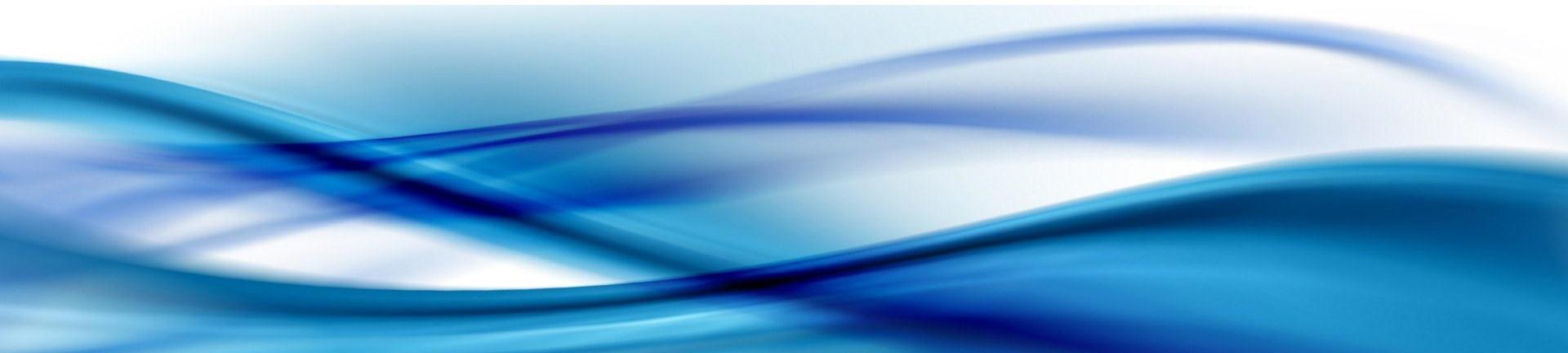




# China Zhengtong 2016 Results Announcement

March 2017





# Disclaimer

These materials have been prepared by China ZhengTong Auto Services Holdings Limited ("ZhengTong Auto" or The "Company", together with its subsidiaries, the "Group") and exclusively have not been independently audited or verified. No representation or warranty, expressed or implied, is made and no reliance should be placed on the accuracy, fairness or completeness of the information, statements, opinions or estimates presented or contained in these materials. The Company or any of its affiliates, advisers or representatives accepts no liability whatsoever for any loss howsoever arising from any information, statements, opinions or estimates presented or contained in these materials. The information, statements, opinions or estimates presented or contained in these materials is subject to change without notice and its accuracy is not guaranteed.

These materials are highly confidential, are being given solely for your information and for your use and may not be copied, reproduced or redistributed to any other person in any manner. Neither these materials nor any copy hereof maybe, directly or indirectly, taken or distributed into the United States or to any U.S. person as defined in Regulation S under the U.S. Securities Act of 1933, as amended. You agree to keep the contents of this presentation and these materials confidential and such presentation and materials form a part of the Confidential Information as defined in the confidentiality agreement you might have previously executed.

# Agenda

1

Performance Highlights

2

Business Development

3

Financial Review



CHINA ZHENGTONG  
AUTO SERVICES HOLDINGS LIMITED  
中國正通汽車服務控股有限公司



## Performance Highlights

# ZhengTong Auto (HKEX:1728) FY2016 Highlights

## Diversified and booming growth drivers in Challenging Market Conditions

- RMB **31,519** million in total revenues with **7.3%** YoY growth in 2016
- **96,883** retail vehicles sold with **11.4%** YoY growth on luxury brands
- **987,766** units serviced with **12.1%** YoY volume growth on luxury brands
- **5.8%** YoY growth on overall gross profit to approximately RMB **2,736** million
- Auto financing business achieved RMB **4,413** million segment assets and segment profits of RMB **221 million**
- RMB **493** million net profits to common shareholders

## Luxury Brand Focused Highly Diversified Portfolio

- A portfolio of **21** brands dominated by **6** leading luxury brands, including **BMW, Jaguar & Land Rover, Volvo, Audi, Mercedes, and Porsche**
- **108** outlets<sup>1</sup> in **36** cities and **15** provinces across the country, **16** authorized dealership stores to be opened

