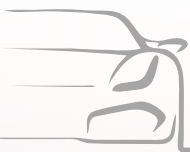


# 2024 Interim Results





# Zhongsheng Strategic Vision: To Become the Most Trusted Auto Service Brand for Premium Consumers in China



## Premium Positioning

### New Car Sales Volume

**502k** units | **233k** units  
2023 | 1H2024

### Market Share of Luxury Brands<sup>1</sup>

**16.0%** | **17.1%**  
2023 | 1H2024

## Brand Reputation

### Active Customers<sup>2</sup>

**3.79mn** | **3.94mn**  
2023 | 1H2024

### Zhongsheng GO Subscribers

**2.39mn** | **3.12mn**  
2023 | 1H2024

## Auto Services

### Used Car Sales Volume

**164k** units | **102k** units  
2023 | 1H2024

### # of After-sales Service Visits

**7.47mn** | **3.94mn**  
2023 | 1H2024

## Local Density<sup>3</sup>

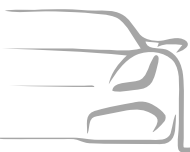
### Avg. # of Active Customers

**110k** | **120k**  
2023 | 1H2024

### Avg. # of Stores

**13** | **13**  
2023 | 1H2024

<sup>1</sup> Market share of luxury brands = # of retained customers of Zhongsheng's luxury brands in 32 core cities as of end of the period approximately equivalent to the car parc of these brands (the total sales volume of traditional premium brands in these cities during P8Y); <sup>2</sup> # of customers who sent their cars for after-sales services and buyers of new automobile calculated by VIN in past 12 months; <sup>3</sup> Average numbers calculated across all 32 core cities only



# Context of Zhongsheng Branded Auto Services Strategy

## #1: Transforming to Car Parc Market



**~ 15.1mn**  
Car parc of traditional luxury brands in 32 core cities

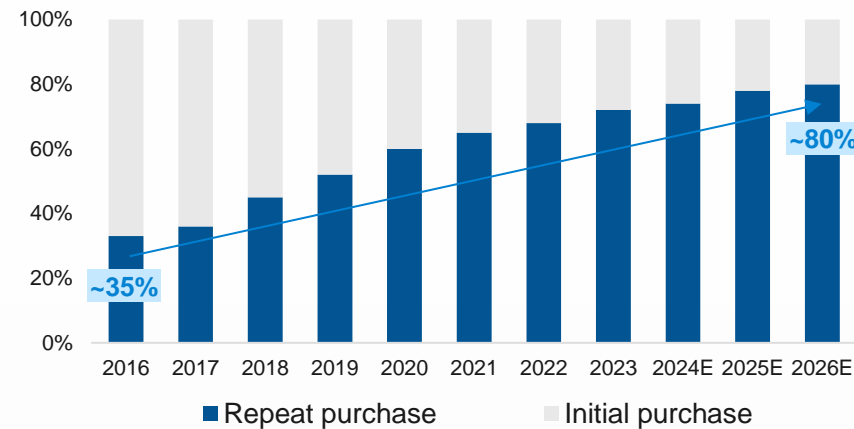


**~ 2.9mn**  
Car parc of NEV luxury brands in 32 core cities

Customer Centric

## #2: More Sophisticated Customers

China passenger vehicle repeat purchase rate<sup>1</sup>



Auto owners aged above 35<sup>2</sup>

**13.7mn units**  
Sales to end customers

**60%+**  
Market share

Zhongsheng Branded Auto Services

## #3: Expediting Market Consolidation



**60.9%**  
% of ownership for ALL luxury brands in 32 core cities<sup>3</sup>

Luxury brands are mainly concentrated in core cities

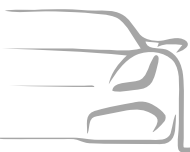


**17.1%**  
% of customer serviced for Zhongsheng-operated luxury brands within in 32 core cities

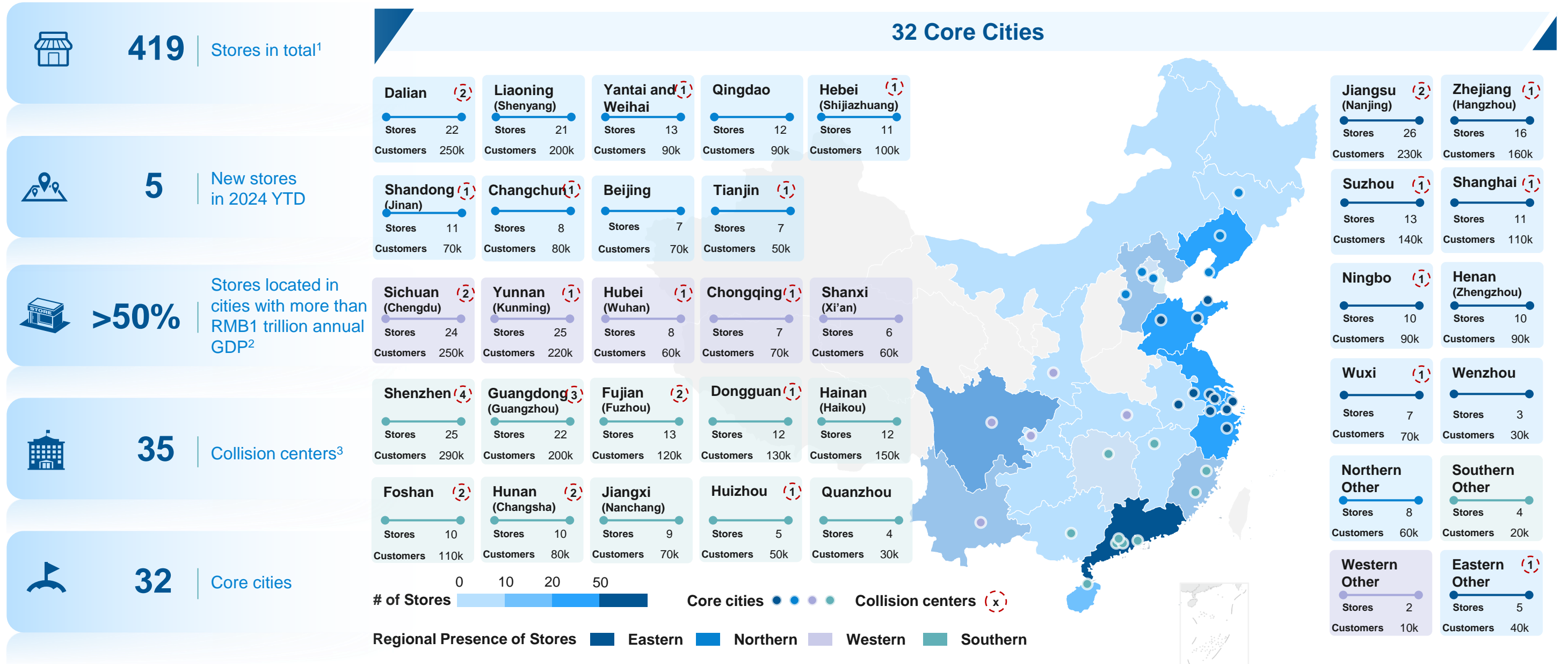
Remarkable results from Zhongsheng's continuous focus on core cities

Premium Positioning

<sup>1</sup> Source: Yiche Research. Repeat purchase includes additional purchase and replacement of existing vehicle; <sup>2</sup> In the year of 2023; <sup>3</sup> % of ownership in 32 core cities for all luxury brands = car parc of luxury brands in 32 core cities / car parc of luxury brands in China



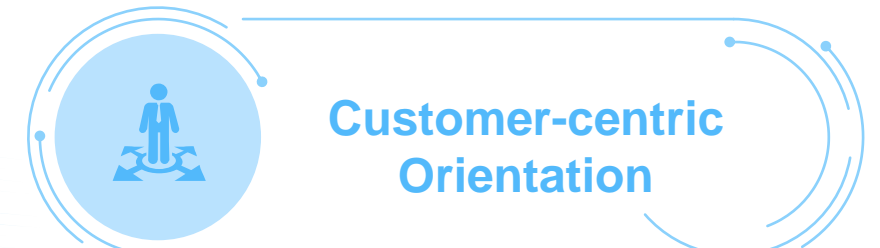
# Business Presence in Core Cities






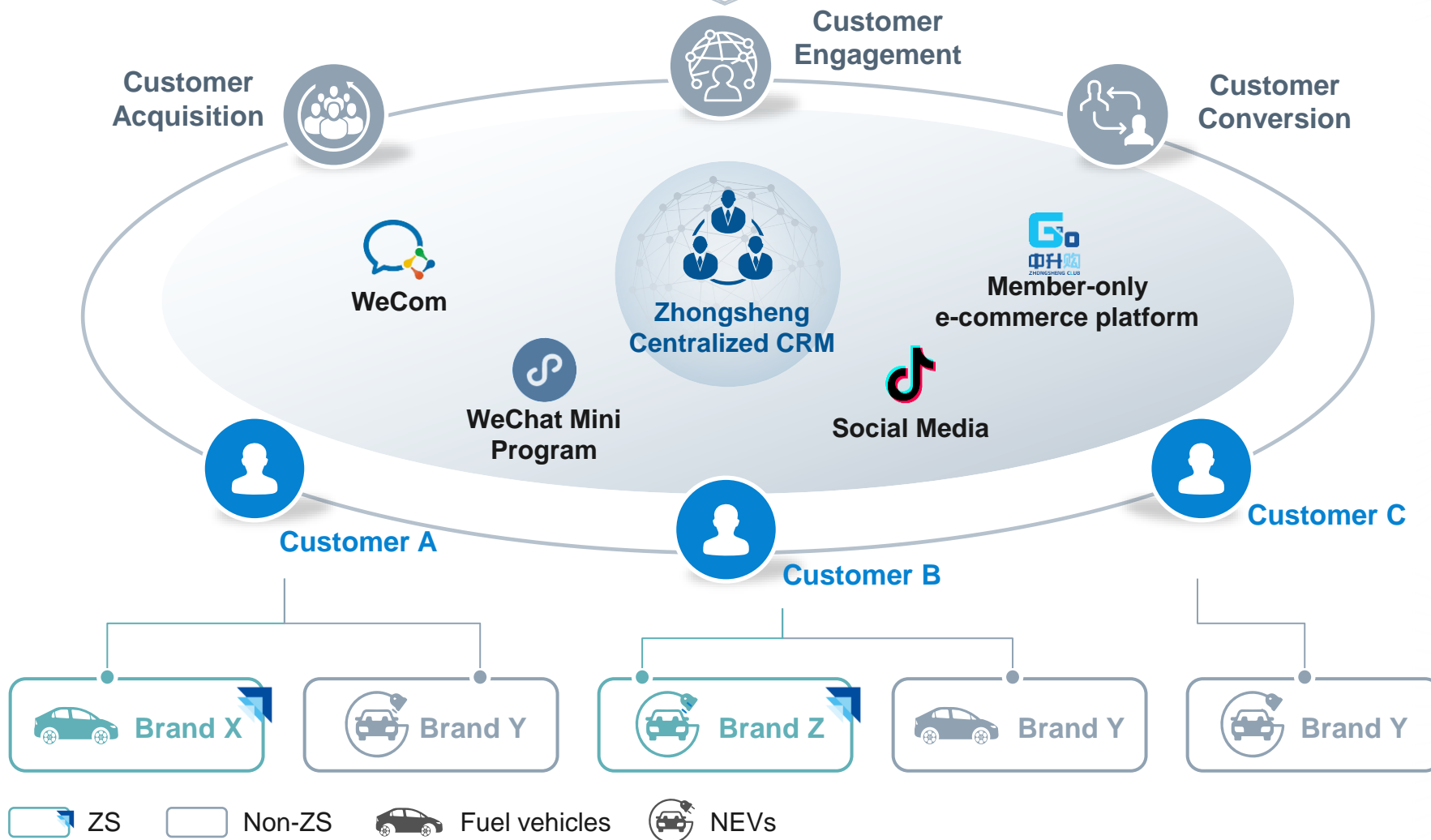
<sup>1</sup> As of 30 June 2024; <sup>2</sup> A total of 26 cities: Shanghai, Beijing, Shenzhen, Chongqing, Guangzhou, Suzhou, Chengdu, Wuhan, Hangzhou, Nanjing, Tianjin, Ningbo, Qingdao, Wuxi, Changsha, Zhengzhou, Foshan, Fuzhou, Quanzhou, Jinan, Hefei, Xi'an, Nantong, Dongguan, Changzhou and Yantai; <sup>3</sup> Data of centers in operations and under constructions as of 31 July 2024

