



China ZhengTong 1H19 Results Announcement

August 2019

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1 Performance Highlights



ZhengTong Auto(SEHK:1728) 1H19 Highlights

17,431 million RMB

Total revenue

7.1%

YoY decline

1,305 million RMB

Profit from operations

14.5%

YoY decline

52,060 units

New car sales

40,869 units

Luxury & Ultra luxury

5.6% ; 3.8%

YoY decline

660 million RMB

New car sales gross profit

33.5%

YoY decline

1,127 million RMB

After-sales gross profit

6.6%

YoY increase

276 million RMB

Financial services business profit

0.0%

YoY flat

471 million RMB

Equity shareholders of the company

33.8%

YoY decline



ZhengTong Auto(SEHK:1728) 1H2019 Highlights

Committed to improving profitability, optimize the proportion of luxury brands

Six major brands

Prioritize **Mercedes, Porsche, BMW, Audi, JLR, Volvo** six leading luxury brands

Auto finance business

Loans and interest income steady increased, sufficient capital reserve, NPL remained low

Pre-owned automobiles

With the launch of “Zhengtong Auction” and advanced information platform and management system, proactively studied the business model suitable for authorized dealers

Supply chain business

Introduced strategic investor for the construction of intelligent logistics platform and purchase of automated logistics equipment, streamlined its resources to consolidate its competitiveness

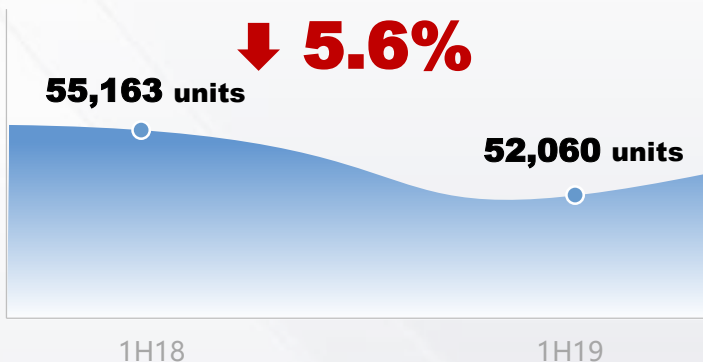
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Business Development

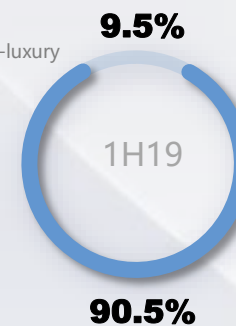
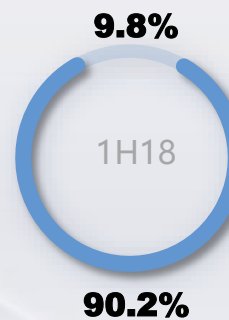
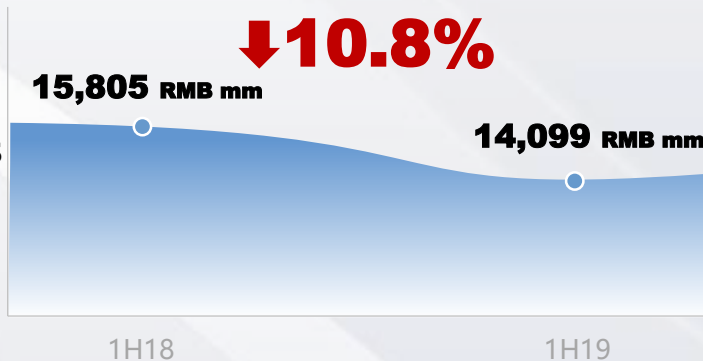
New Car Sales