1. As of December 31, 2016



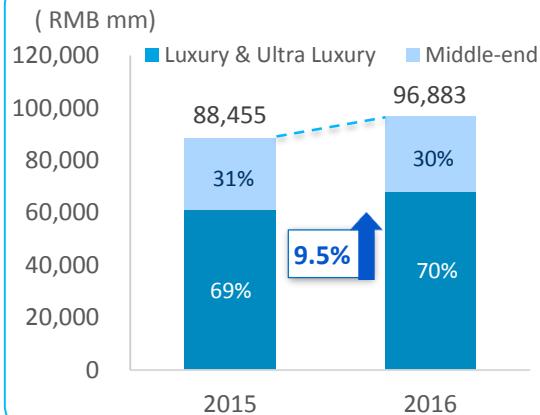
CHINA ZHENGTONG  
AUTO SERVICES HOLDINGS LIMITED  
中國正通汽車服務控股有限公司



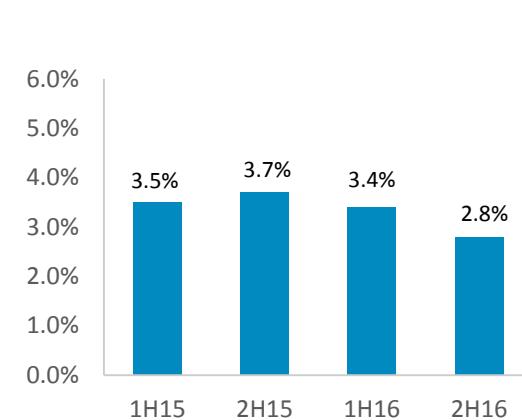
## Business Development

# New Car Sales & After Sales Business

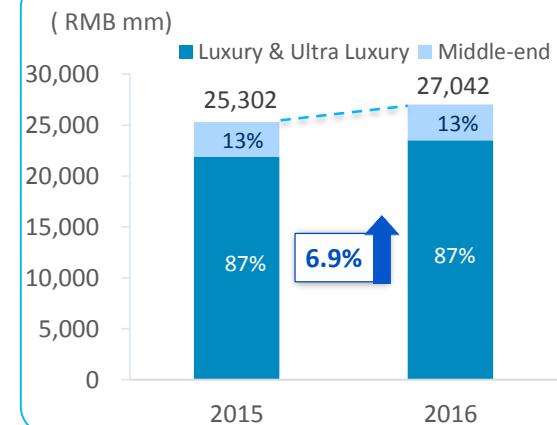
## Sales Volume



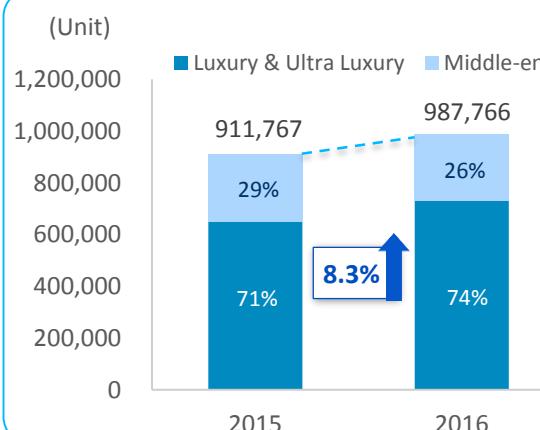
## Luxury Car GPM



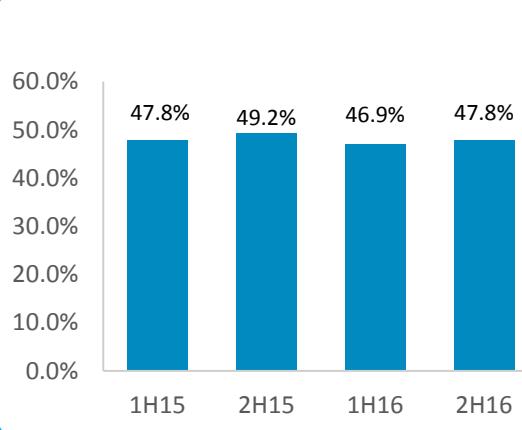
## New Cars Sales Revenues



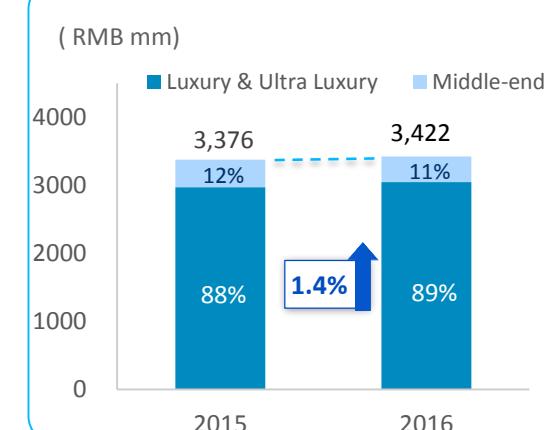
