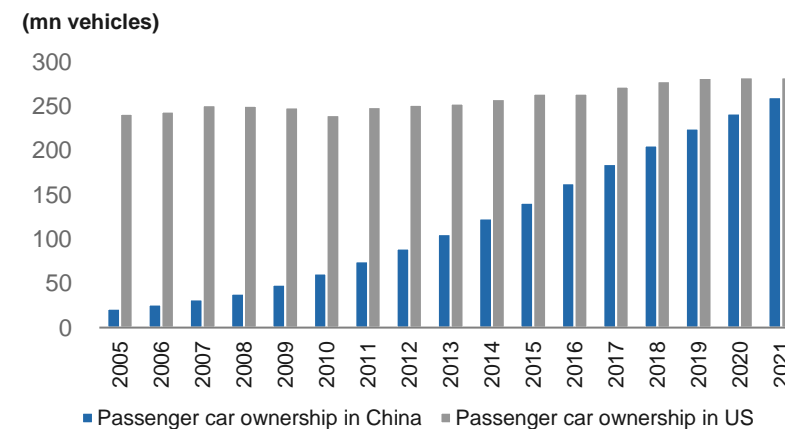
Financial Performance

Playing to Our Strengths in All Aspects in the Course of Used Car Institutionalization

Promising Used Car Market in China

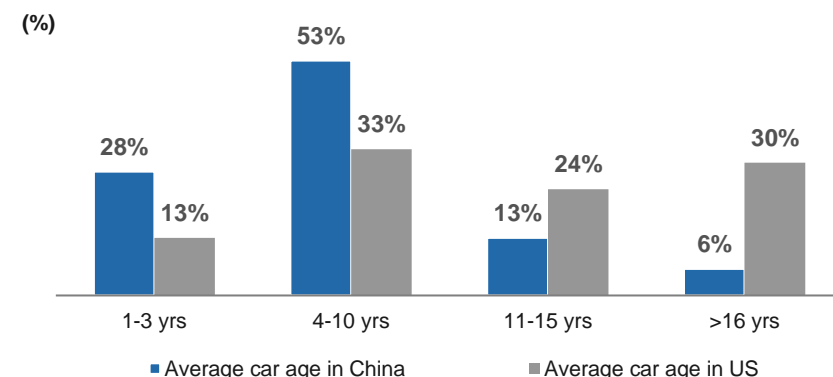


Rising Automobile Ownership in China



Source: National Bureau of Statistics, China Association of Automobile Manufacturers, Statista