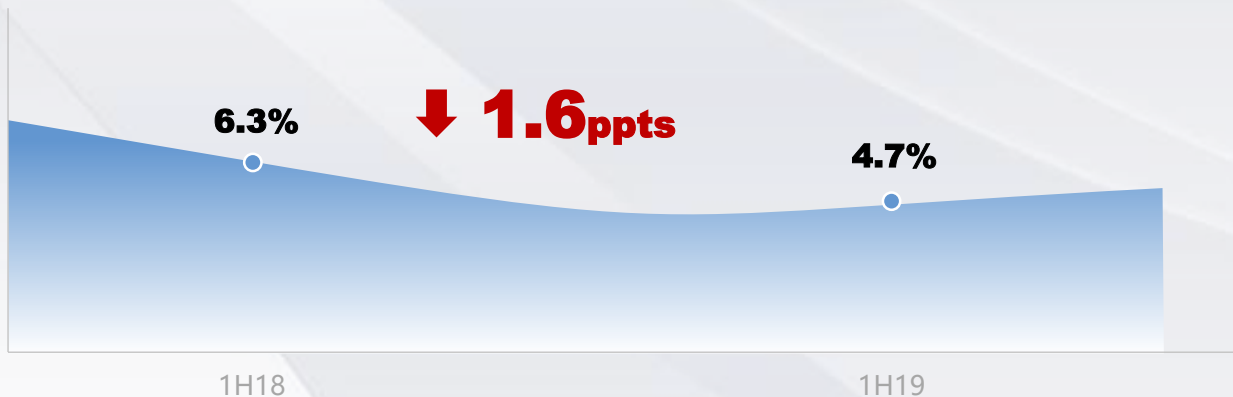
Sales Volume



New Car Sales Revenue



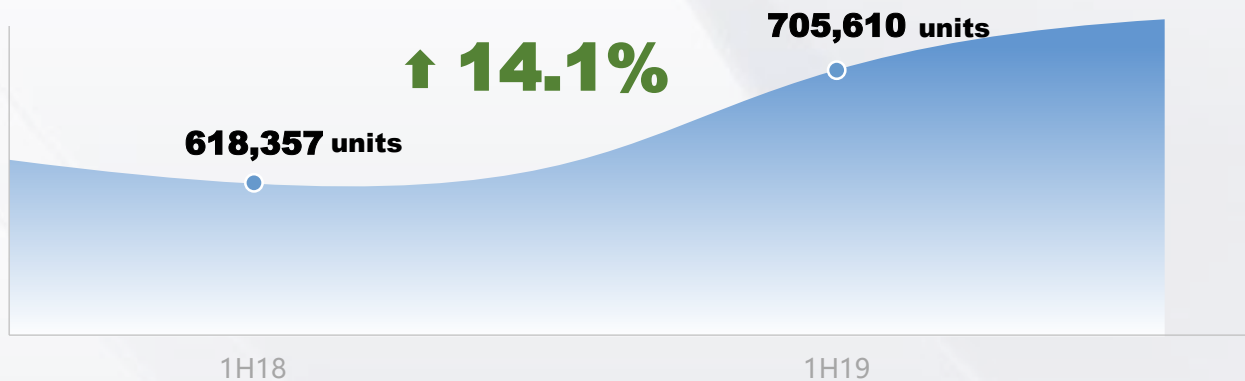
New Car Sales GPM



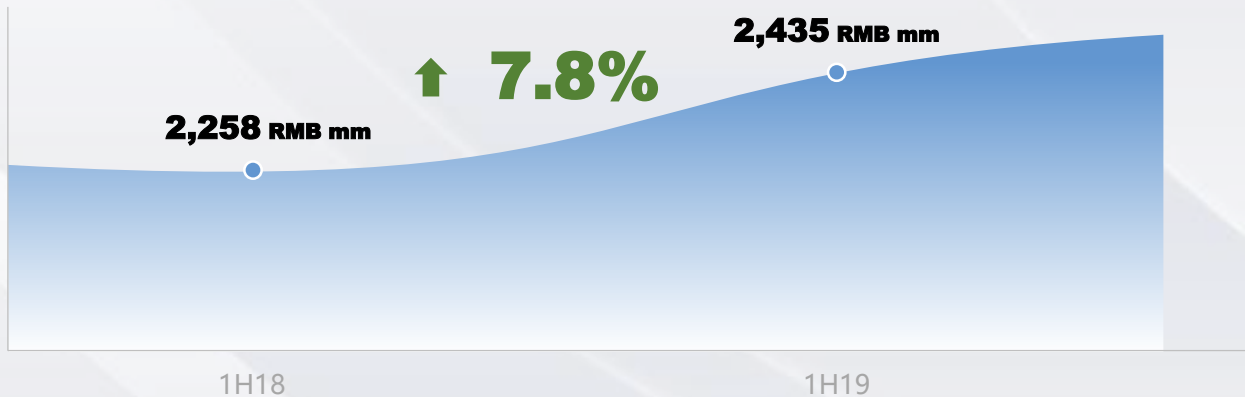
After-Sales Business



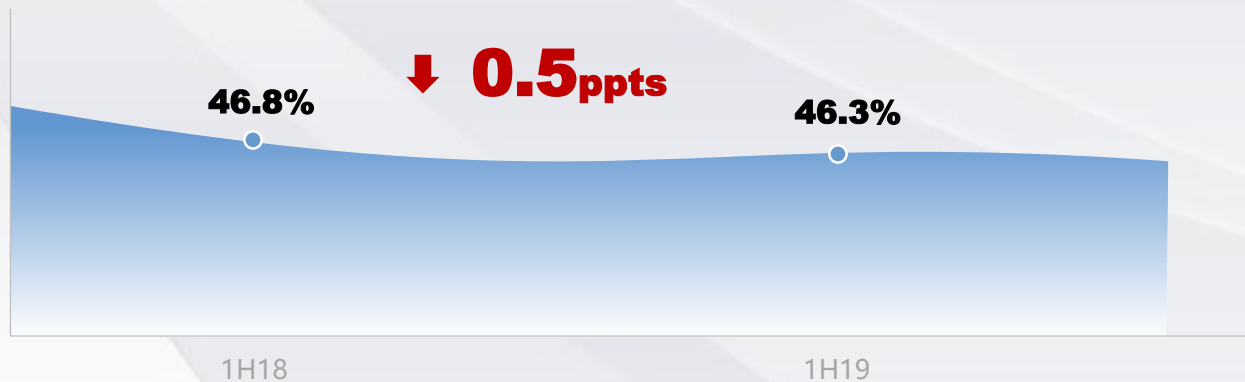
Throughputs



After-Sales Revenue



After-Sales GPM

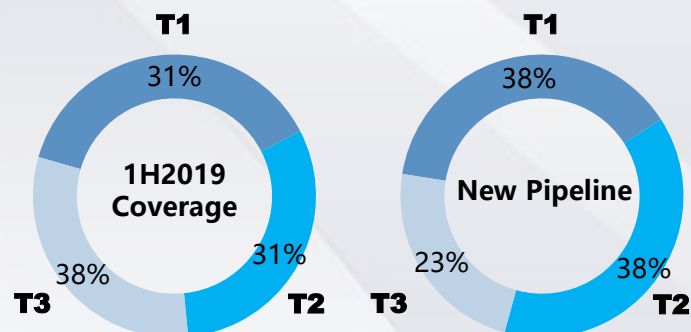