## Throughput



## After Sales GPM

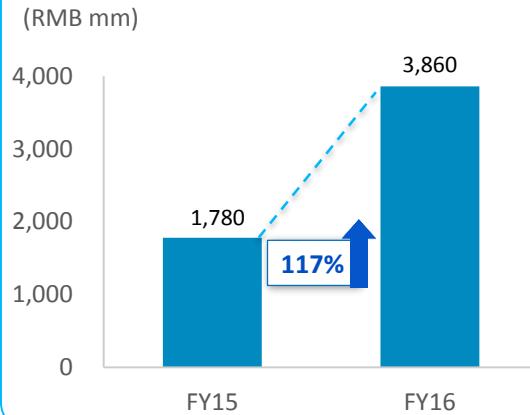


## After Sales Revenues

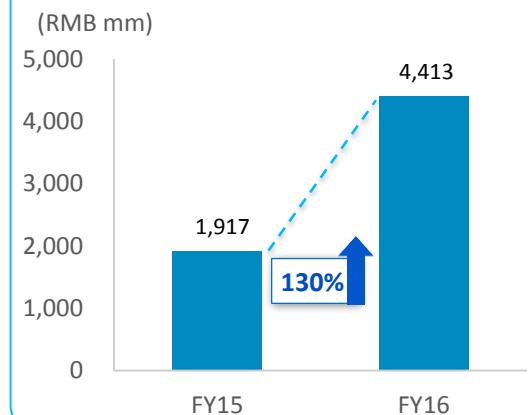


# Auto Finance Business

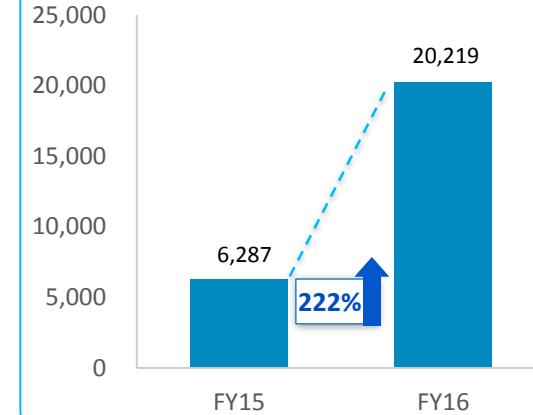
## Total Loan Balance



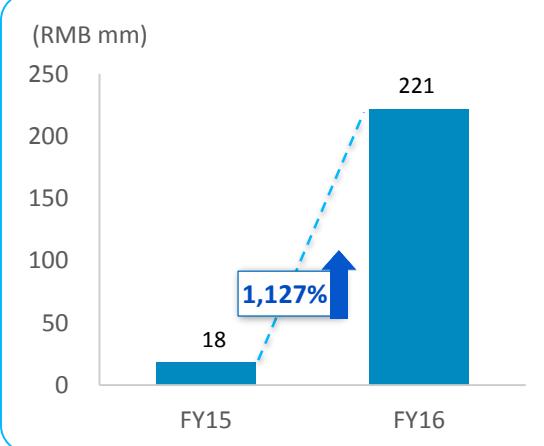
## Total Segment Assets



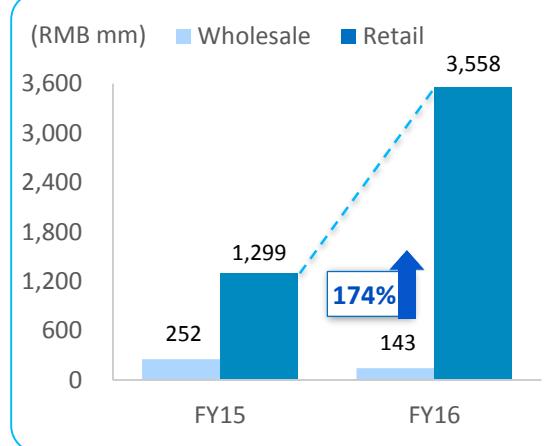
## Total Contracts



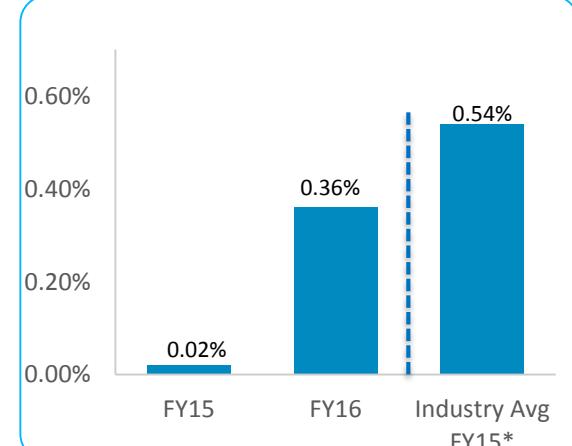
## Segment Profit <sup>1</sup>



## Gross Receivables



## Non-performing Loan Ratio



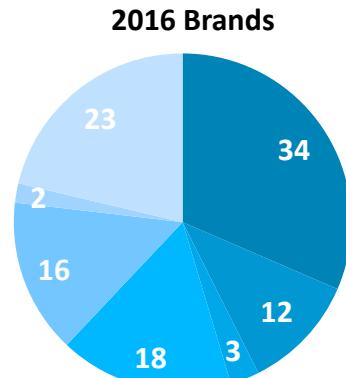