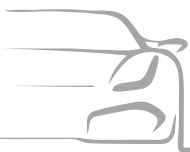
# Customer-centric Orientation and Brand-agnostic Operations

- New Car Sales
- Servicing and Maintenance
- OEM Warranty
- Collision Repair
- Cleaning and Detailing
- Used Car Sales
- Customer Service
- Insurance Renewal
- Courtesy Car
- Roadside Assistance



	3.1mn	Zhongsheng GO Subscribers
	7.4mn	WeCom Customers
	16.6mn	Followers on Live Streaming Platform





# Centralized Operations Driving Growth in All Business Segments

Taking the aggregated data from Shenzhen, Dalian, Chengdu and Nanjing (leading core cities in four regions) as an example<sup>1</sup>

**Unchanged**  
Number of dealership stores

**9**  
Collision centers

**~2,500**  
Courtesy cars

**+9%**  
Active customers

**+6%**  
# of servicing / maintenance visits

**+10%**  
Warranty visits

**+14%**  
Collision repair visits

**+29%**  
Used car sales

**+22%**  
# of insurance policy renewals

**% whose vehicles not originally sold by Zhongsheng**

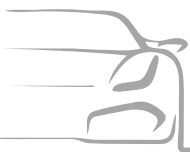
**20%**  
Servicing / maintenance visits

**35%**  
Collision repair visits

**29%**  
Insurance renewals

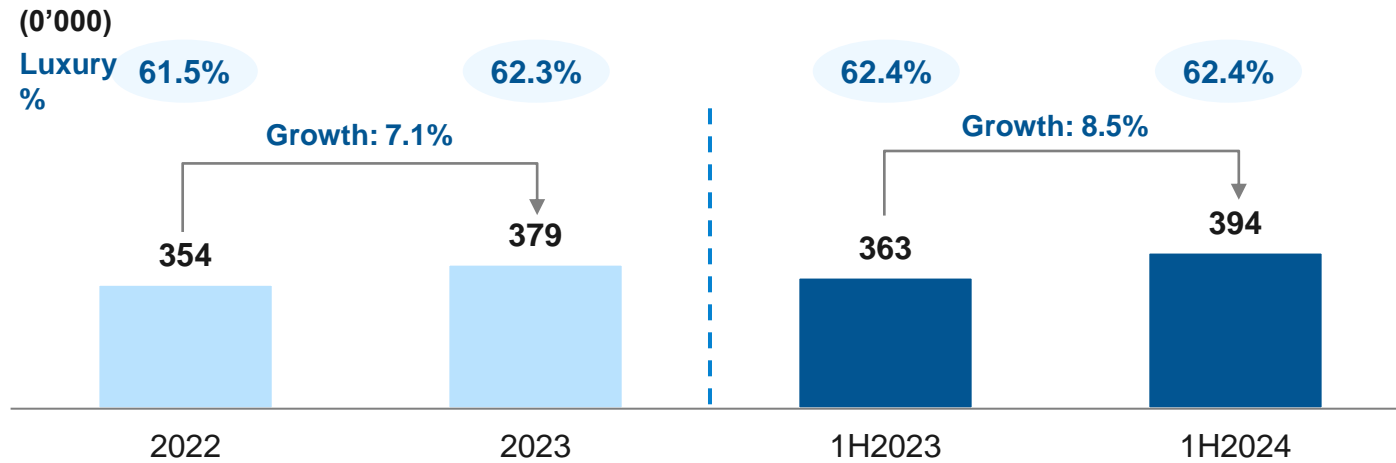


<sup>1</sup> Data as of June 30, 2024, or the first half of 2024; changes are from comparison with the data of the same period in 2023

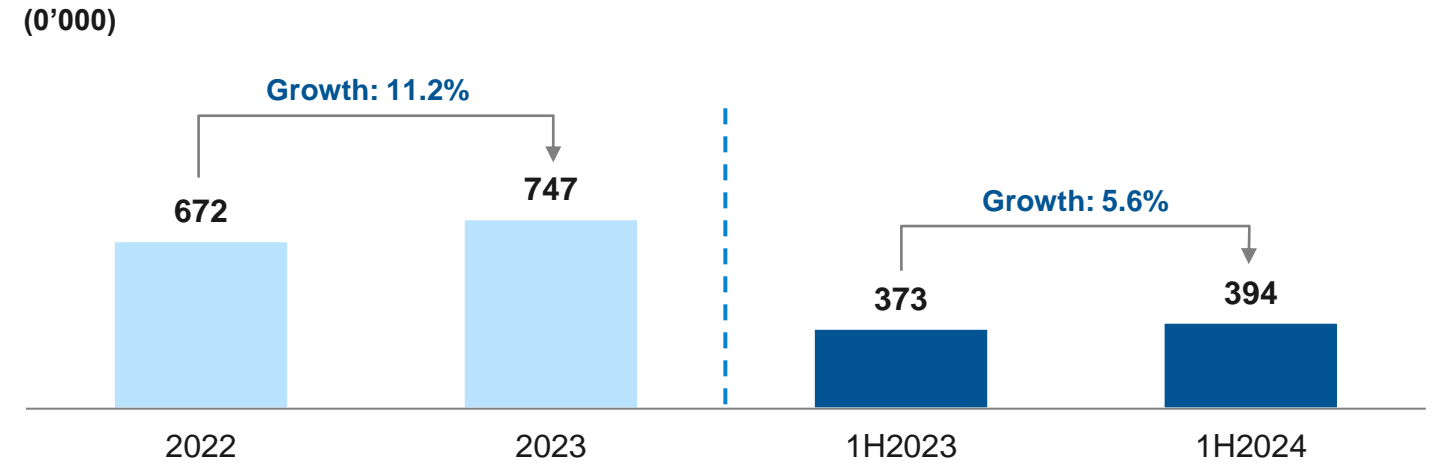


# Continuous After-sales Services Business Expansion

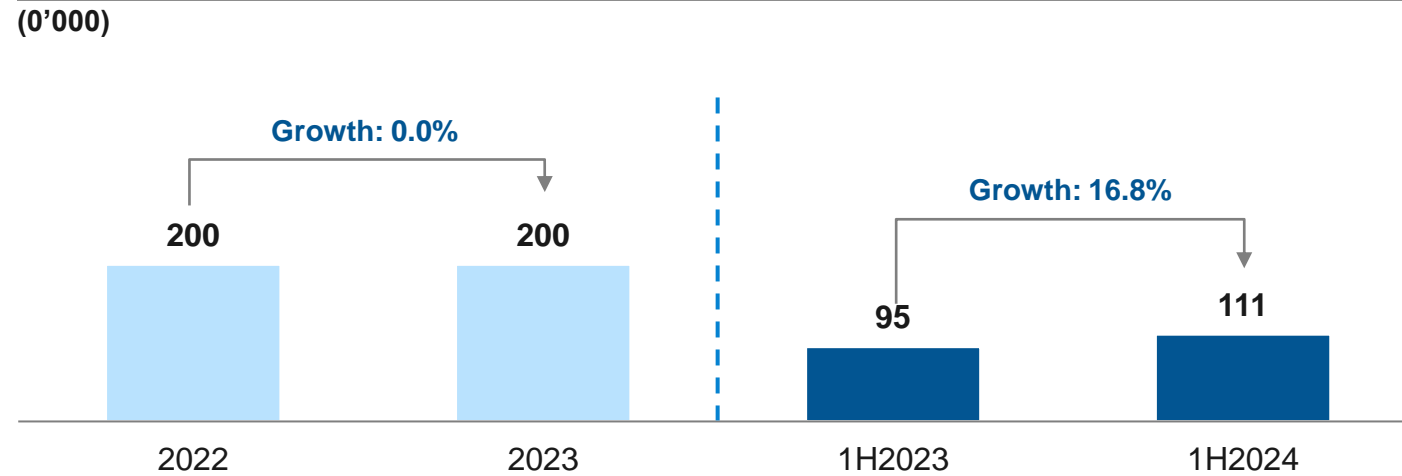
## Customers Serviced



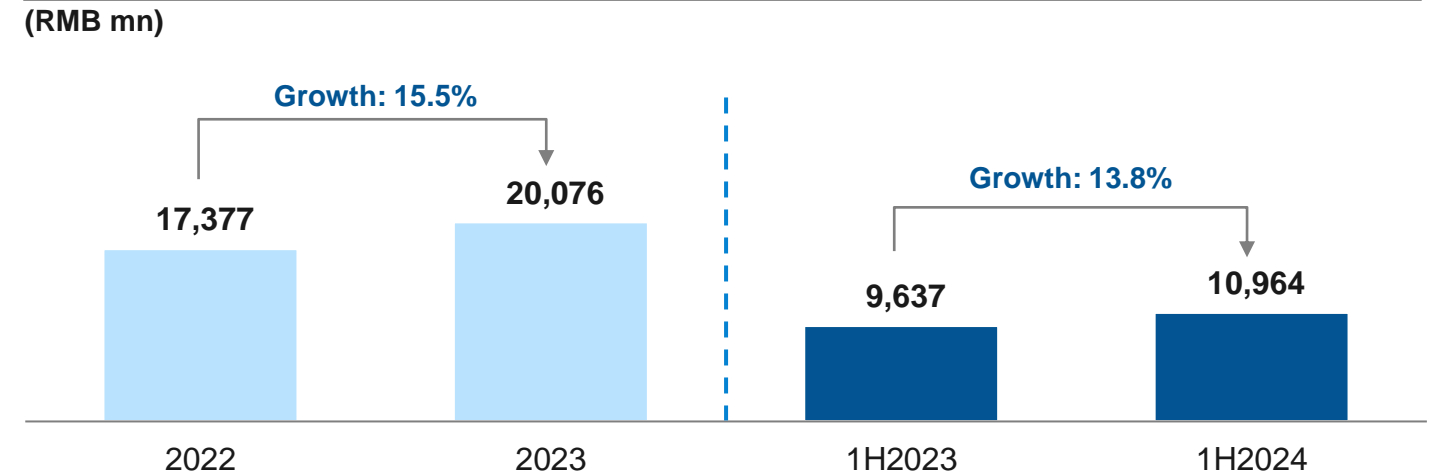
## Units Serviced



## Insurance Policies Brokered

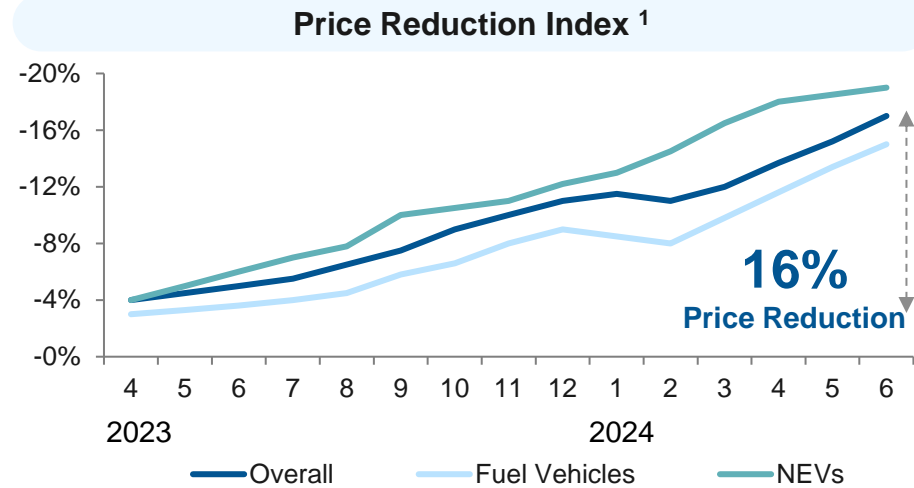


## After-sales Services Revenue



## Performance highlights: Resilient profitability against pricing pressure

Against the backdrop of new car price volatility...