Network Advancement

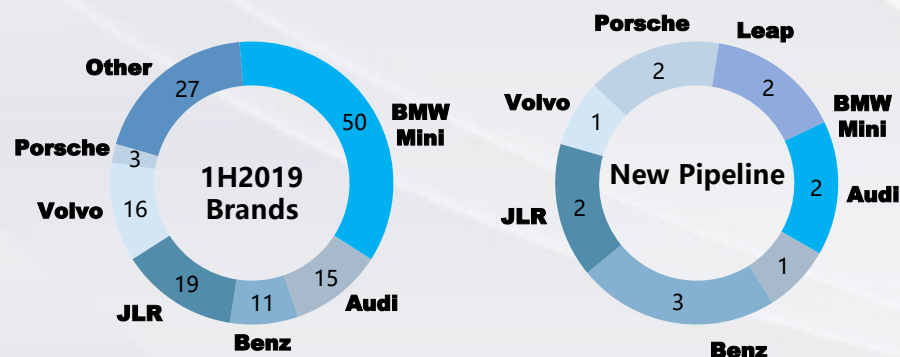


Brands	Type	2018	1H2019 Variance	1H2019	New Pipeline	Total
Luxury& Ultra-luxury	4S Store	100	1	101	10	111
	Showroom	18	0	18	0	18
	Service Center	6	0	6	1	7
	Pre-owned Car	1	0	1	0	1
	Fast Repair	1	0	1	0	1
Mid-High End	4S Store	14	0	14	1	15
Total		140	1	141	13	154