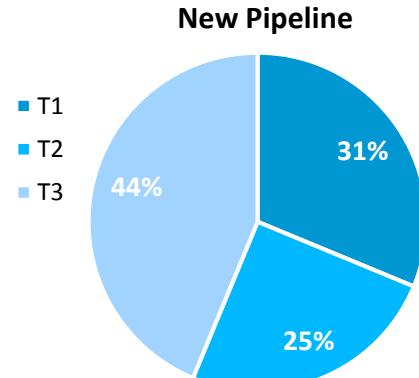
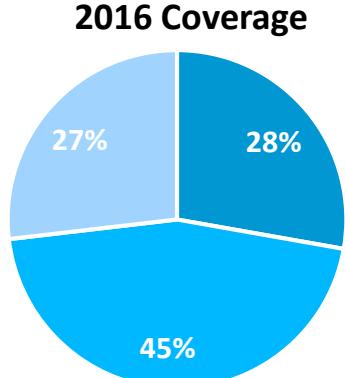
1. Segment profit before tax

\* 2016 industry average has not released yet

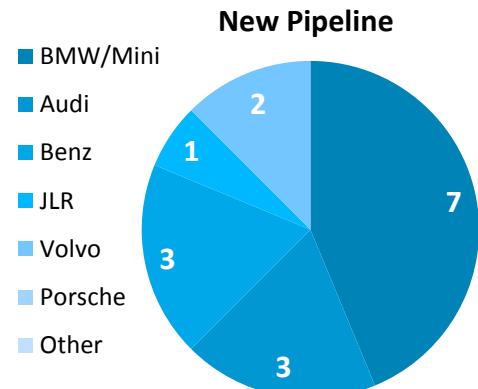
# Network Advancement

Brands	Type	2015	2016 Variance	2016	Pipeline <sup>1</sup>	Total
Luxury & Ultra Luxury	4S Store	75	3	78	15	93
	Showroom	17	-6	11	-	11
	Service Center	4	-	4	-	4
	Pre-owned Car Center	-	-	-	1	1
	Quick Service	1	1	2	-	2
Mid-High End	4S Stores	15	-2	13	-	13
Total		112	-4	108	16	124