Average Age of Passenger Cars Still Increasing in China

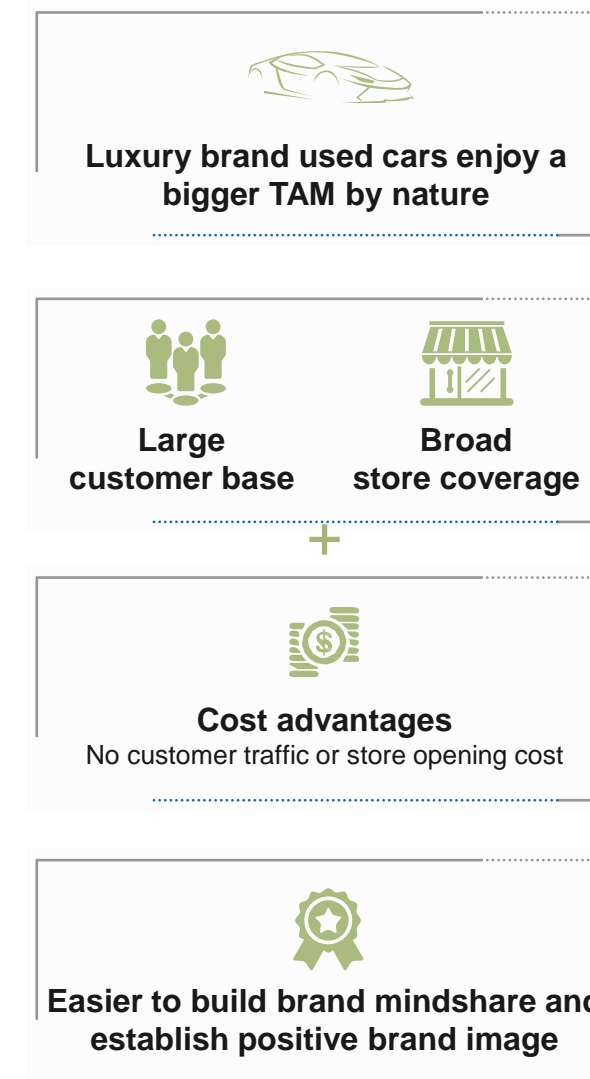


Source: China Association of Automobile Manufacturers, Statista

Policy Tailwinds for Used Car Market



Our Edges



Independent of OEMs

New growth engines

Additional SKUs

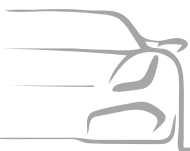
China's used car market

Current

Small scale, slow growth, fragmented

Trend

Policy-driven, institutionalized, dealer-dominated market



Prudent and Thoughtful NEV Strategy

Economies of Scale

Delicacy Management

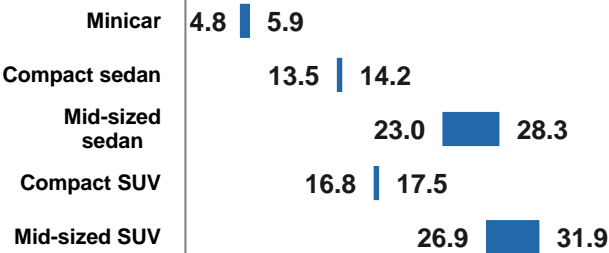
Steady Growth

Financial Performance



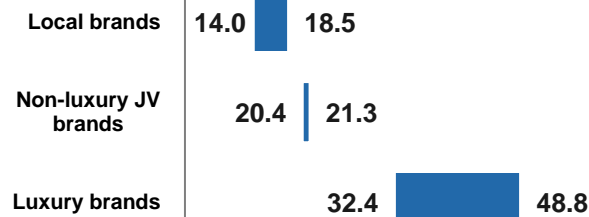
2022 NEV Price Range by Type

(in RMB'0,000)



2022 NEV Price Range by Brand

(in RMB'0,000)