Tier Cities Geographic Coverage



Brands Breakdown



Total number of authorization for possible future store openings

Balanced and reasonable deployment of the national dealership network for luxury brands



Hebei: 2	
JLR	1
Audi	1

Henan: 3	
Volvo	2
Audi	1

Hunan: 9	
BMW	5
JLR	2
Volvo	1
MINI	1

Guangdong: 57	
Porsche	2
BMW	14
MINI	4
Audi	6
Volvo	7
JLR	8
Imported Volkswagen	1
Benz	6
Acura	1
Infiniti	1
Cadillac	2
FAW Toyota	1
FAW Volkswagen	3
Ford	1
Sichuan: 2	
BMW	2

Inner Mongolia: 12	
BMW	3
MINI	2
Nissan	2
Imported Volkswagen	1
JLR	2
Porsche	1
Infiniti	1

Beijing: 9	
BMW	4
JLR	1
Volvo	4

Tianjin: 1	
Volvo	1

Shandong: 3	
Audi	2
JLR	1

Shanghai: 7	
Audi	1
BMW	1
Nissan	2
东风本田	1
Hongqi	2

Hubei: 20	
BMW	7
MINI	2
JLR	1
Buick	2
Audi	2
Nissan	1
Beijing Hyundai	1
Chevrolet	1
FJ Benz	1
Hongqi	2