...Our used car business achieved **aggregate profit growth**, and retained **per vehicle profitability**



Aggregate profit per vehicle  
1H2024



1H2024 YoY growth in used car  
business aggregate profit

## Zhongsheng model: Refined operations across all business procedures

**Robust inventories sourcing channels**

- Trade-ins / auctions / direct purchases
- Internal circulation / conversion among customer base / fleets
- Higher proportion of retail sales inventories
- Identify key profitable car models

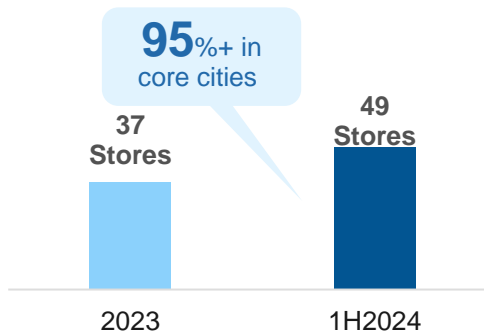
**Omni-channel customer acquisition**

- Conversion among existing customer base
- Social media traffic
- In-store traffic
- Cross-selling from CRM centers and collision centers

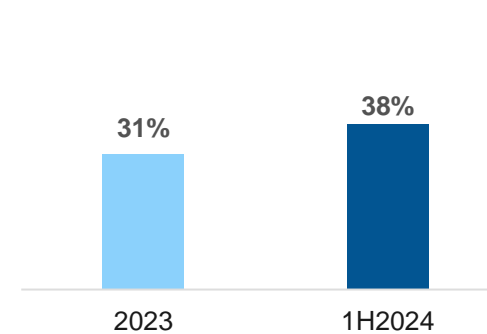
**Refined operations**

- Dynamic and precise pricing
- Centralized operations of flagship stores
- Leveraging synergies across all business segments
- Promoting Zhongsheng branded auto services

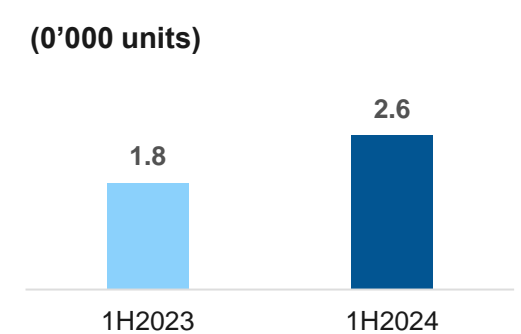
**Increasing stores with 100+ used-car sales in a single month**



**Improved used car trade-in rate<sup>2</sup>**

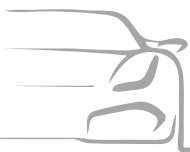


**Growing retail sales volume of used cars**



<sup>1</sup> Source: Autohome Research Institute. Monthly price cut is calculated based on 1Q2023 average selling prices for 168 model series in sale; <sup>2</sup> Data for major cities. Used car trade-in rate = Used car trade-ins / New cars sold for all stores of major cities





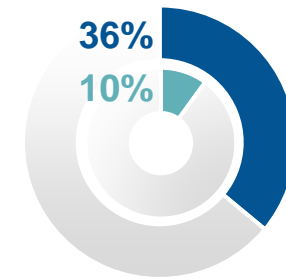
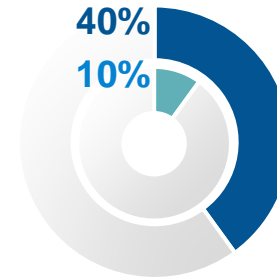
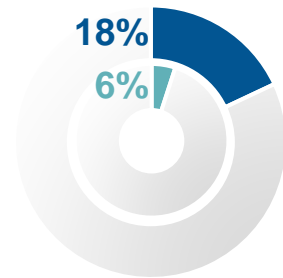
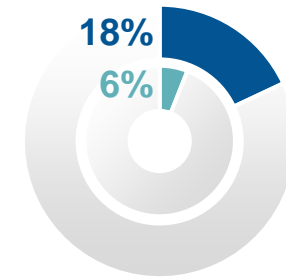
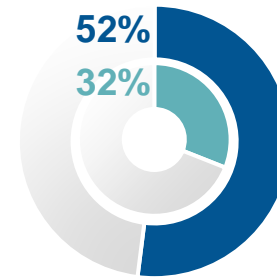
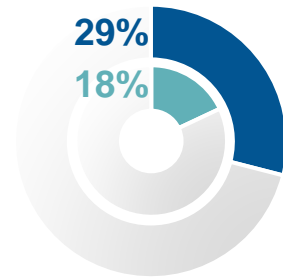
# New Car Sales Brand Mix and Market Share in Core Cities

419 Dealership Stores as of 30 June 2024<sup>1</sup>



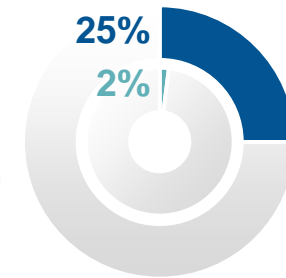
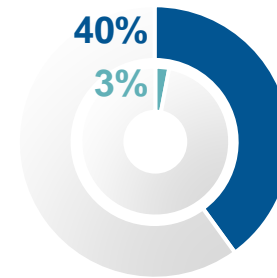
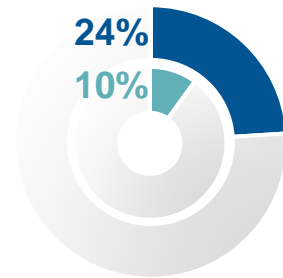
## Luxury Brands

269 dealership stores<sup>2</sup>



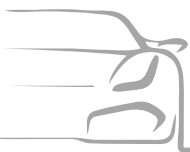
## Mid-to-high-end Brands

150 dealership stores<sup>3</sup>



● Number of Stores ● Market Share in Core Cities<sup>4</sup> ● Market Share in China<sup>5</sup>

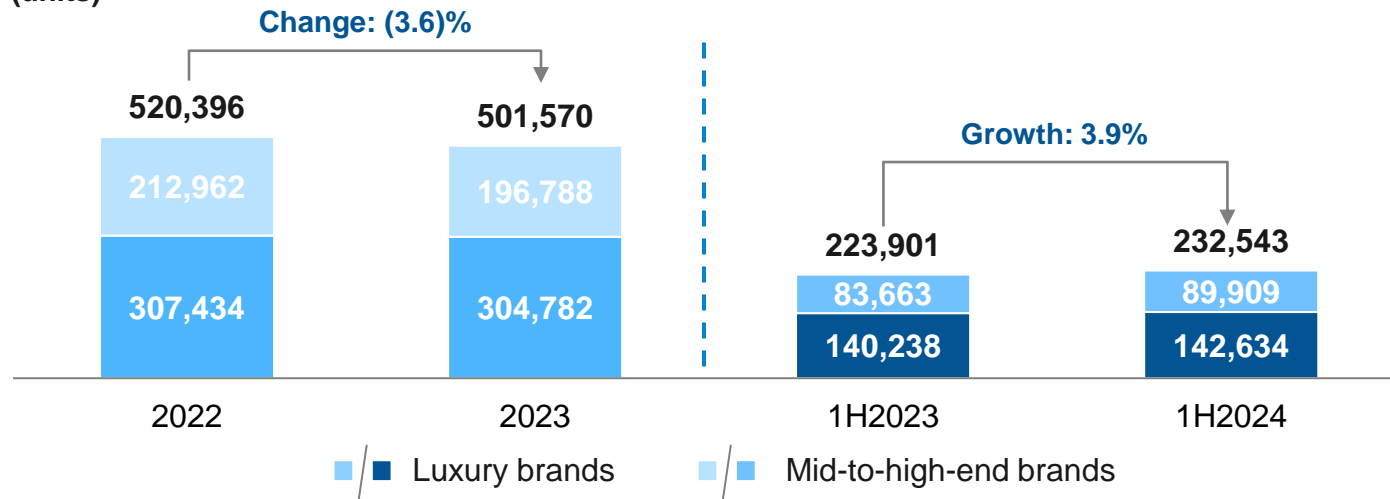
<sup>1</sup> 5 newly established stores: Dongguan Mercedes-Benz, Liangshan Mercedes-Benz, Fuzhou Toyota (acquired), Yantai Toyota, Nantong Toyota. <sup>2</sup> Other luxury brands include Porsche (2 stores); <sup>3</sup> Other mid-to-high-end brands include Volkswagen (1 store); <sup>4</sup> Market share in Core Cities = our new automobile sales of a certain brand in 32 core cities in 1H2024 / total new automobile sales of that brand in those cities; <sup>5</sup> Market share in China = our new automobile sales of a certain brand across China in 1H2024 / total new automobile sales of that brand across China



# Vehicle Sales Breakdown

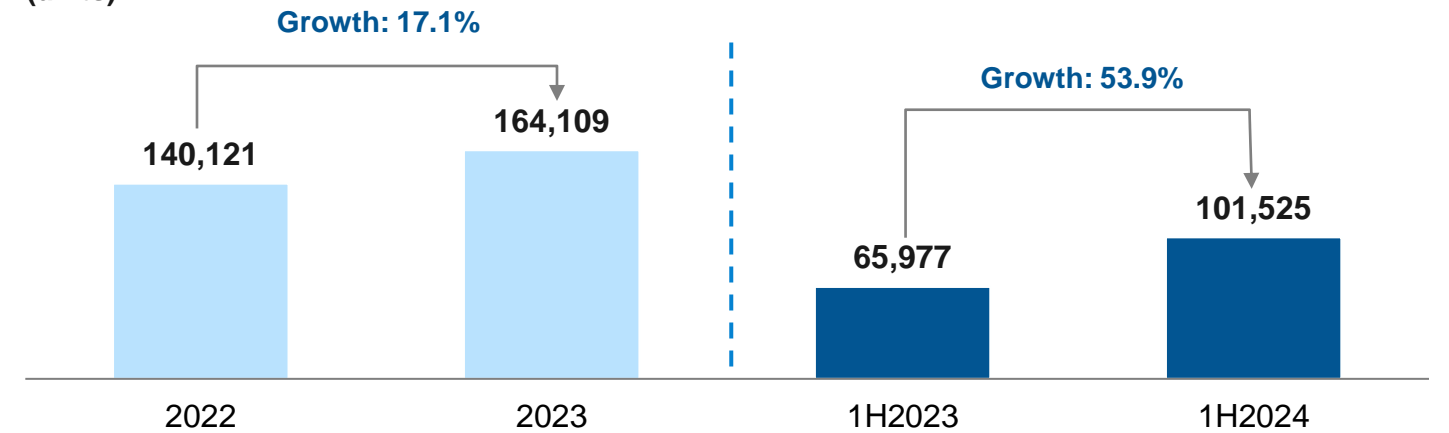
## New Car Sales Volume

(units)