Mercedes-Benz EQE SUV



Lexus RZ

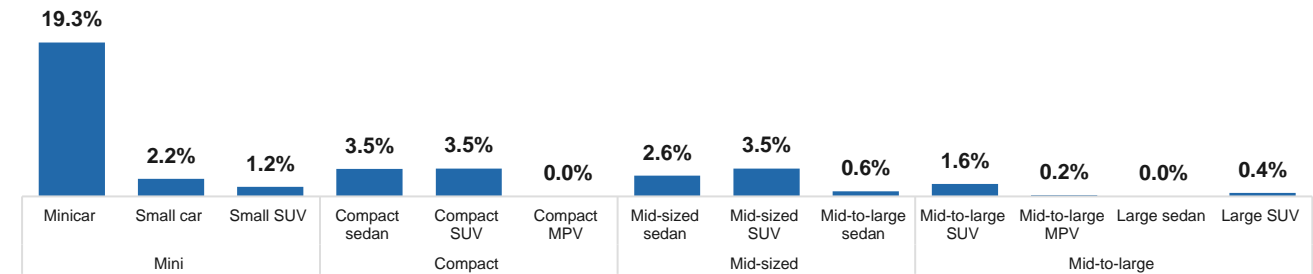


BMW iX3



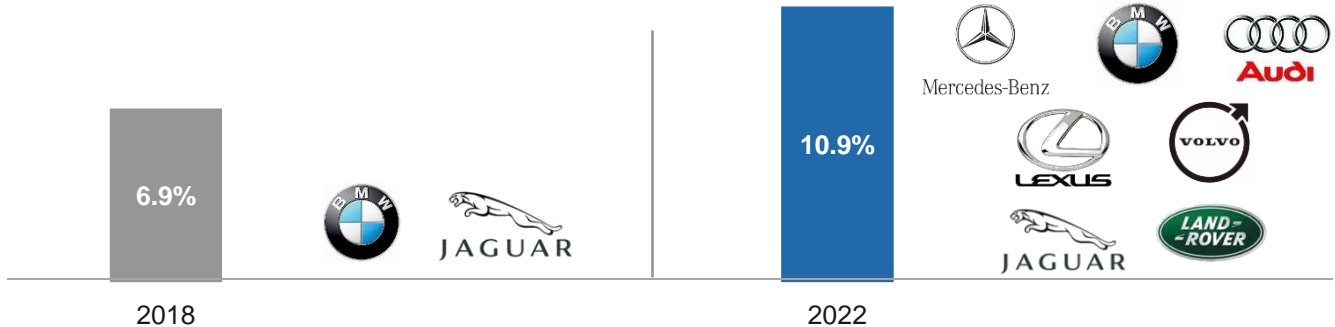
Audi Q4

2022 NEV Market Share¹

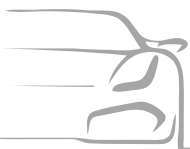


Core Luxury Brands² from Auto Incumbents Continue to Gain Market Share with Attractive Prospects

% of Core Luxury Brands² from Traditional OEMs in Chinese Non-ICE Sales Volume in 2022 ²



¹ By new car sales volume; ² Including Mercedes-Benz, LEXUS, Audi, BMW, Volvo and Jaguar Land Rover