Hainan: 1	
JLR	1

Jiangxi: 8	
BMW	5
Audi	1
Acura	1
JLR	1

Yunnan: 1	
Benz	1

Anhui: 1	
JLR	1

Fujian: 2	
JLR	1
Volvo	1

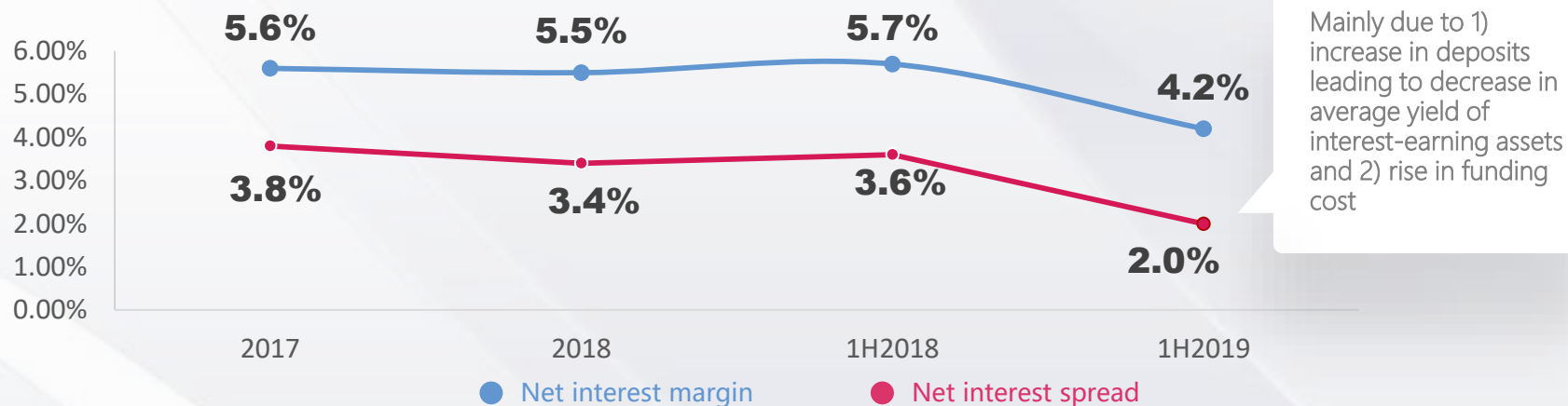
Zhejiang: 3	
Audi	1
Benz	2

● Cities covered ● Province covered 11

Auto Finance Business



High profitability



Sufficient headroom for higher leverage



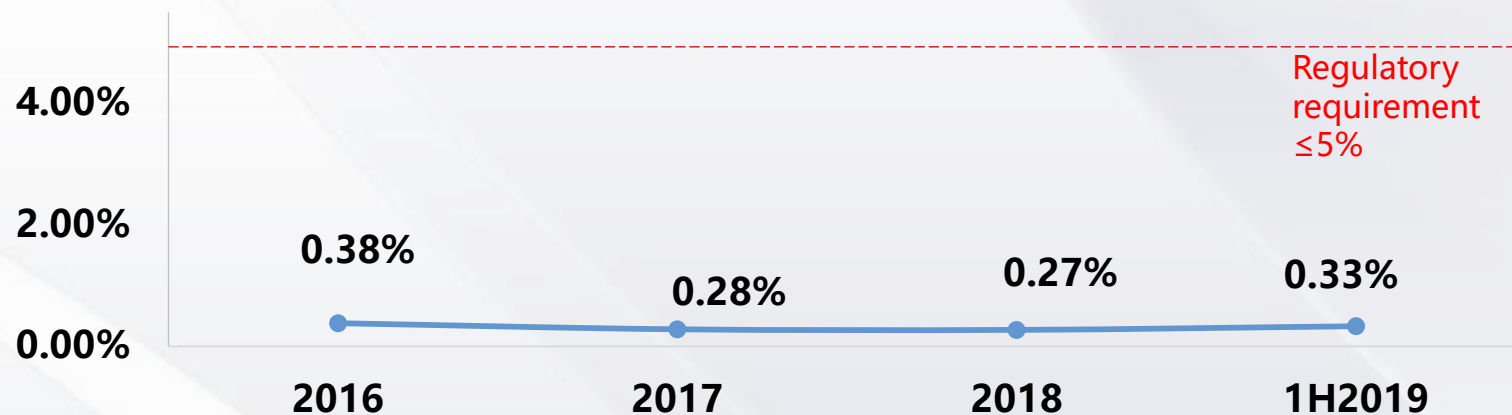
Notes:

- (1) Calculated by dividing net interest income for the period by the average balance of interest-earning assets
- (2) Calculated by using ratio of interest income to the average balance of interest-earning assets minus the ratio of interest expenses to the average balance of interest-bearing liabilities
- (3) Capital adequacy ratio; calculated by dividing total capital, net of capital deductions, by risk-weighted assets

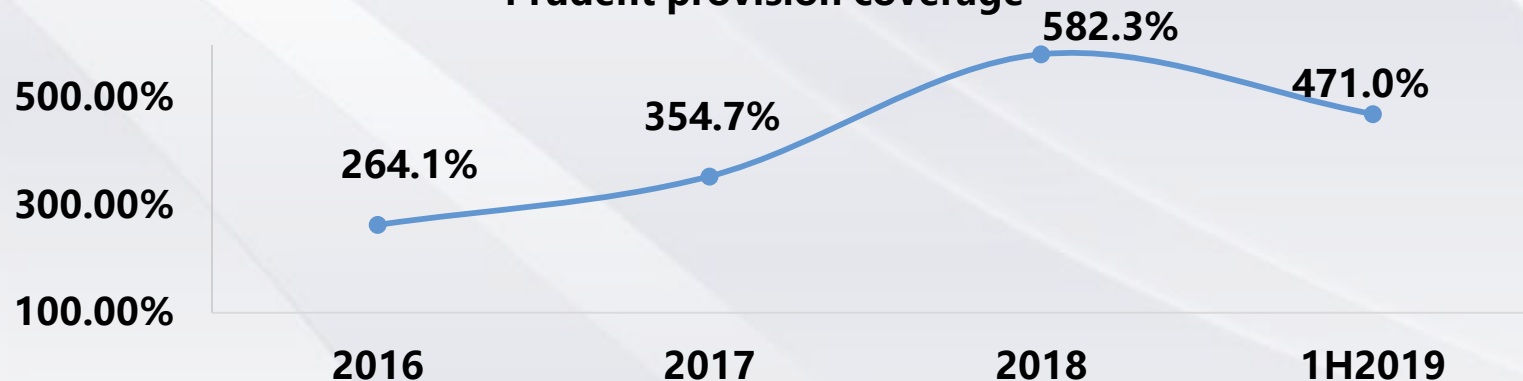
Auto Finance Business



High quality loan book (NPL ratio)