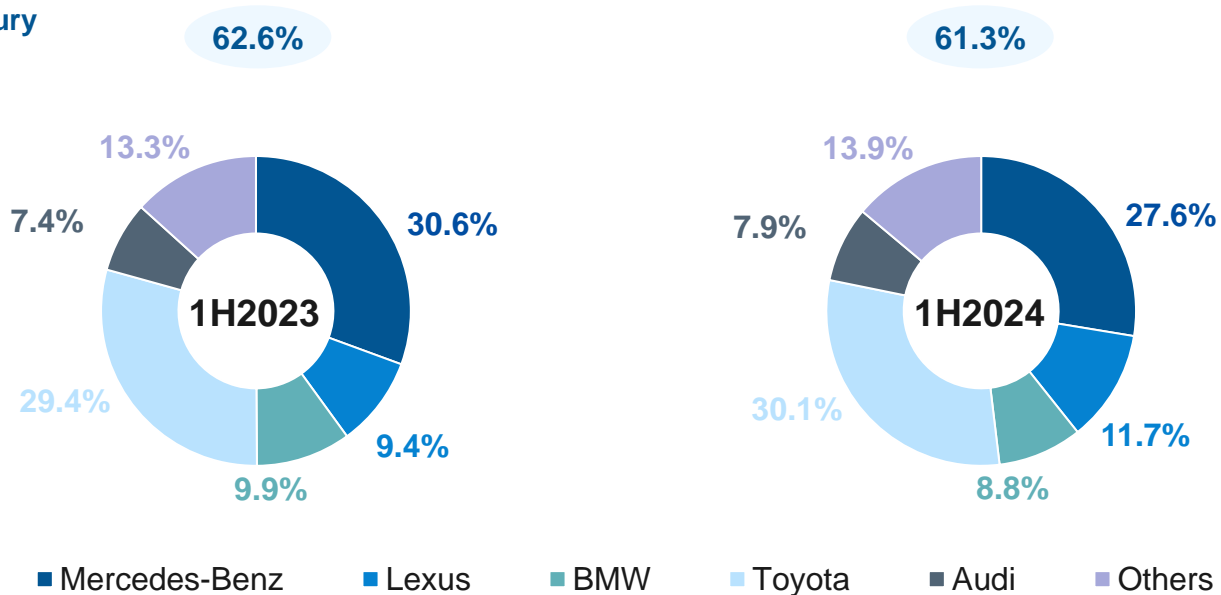
## Used Car Sales Volume

(units)