Rising Aggregate Profit

Economies of Scale

Delicacy Management

Steady Growth

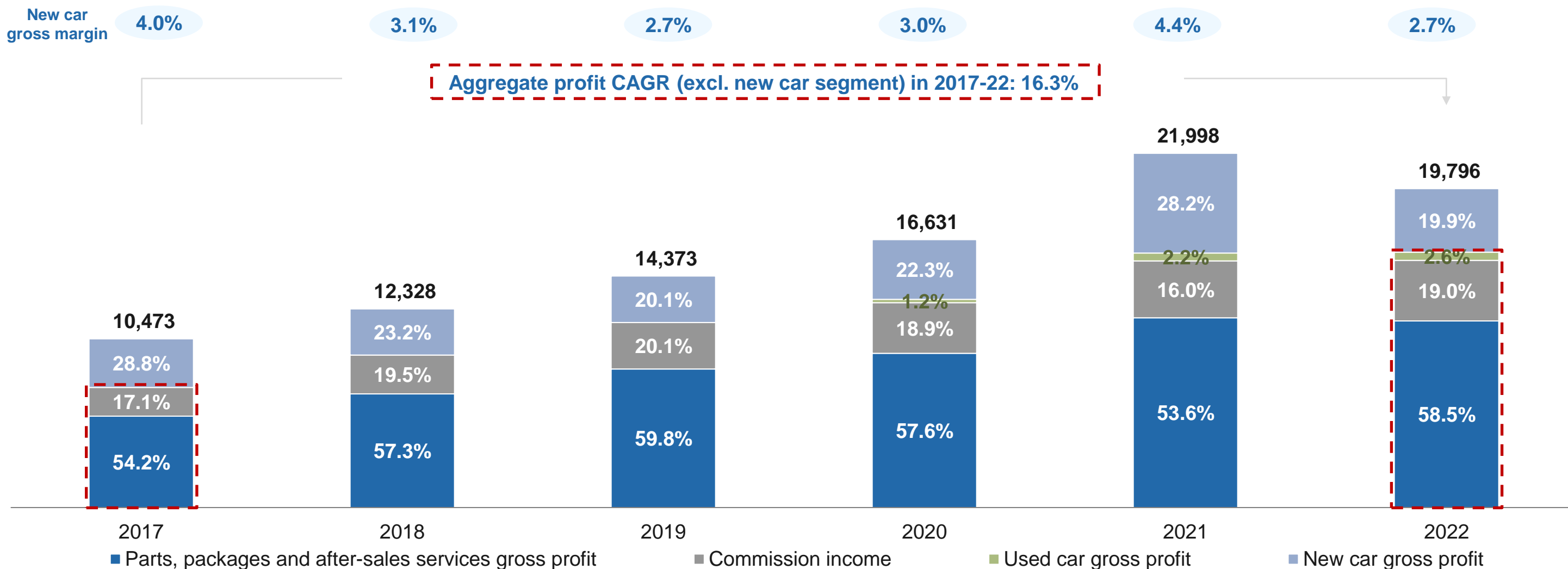
Financial Performance



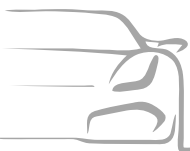
Customer Scale and Delicate Management System Bolster Aggregate Profit Growth

Aggregate Profit ^{1, 2}

(RMB mn)



¹ The sum of New car gross profit, Used car gross profit, Parts, packages and after-sales services gross profit, and Commission income; ² Profit from used car segment before 2019, as included in profit from value-added services, which was not disclosed separately