Prudent provision coverage



note:

- (1) Overall non-performing loan ratio; calculated by dividing the balance of non-performing loans by the gross balance of the loans and advances to customers
- (2) Provision coverage ratio; calculated by dividing allowance for impairment losses on loans and advances by the amount of non-performing loans

3 Financial Review

Financial Highlights



(RMB million)

For the period ended 30 June 2019

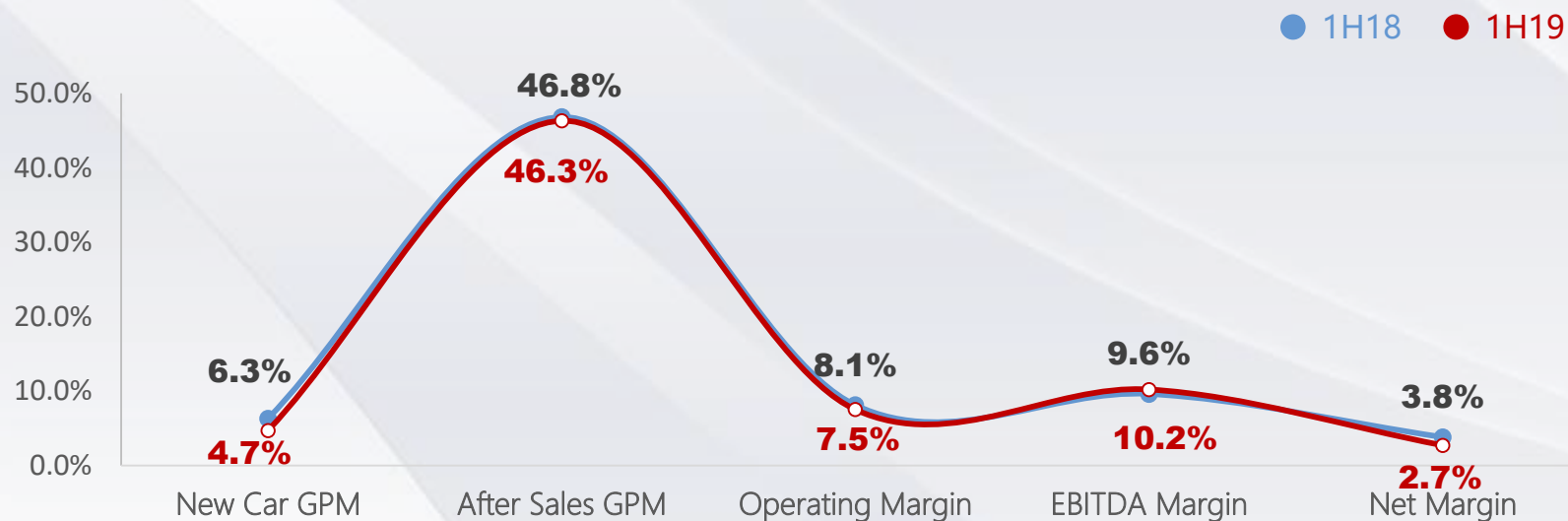
	1H18	1H19	YoY
Revenue	18,768	17,431	-7.1%
Gross profit	2,304	2,051	-11.0%
GPM	12.3%	11.8%	-0.5ppts
Commission Income	304	366	+20.4%
Selling, distribution & admin	-6.66%	-6.50%	-0.16ppts
Financing cost	-2.46%	-3.19%	+0.73ppts
Net Profit Margin	3.87%	2.98%	-0.89ppts
Profit to common shareholders	711	471	-33.8%
Basic earnings per share <i>(RMB cents)</i>	29.0	19.2	-33.8%