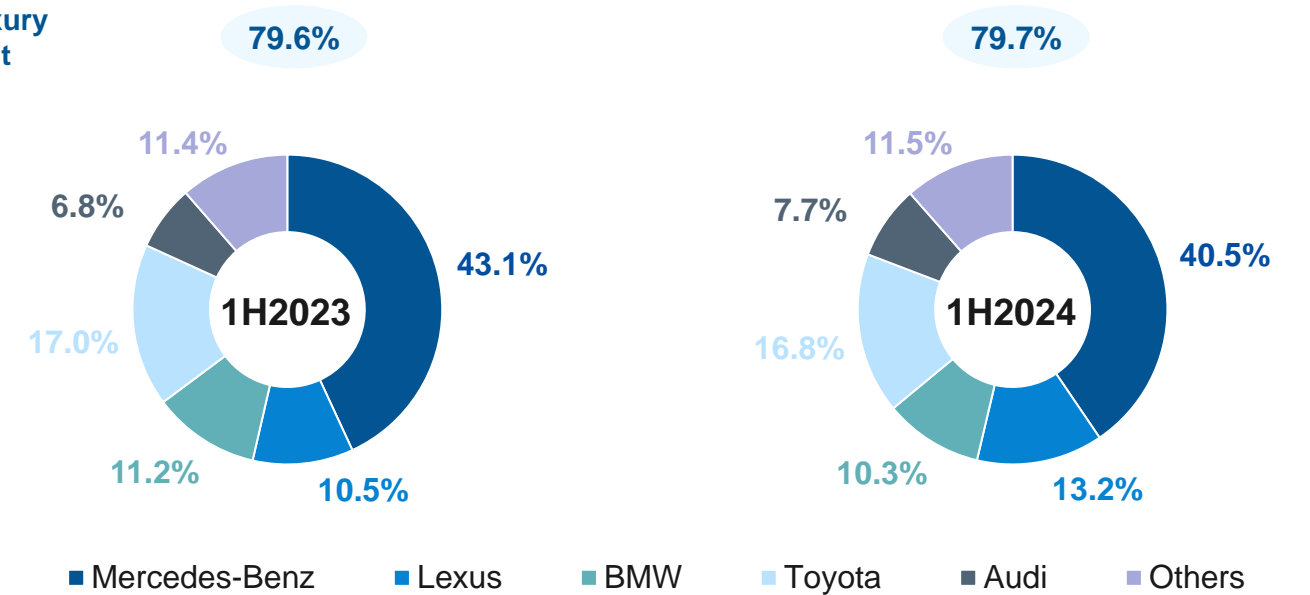
## New Car Sales Volume by Brand

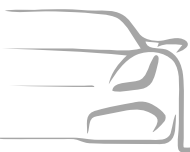
Luxury split



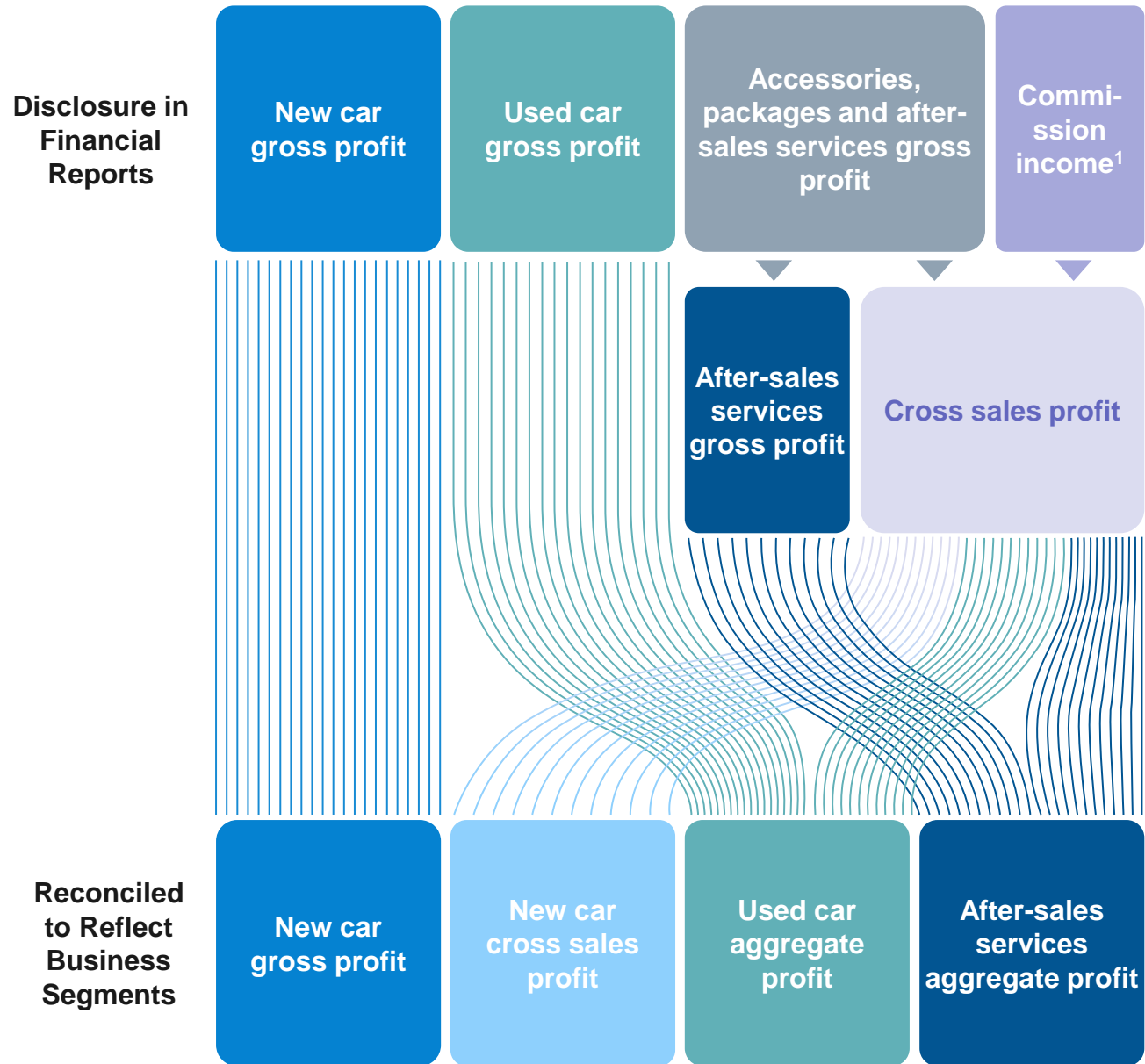
## New Car Sales by Brand

Luxury split





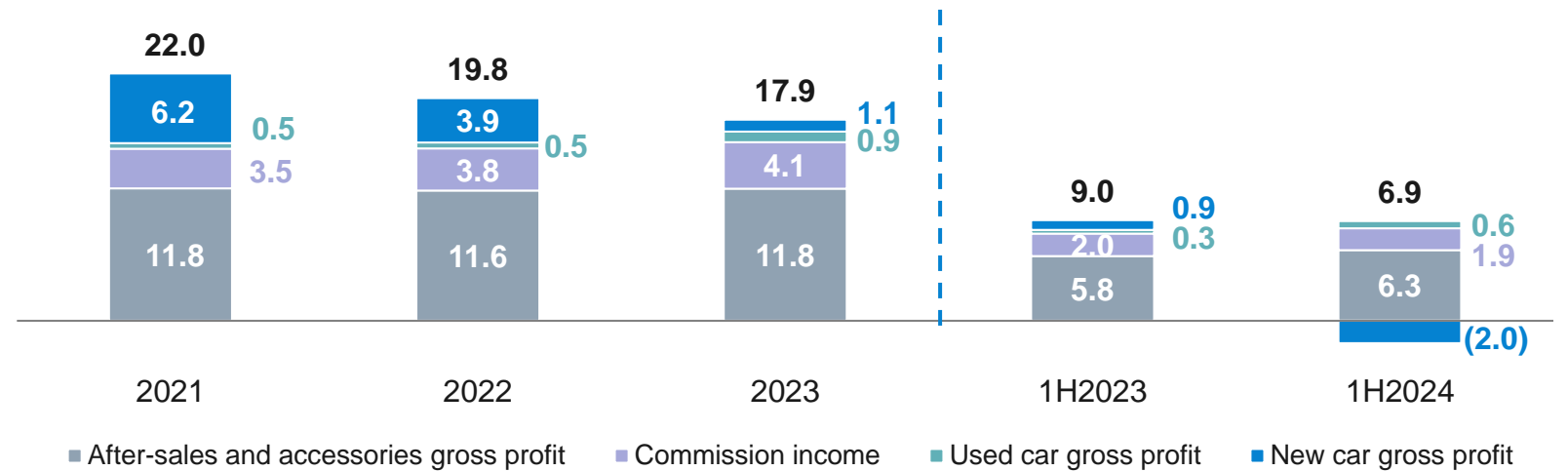
# Aggregate Profit Breakdown



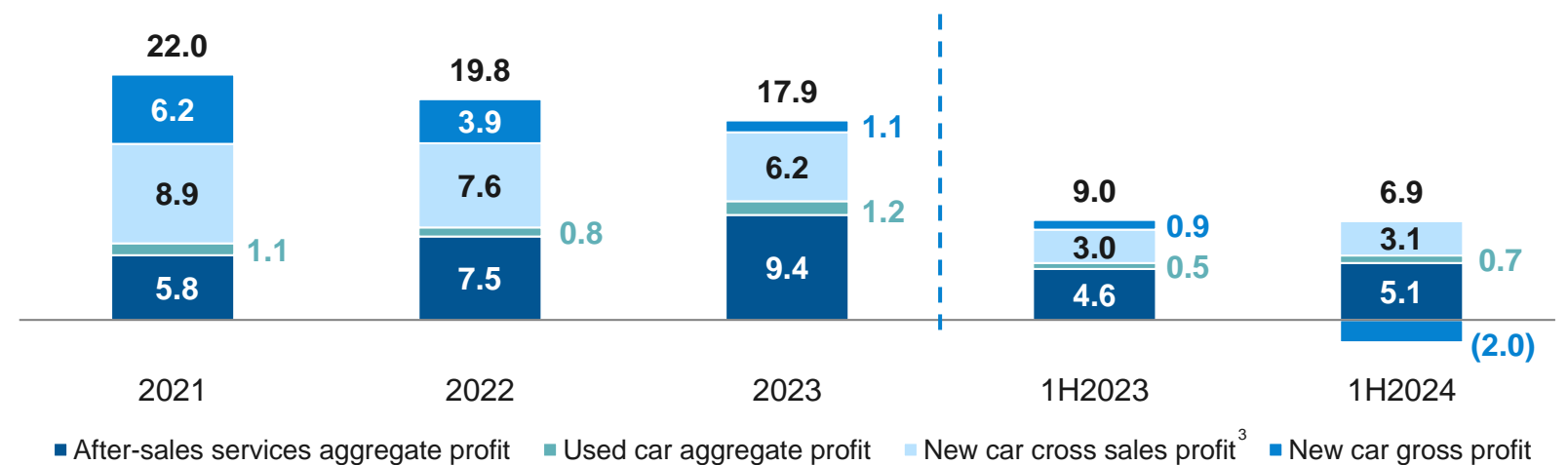
## Aggregate Profit (Gross Profit + Commission Income)<sup>2</sup>

(RMB bn)

As disclosed in financial reports



Reconciled to reflect business segments



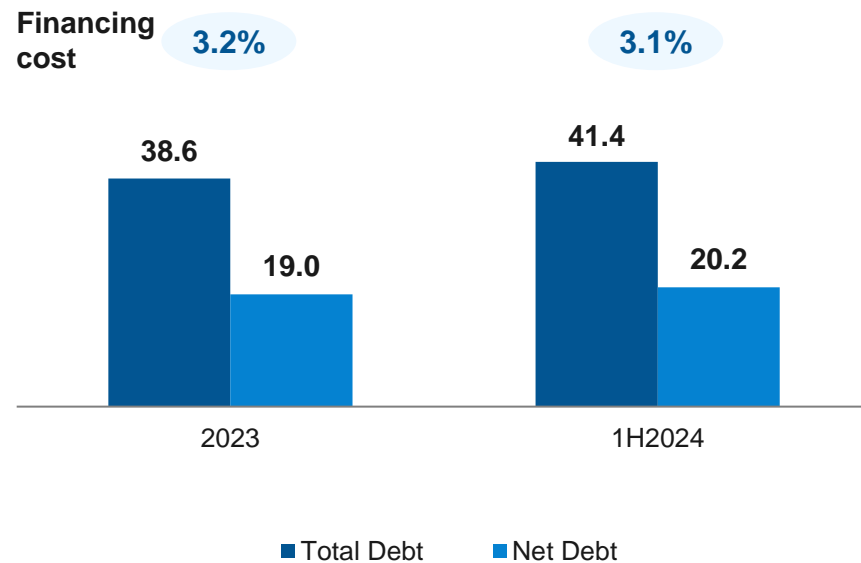
<sup>1</sup> Include automobile insurance, automobile finance and automobile registration services, etc.; <sup>2</sup> The sum of new automobile gross profit, pre-owned automobile gross profit, after-sales and accessories gross profit, and commission income; <sup>3</sup> Accessories and packages gross profit and commission income earned at the new automobile point of sales

# Proactive and Prudent Liabilities Management

- With robust debt management capability, we have **proactively developed a debt repayment plan**, clearing all uncertainties in operations to the extent possible
- Tapping diversified onshore and offshore refinancing channels, including but not limited to:
  - ✓ Jul 2024: issuance of **US\$600mm 3.5-year senior unsecured bonds**
  - ✓ Jul 2024: issuance of **US\$350mm 3-year syndicated term loan facilities**
  - ✓ Jul 2024: **RMB5bn Panda bonds quota** approved by NAFMII (among which RMB1bn was issued in Aug 2024 with 3-year term)
- According to working capital currency, cost of existing debt and future debt repayment required, we have selectively leveraged cross-currency swaps and made tender offers to existing bonds, leading to lowered financing costs successfully

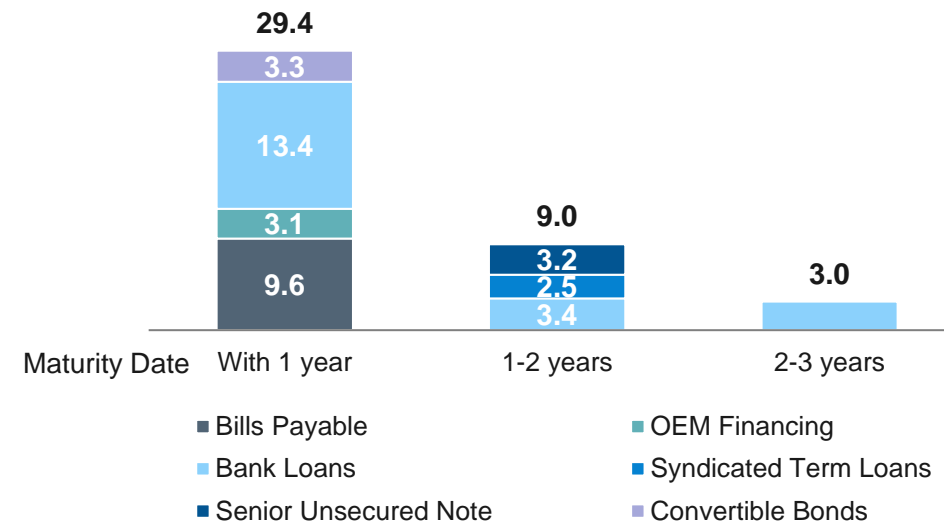
## Total Debt / Net Debt <sup>1</sup>

(RMB bn)



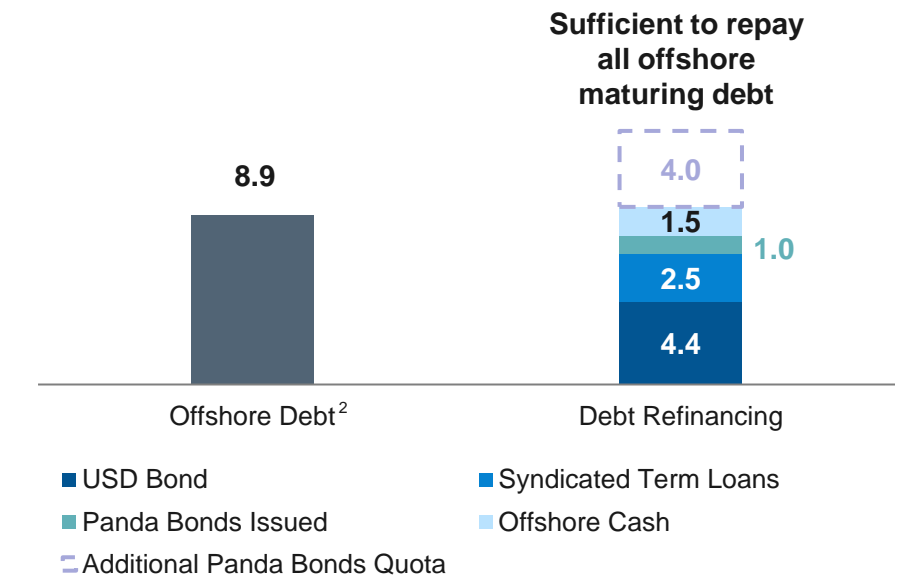
## Existing Debt Maturity Profile

(RMB bn)

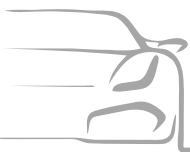


## Offshore Debt

(RMB bn)



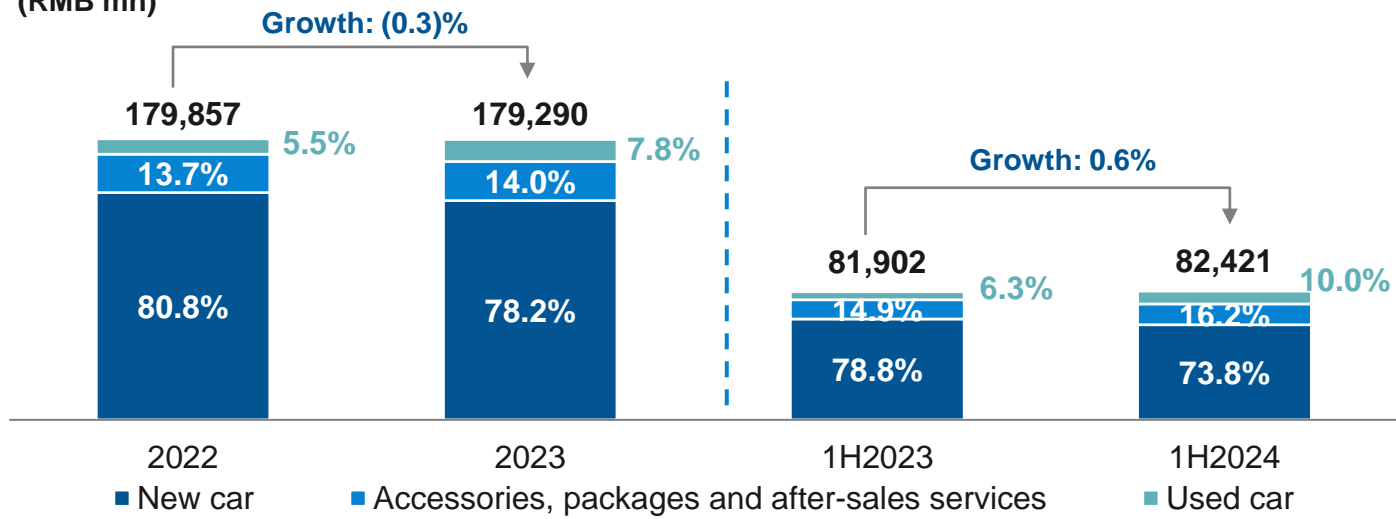
<sup>1</sup> Total debt includes bills payable, trade payables, bank loans, syndicated loans, USD debt and convertible bonds. Net debt = Total debt – Total cash. Total cash includes cash and cash equivalents, cash in transit, term deposits and pledged bank deposits; <sup>2</sup> Offshore debt includes offshore syndicated loans, USD bonds and convertible bonds