## Geographic Coverage

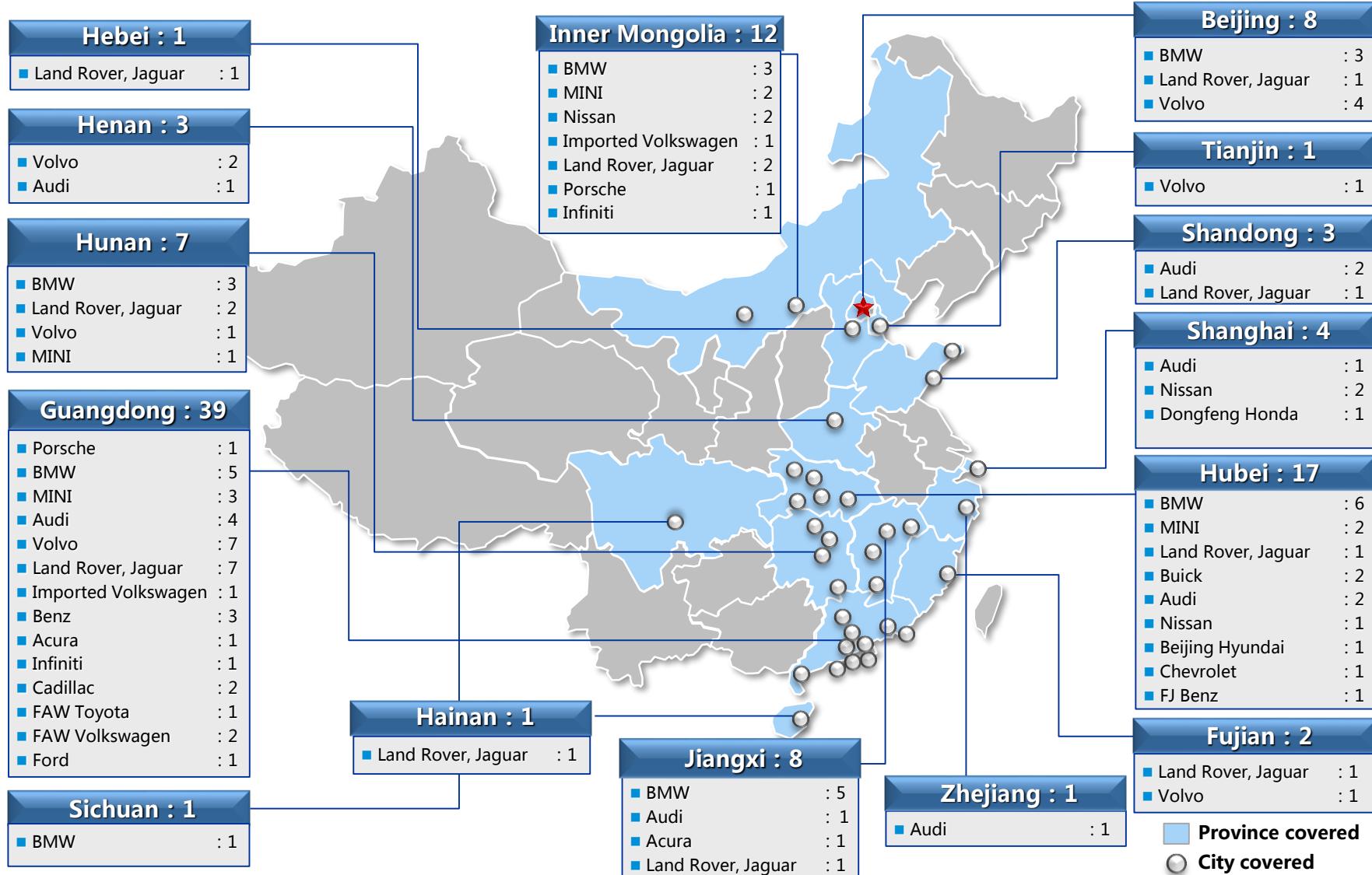


## Brands Breakdown



1. Total number of authorization for possible future store openings

# Network Allover China





CHINA ZHENGTONG  
AUTO SERVICES HOLDINGS LIMITED  
中國正通汽車服務控股有限公司



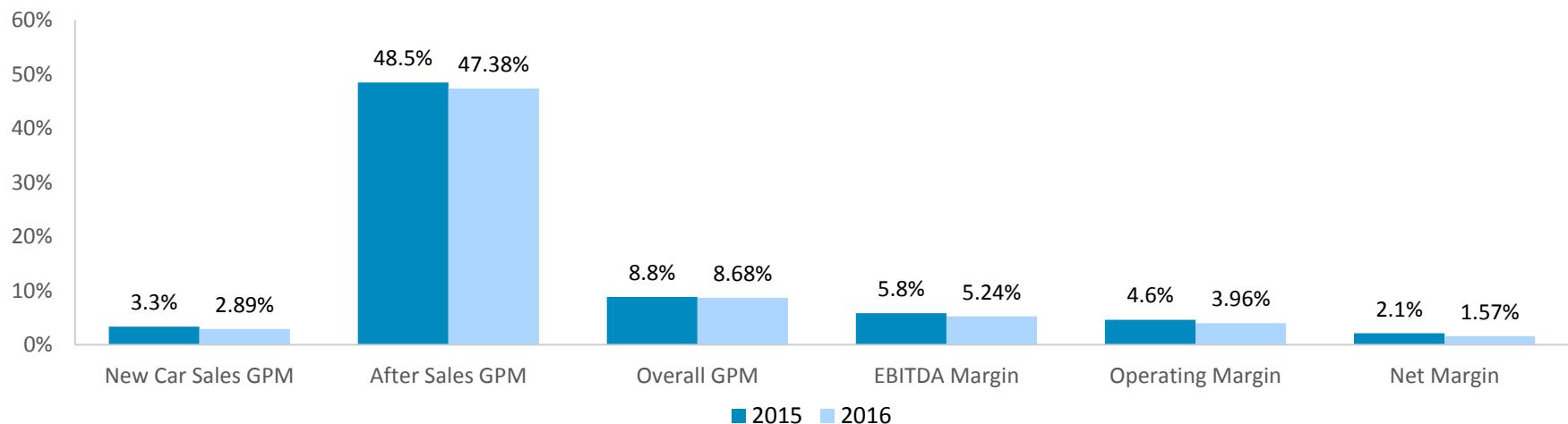
## Financial Review

# Financial Highlights

	<i>For the year ended 31 December 2016</i>		
	<b>FY 2016</b>	<b>FY 2015</b>	<b>YoY</b>
<i>(RMB million)</i>			
<b>Revenue</b>	<b>31,519</b>	<b>29,361</b>	<b>+7.3%</b>
<b>Gross profit</b>	<b>2,736</b>	<b>2,587</b>	<b>+5.8%</b>
<b>Commission Income</b>	<b>377</b>	<b>424</b>	<b>-11.0%</b>
<b>Selling, distribution &amp; administration</b>	<b>(6.41%)</b>	<b>(5.99%)</b>	<b>+42bps</b>
<b>Finance costs</b>	<b>(1.53%)</b>	<b>(1.57%)</b>	<b>-5bps</b>
<b>Net profit margin</b>	<b>1.61%</b>	<b>2.14%</b>	<b>-53bps</b>
<b>Profit to common shareholders</b>	<b>493</b>	<b>619</b>	<b>-20.2%</b>
<b>Basic earnings per share (RMB cents)</b>	<b>22.3</b>	<b>28.0</b>	<b>-20.4%</b>