Total Revenue

Economies of Scale

Delicate Management

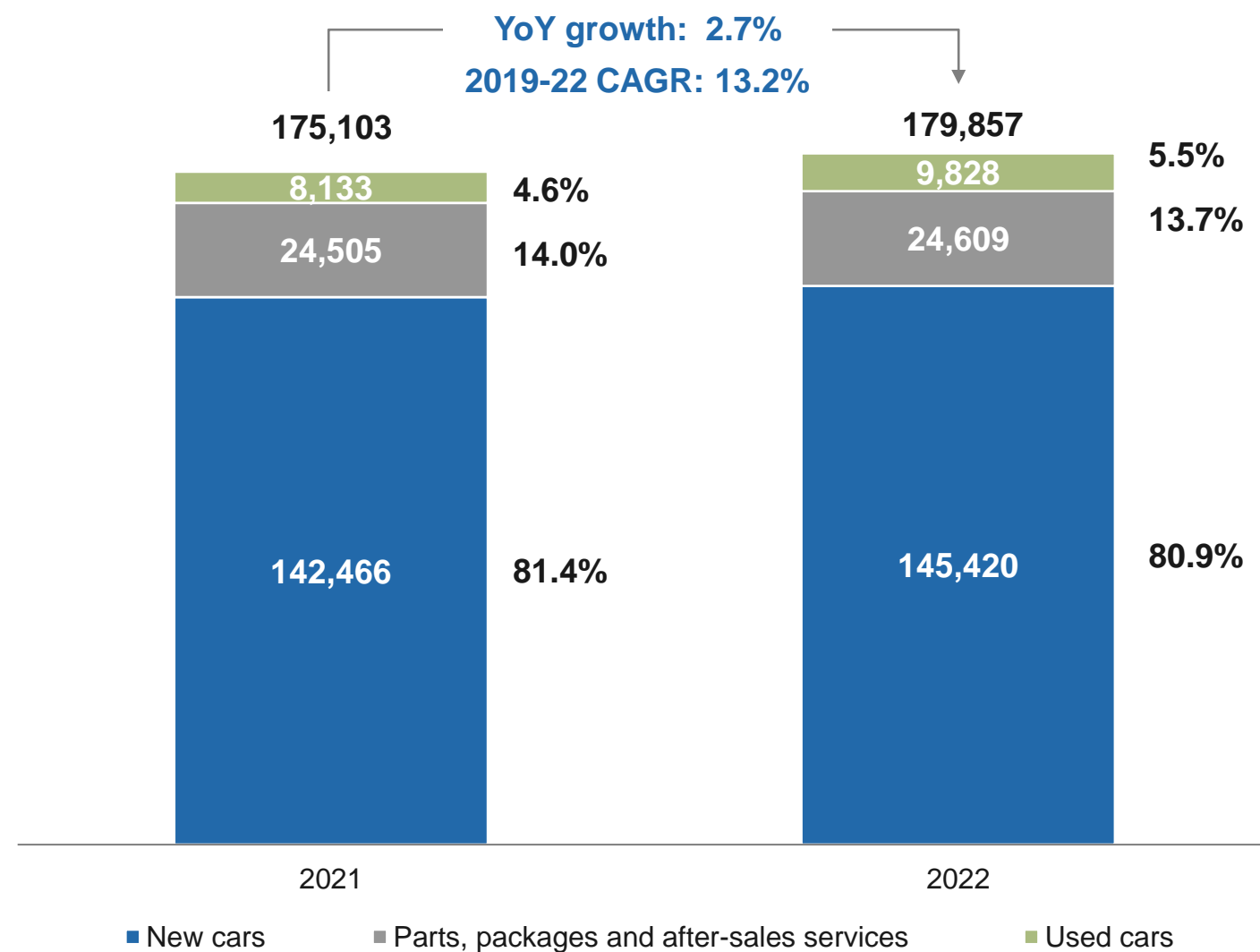
Steady Growth

Financial Performance



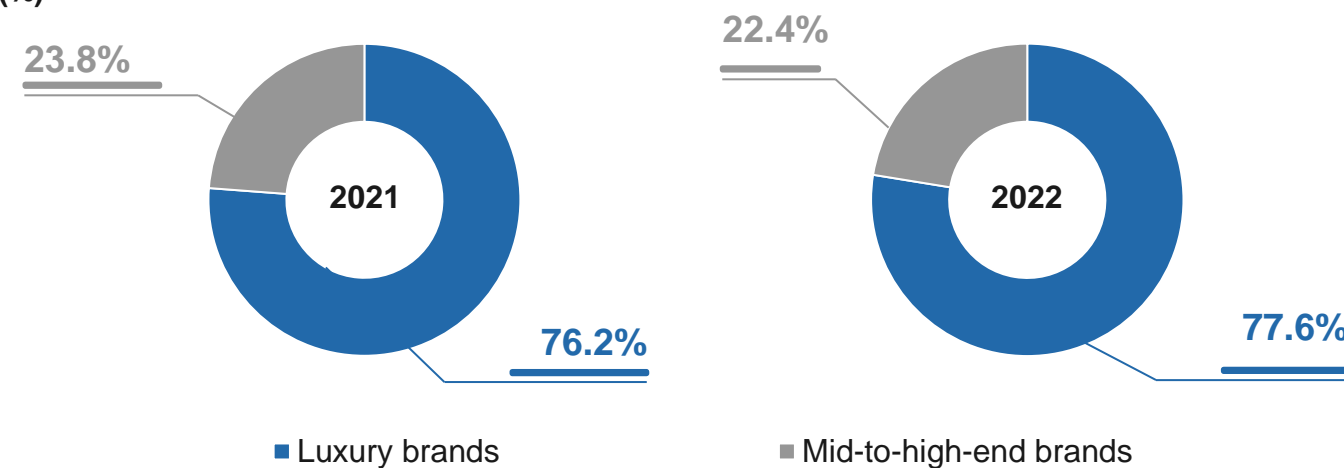
Total Revenue

(RMB mn)