# Revenue Breakdown

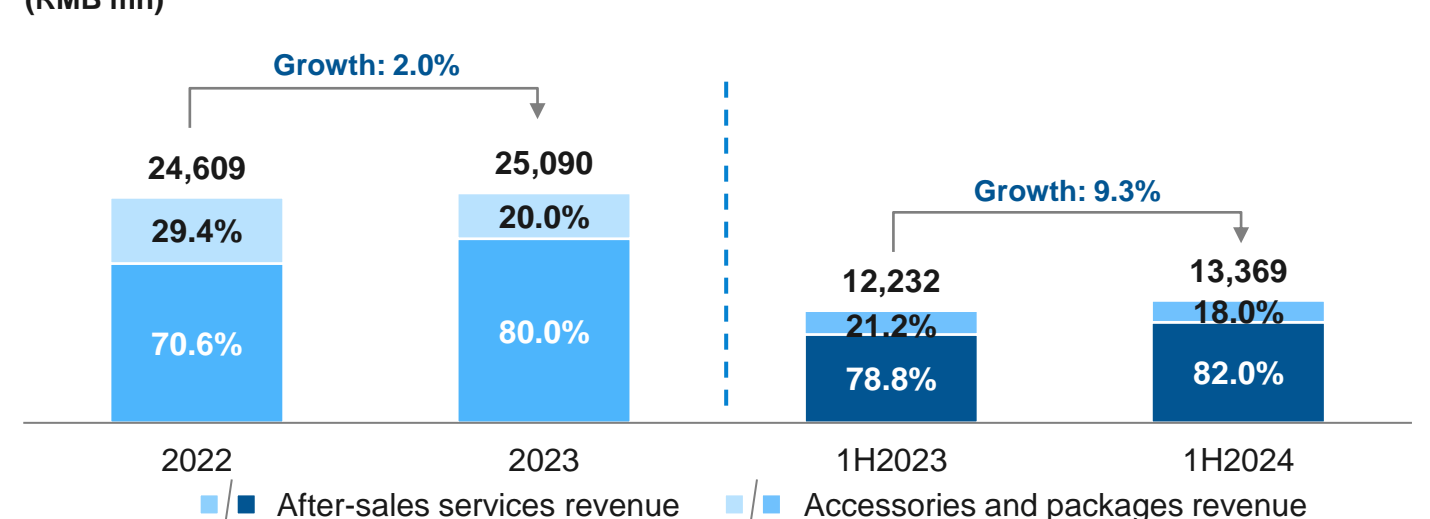
## Total Revenue

(RMB mn)



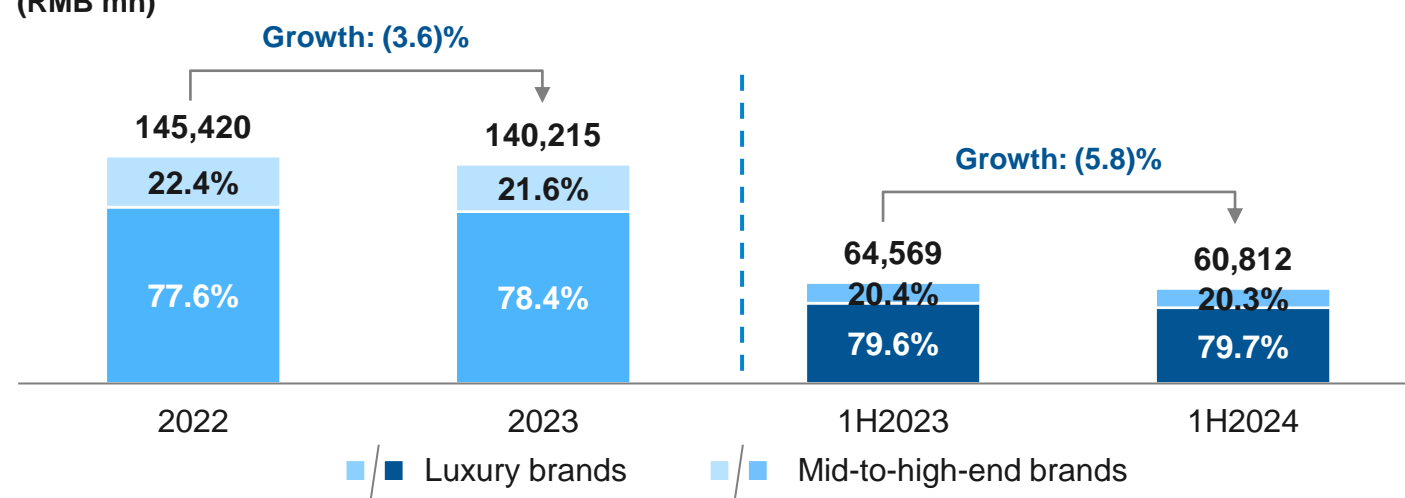
## Accessories, Packages and After-sales Services Revenue

(RMB mn)



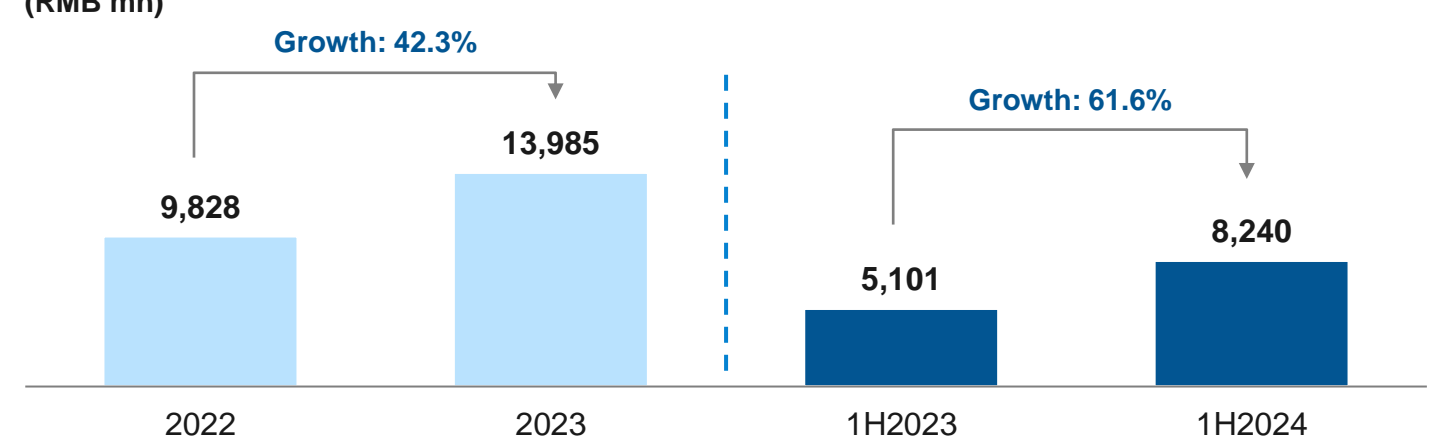
## New Car Revenue

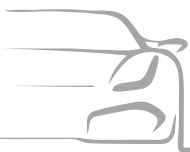
(RMB mn)



## Used Car Revenue

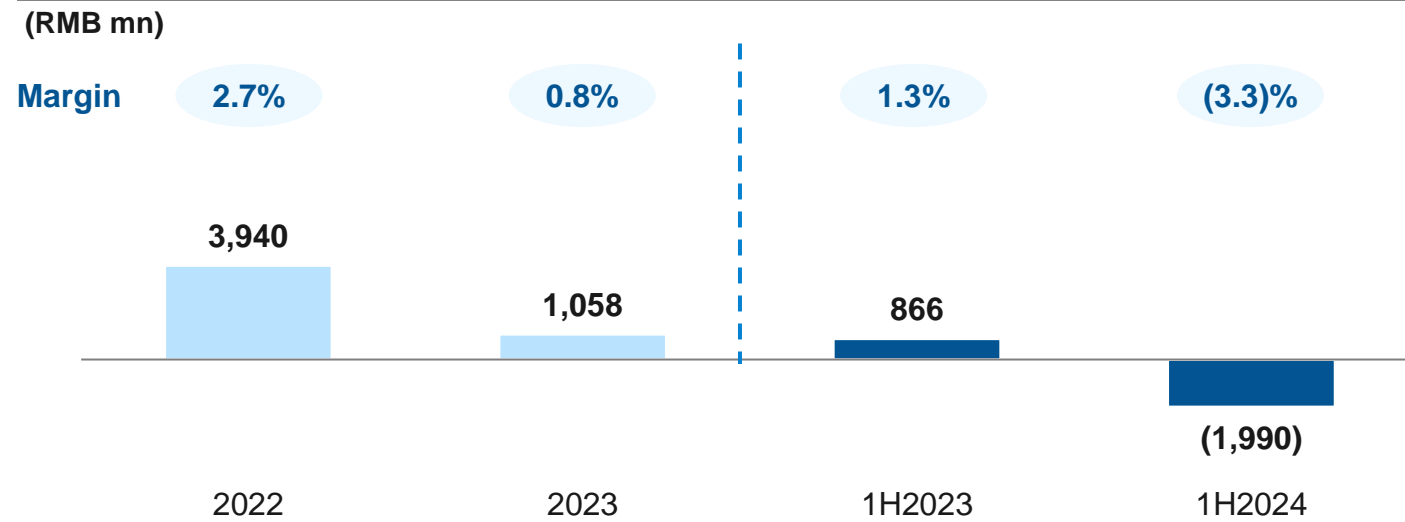
(RMB mn)