Profitability Snapshots



For the period ended 30 June 2019

	1H18	1H19
New Car GPM	6.3%	4.7%
After Sales GPM	46.8%	46.3%
Operating Margin	8.1%	7.5%
EBITDA Margin	9.6%	10.2%
Net Margin	3.8%	2.7%



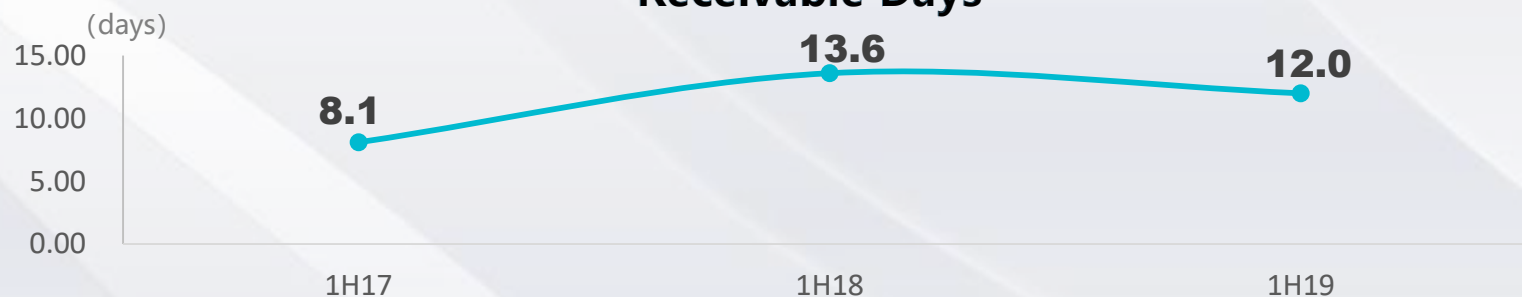
Asset-Liability and Liquidity Management