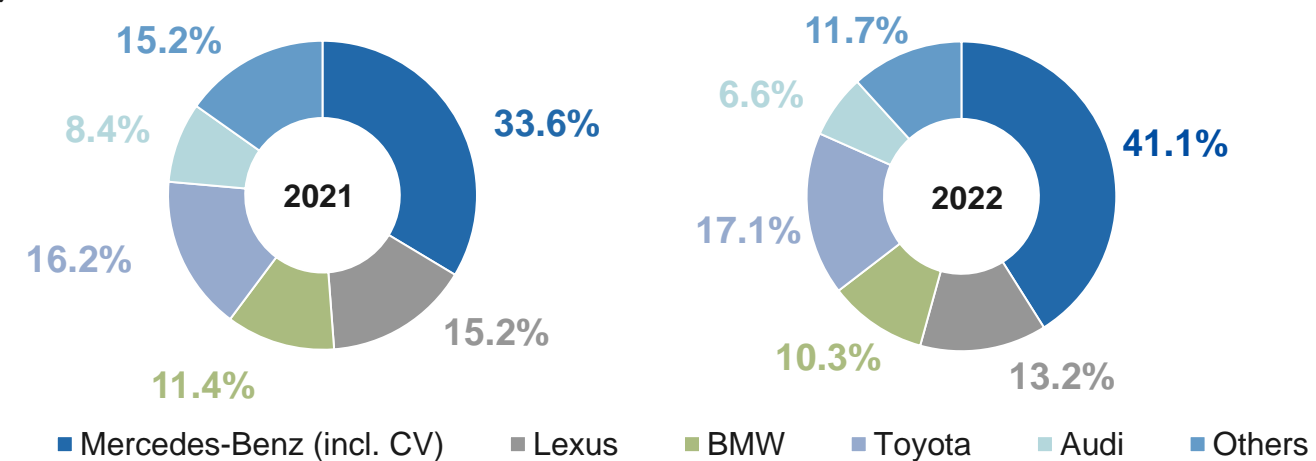
New Car Sales by Brand Type

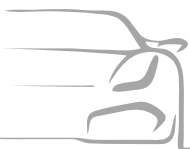
(%)



New Car Sales by Brand

(%)





Aggregate Profit

Economies of
Scale

Delicate
Management

Steady
Growth

Financial
Performance



New Car Gross Profit

(RMB mn)

Margin

4.4%

6,197

2021

2.7%

3,940

2022

Parts, Packages and After-sales Services Gross Profit

(RMB mn)

Margin

48.1%

11,783

2021

47.1%

11,586

2022

Used Car Gross Profit

(RMB mn)

Margin

6.0%

489

2021

5.2%

506

2022

Commission Income

(RMB mn)

As % of new
car sales

2.5%

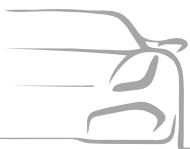
3,528

2021

2.6%

3,764

2022



Operational Expenses

Economies of Scale

Delicate Management

Steady Growth

Financial Performance

Selling and Distribution Expenses

(RMB mn)

As % of revenue

4.1%

4.4%

7,170

7,841

2021

2022

Administrative Expenses

(RMB mn)

As % of revenue

1.5%

1.4%

2,573

2,446

2021

2022

Finance costs

(RMB mn)

As % of revenue

0.6%

0.7%

1,120

1,219

2021

2022

Effective Tax Rate

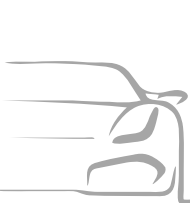
(%)