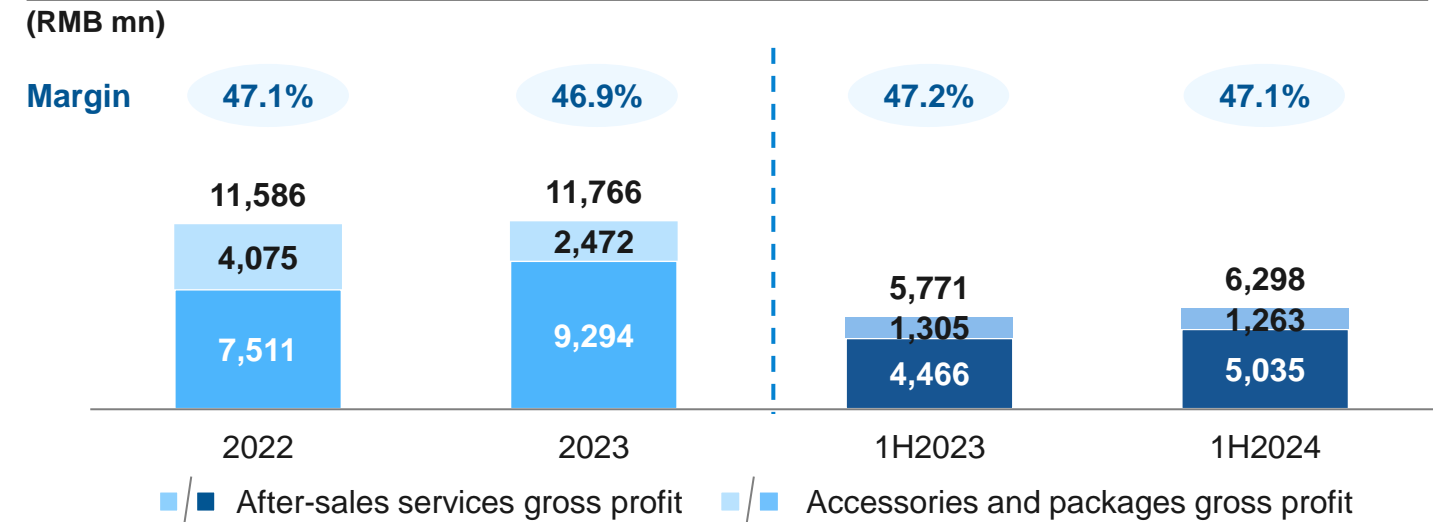


# Aggregate Profit Breakdown

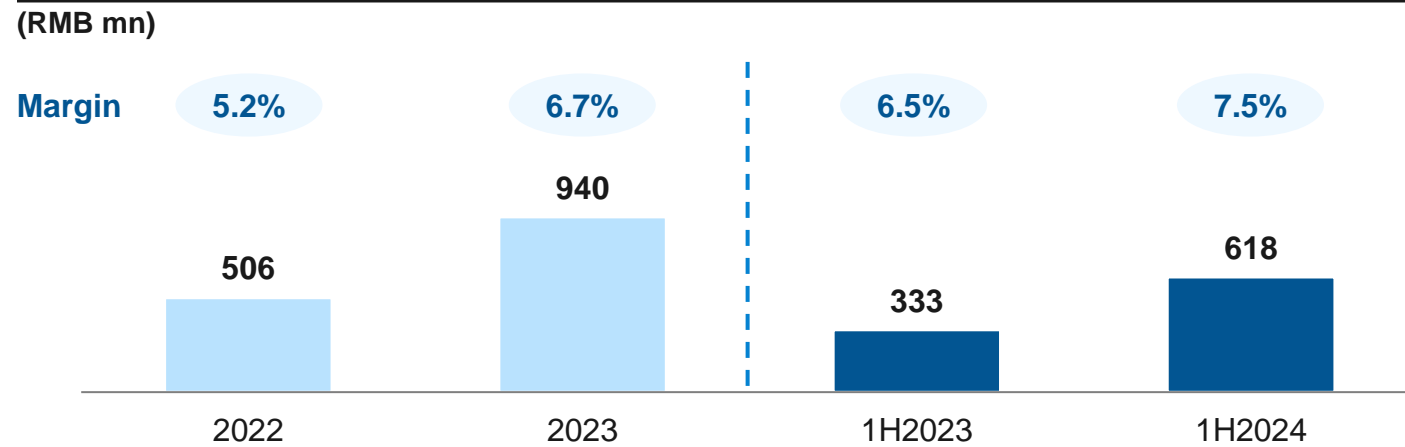
## New Car Gross Profit



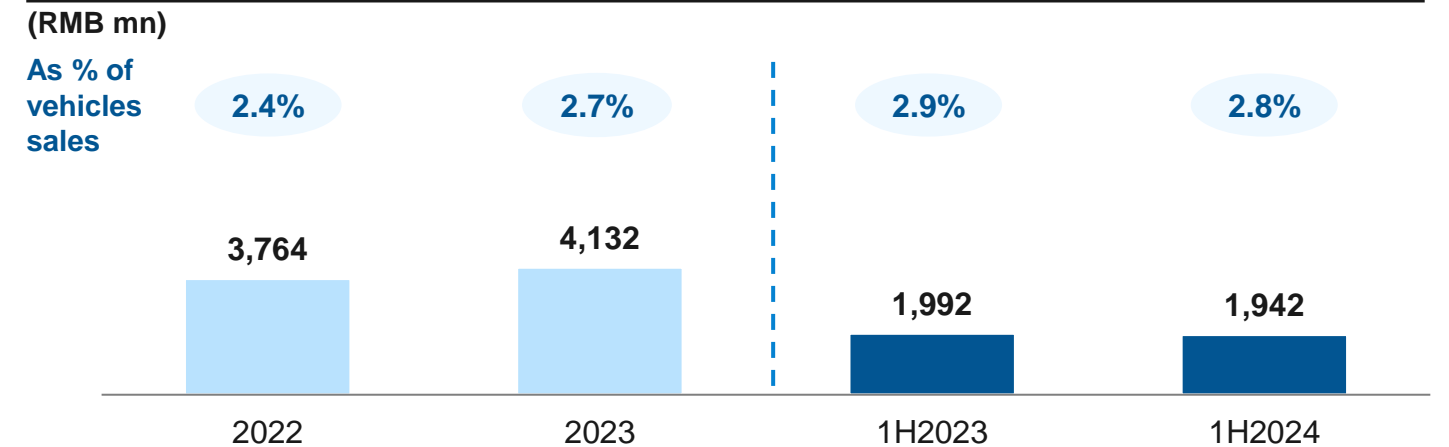
## Accessories, Packages and After-sales Services Gross Profit