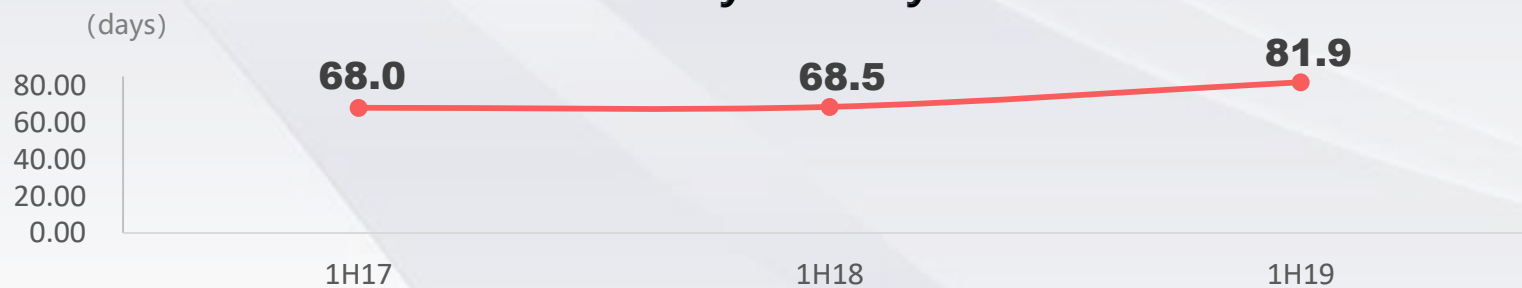
Inventory Days



Receivable Days



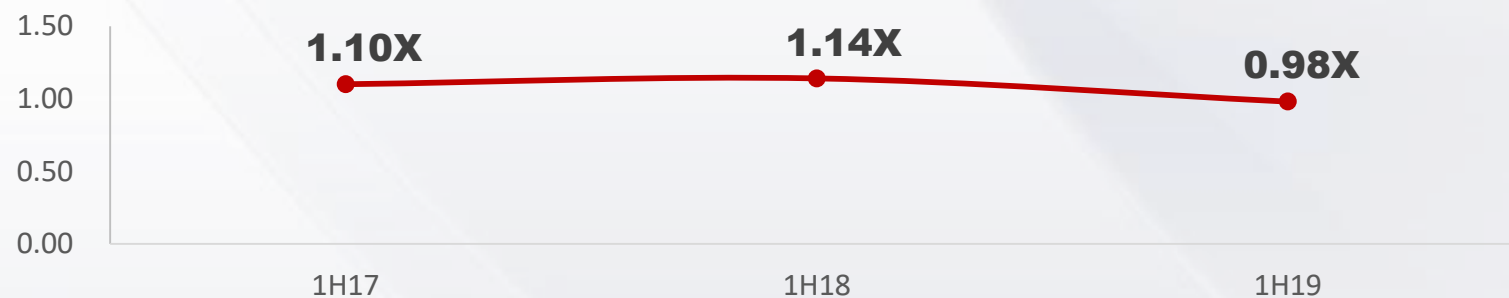
Payable Days



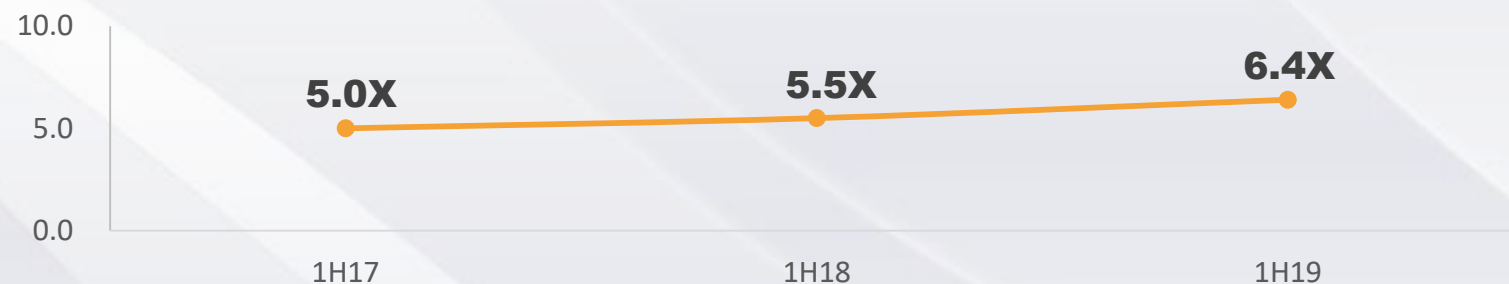
Asset-Liability and Liquidity Management



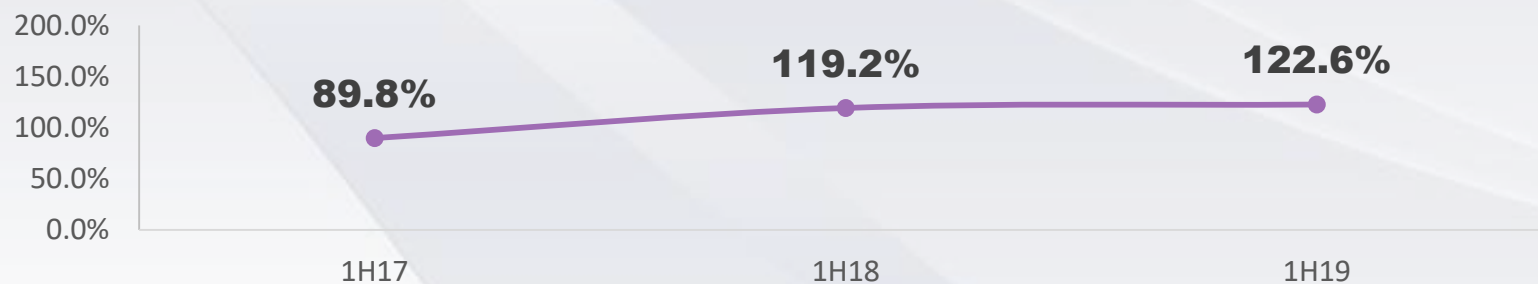
Current Ratio



Interest Bearing Debt/EBITDA



Debt/Equity





Q&A
Thanks