26.9%

26.1%

2021

2022



Average Store Efficiency and Overall Return

Economies of Scale

Delicate Management

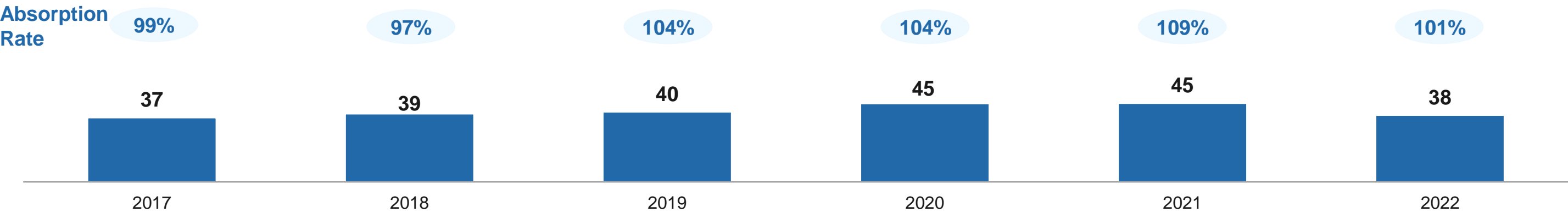
Steady Growth

Financial Performance



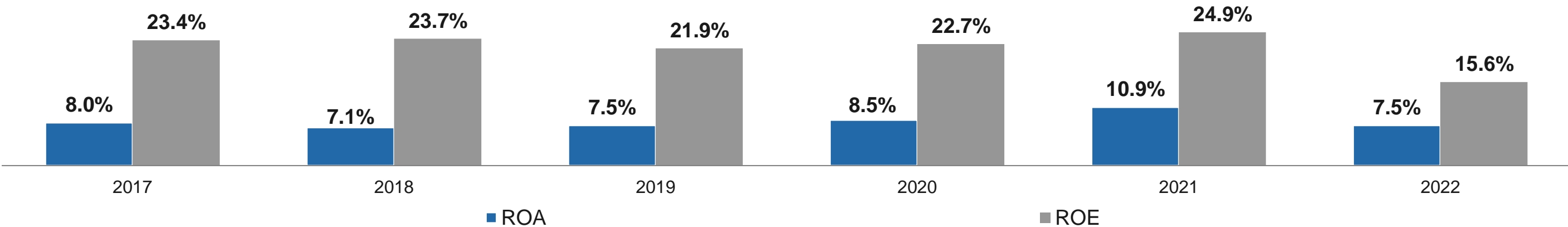
Gross Profit per Store and Absorption Ratio

(RMB mn)

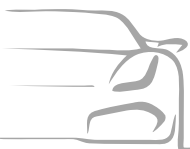


ROA and ROE

(%)



* Based on simple annualized financials



Financial Highlights

Economies of
Scale

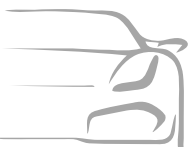
Delicate
Management

Steady
Growth

Financial
Performance



(RMB mn)	2021	2022
Cash, cash equivalent and cash in transit	11,184	11,829
Cash flow from operating activities	10,872	8,785
(-) Capex	4,073	2,432
(-) Lease payments	728	778
Free cash flow	6,071	5,575
Profit before tax	11,504	8,951
(-) Interest income	183	240
(+) Finance costs	1,120	1,219
(+) Depreciation & amortization	2,374	2,851
EBITDA	14,814	12,781
Dividends paid	1,113	1,728
Repurchase of shares	27	405
Cash to shareholders	1,140	2,134