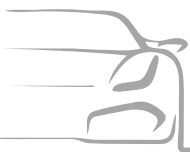


## Used Car Gross Profit



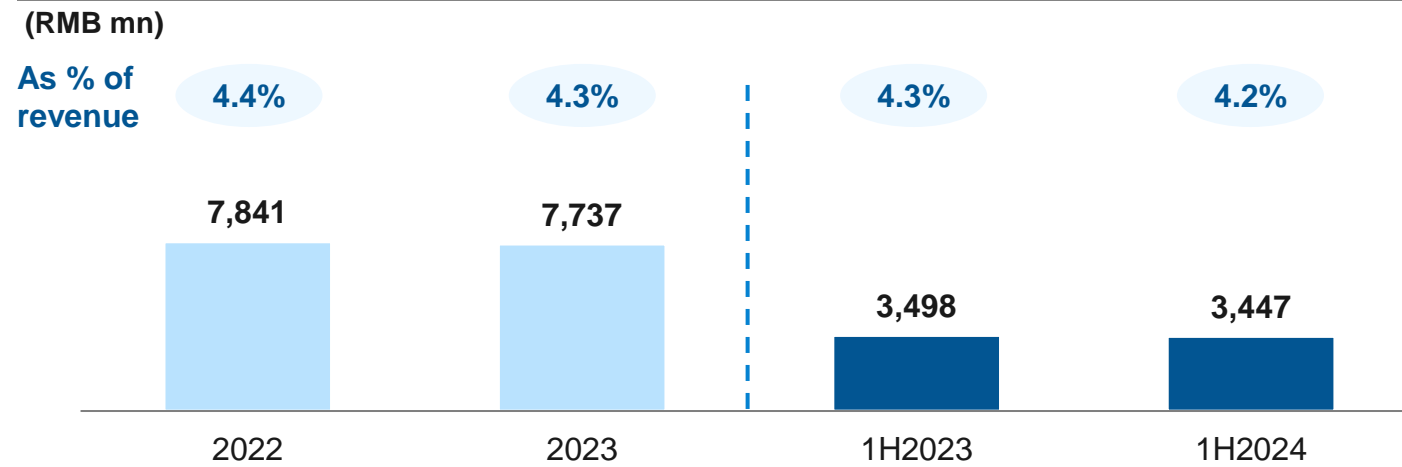
## Commission Income



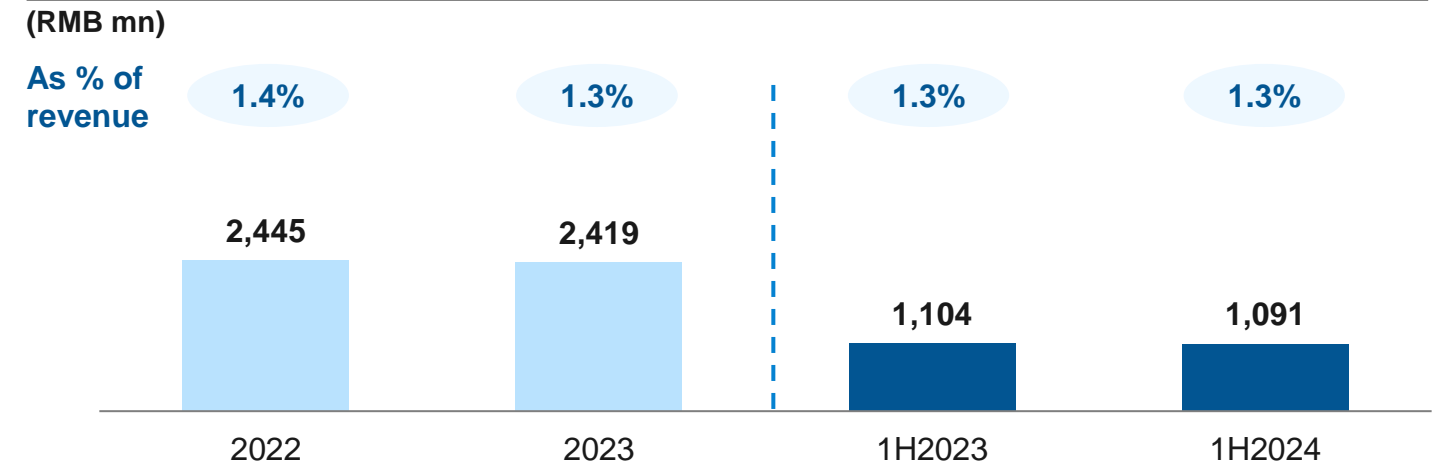


# Operational Expenses

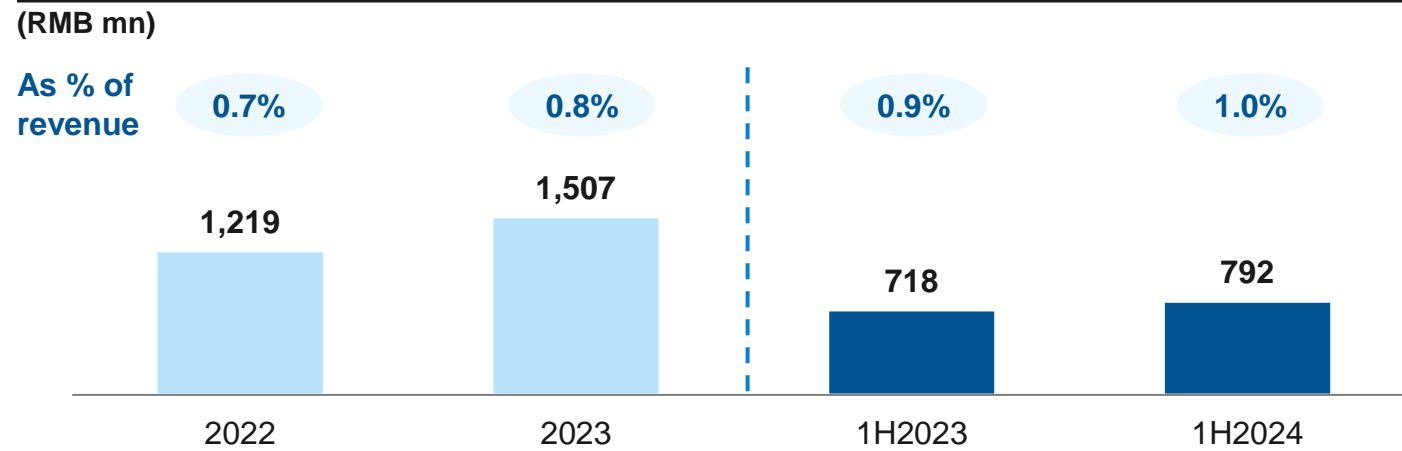
## Selling and Distribution Expenses



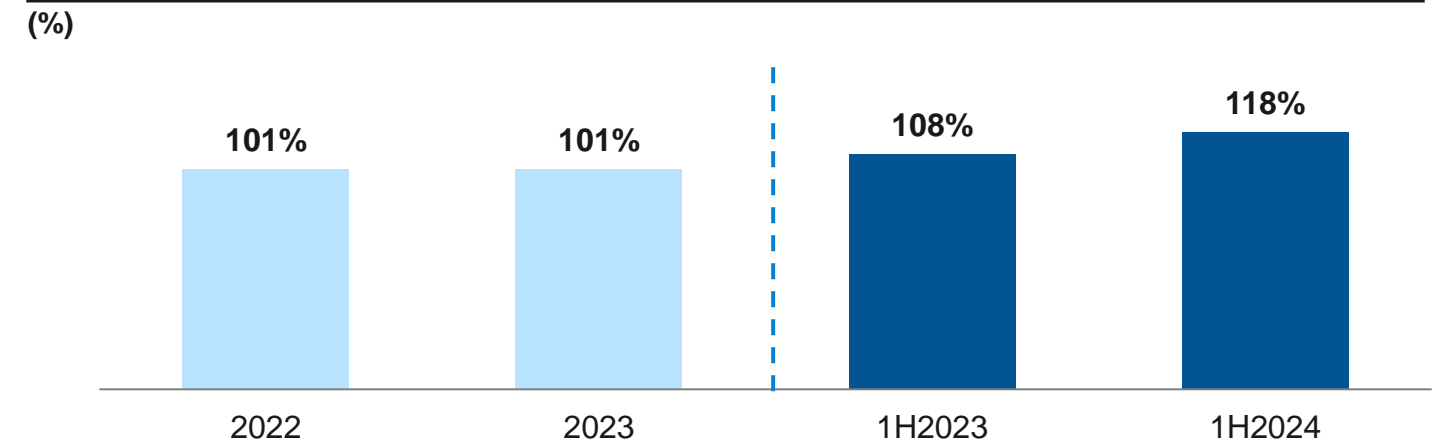
## Administrative Expenses



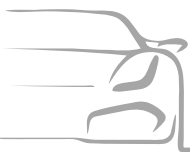
## Finance Costs



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



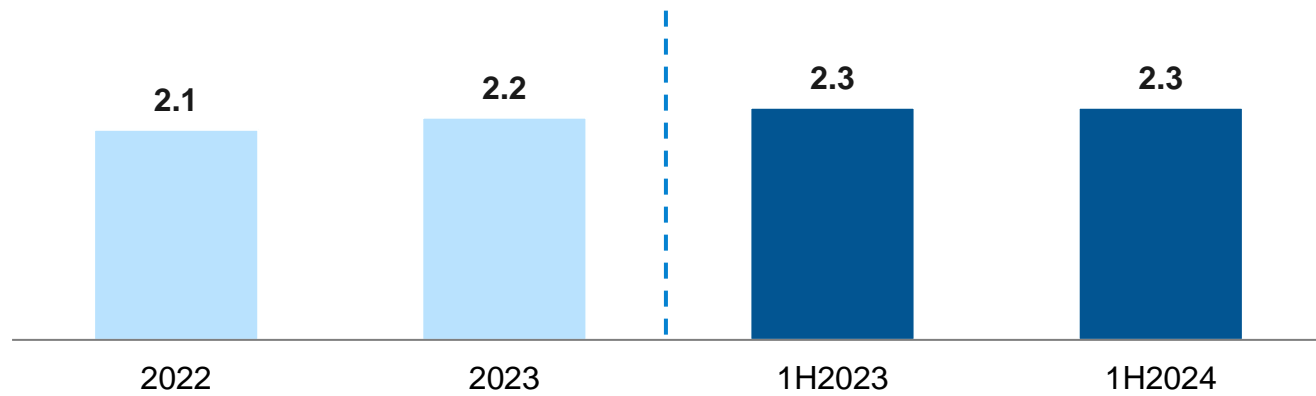
<sup>1</sup> Absorption Ratio = Accessories, Packages and After-sales Services Gross Profit / (Selling and Distribution Expenses + Administrative Expenses + Finance Costs)



# Other Financial Metrics

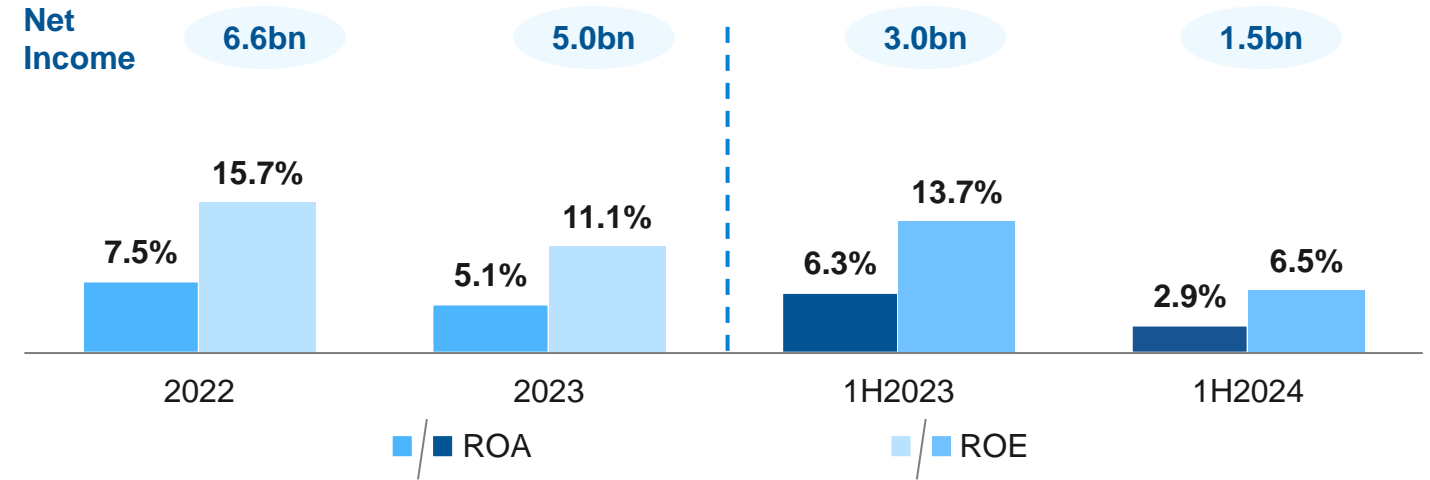
## Total Assets / Net Assets

(x)



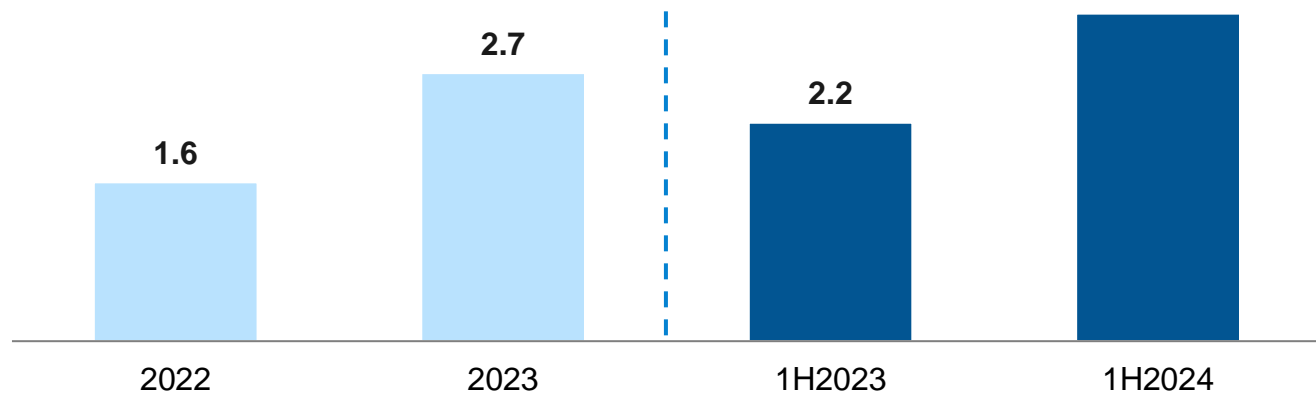
## ROA and ROE<sup>1</sup>

(%)



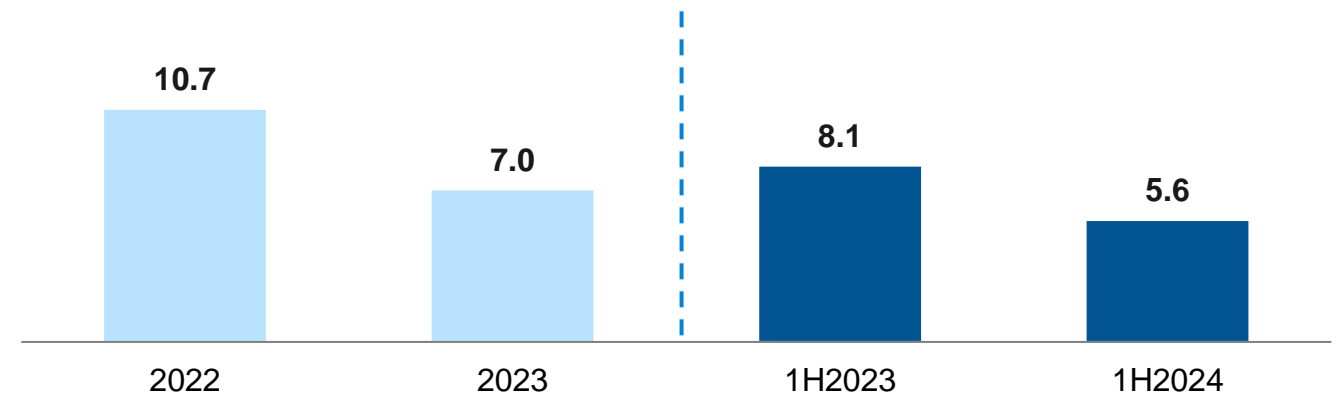
## Adj. Debt / EBITDA<sup>2</sup>

(x)



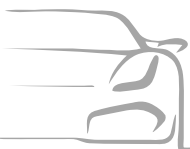
## Interest Coverage<sup>3</sup>

(x)



<sup>1</sup> ROA and ROE of 1H2023 and 1H2024 are based on simple annualized financials; <sup>2</sup> Debt is adjusted debt, including trade and bills payables, excluding inventory; <sup>3</sup> Interest coverage = (Profit before tax + financial expenses + depreciation and amortization) / financial expenses





# Financial Highlights

(RMB mn)	2022	2023	1H2023	1H2024
Cash and cash equivalent	11,679	15,612	16,353	17,146
Term deposits	500	1,955	659	1,897
Pledged bank deposits	1,309	1,916	1,550	1,810
Cash in transit	150	118	188	349
<b>Cash, cash equivalent and cash in transit</b>	<b>13,638</b>	<b>19,601</b>	<b>18,750</b>	<b>21,202</b>
Cash flow from operating activities	8,785	6,426	3,467	2,926
(-) Capex <sup>1</sup>	2,432	1,136	839	697
(-) Lease payments	778	817	354	533
<b>Free cash flow</b>	<b>5,575</b>	<b>4,473</b>	<b>2,274</b>	<b>1,696</b>
Profit before tax	8,951	6,831	4,048	1,964
(-) Interest income	240	455	231	224
(+) Financial expenses	1,219	1,507	718	792
(+) Depreciation & amortization	2,851	2,218	1,029	1,675
<b>EBITDA</b>	<b>12,781</b>	<b>10,101</b>	<b>5,564</b>	<b>4,207</b>
Dividends paid	1,728	2,375	-	-
Repurchase of shares	405	449	273	33
<b>Cash to shareholders</b>	<b>2,133</b>	<b>2,824</b>	<b>273</b>	<b>33</b>

<sup>1</sup> Includes expenditures on property, plant and equipment, land use right, intangible assets and fleets (test-drive cars and courtesy cars, etc.) owned as long-term assets, net of related sales proceeds