Ample Liquidity to Secure Our Business

Economies of Scale

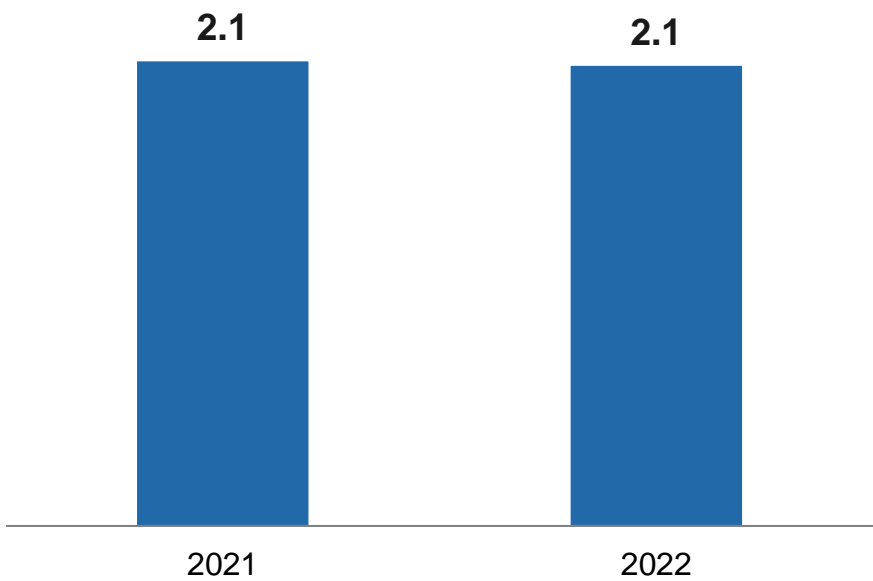
Delicate Management

Steady Growth

Financial Performance

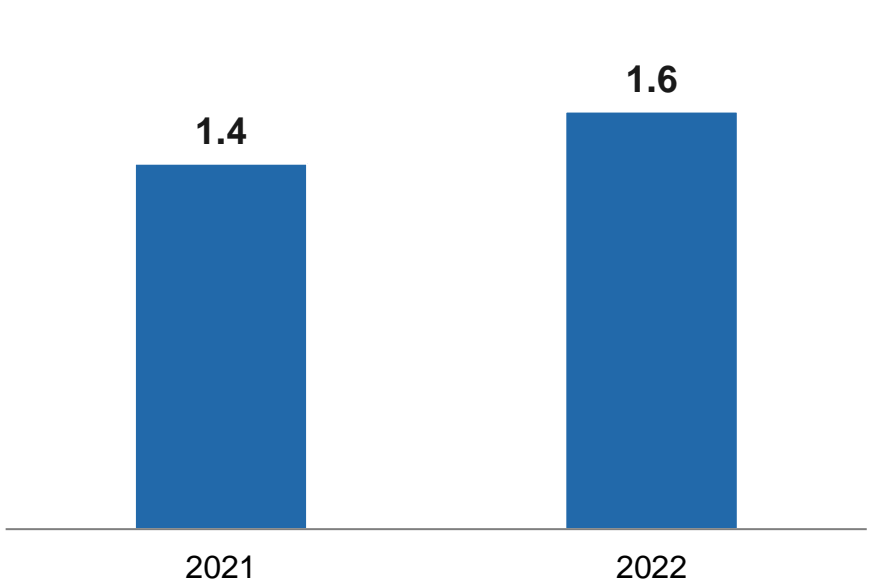
Total Assets / Net Assets

(x)



Adj. Debt/EBITDA

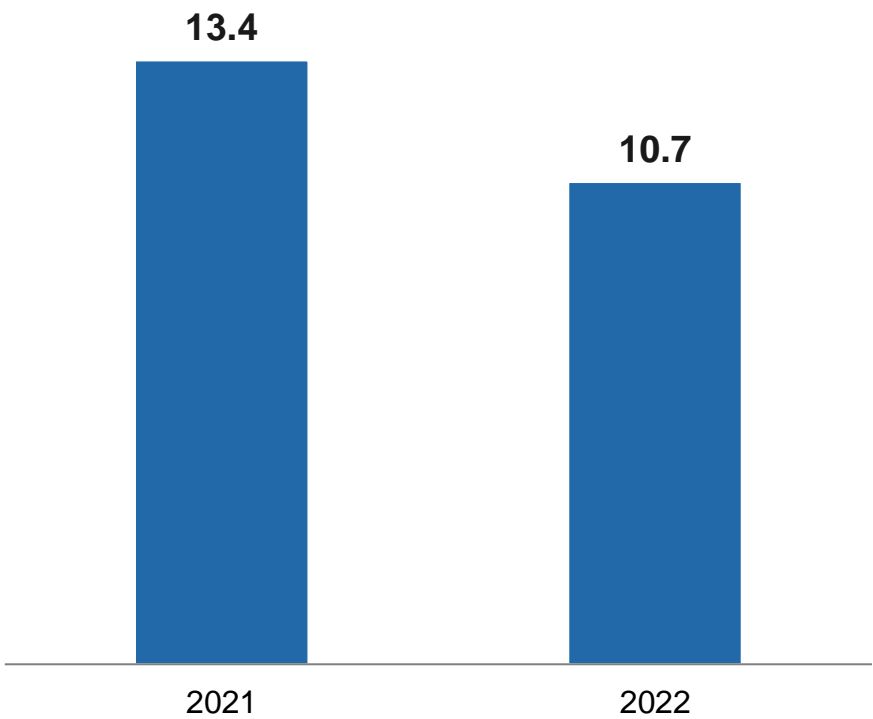
(x)



Adj. Debt includes trade and bills payables, excluding inventory

Interest Coverage

(x)



Interest coverage = EBITDA / Finance costs