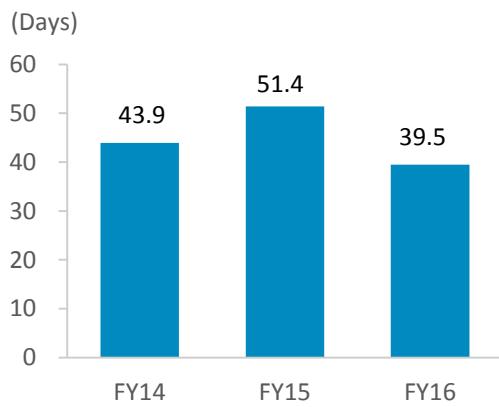
# Profitability Snapshots

	<i>For the year ended 31 December 2016</i>	
	FY 2016	FY 2015
<b>New Car Sales GPM</b>	<b>2.89%</b>	<b>3.3%</b>
<b>After Sales GPM</b>	<b>47.38%</b>	<b>48.5%</b>
<b>Overall GPM</b>	<b>8.68%</b>	<b>8.8%</b>
<b>EBITDA Margin</b>	<b>5.24%</b>	<b>5.8%</b>
<b>Operating Margin</b>	<b>3.96%</b>	<b>4.6%</b>
<b>Net Margin</b>	<b>1.57%</b>	<b>2.1%</b>

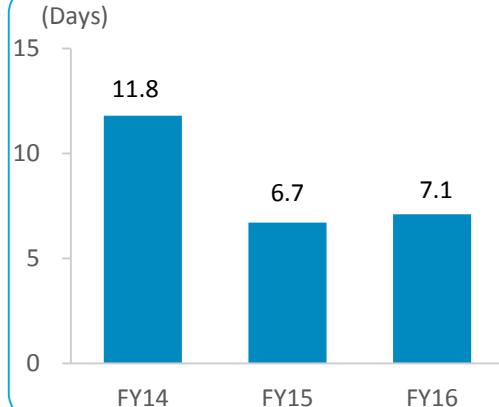


# Asset-Liability and Liquidity Management

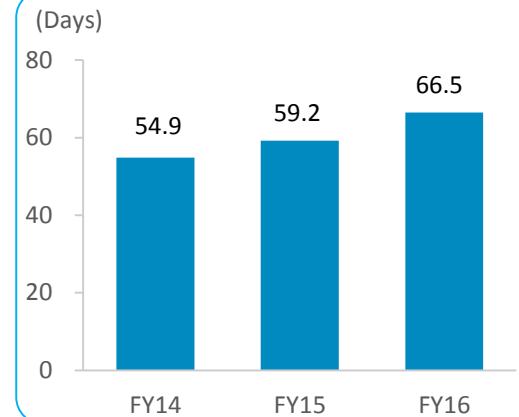
## Inventory Days



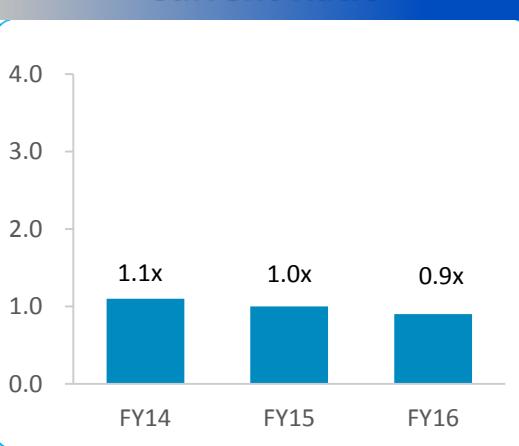
## Receivables Days



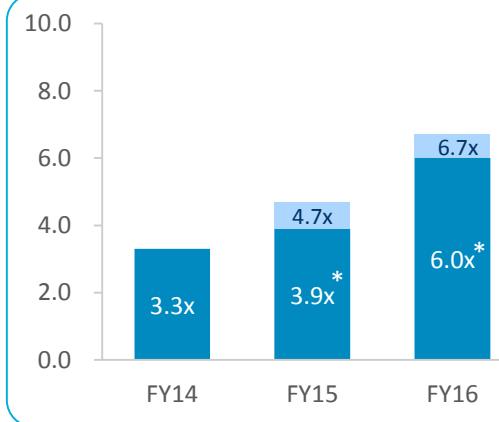
## Payable Days



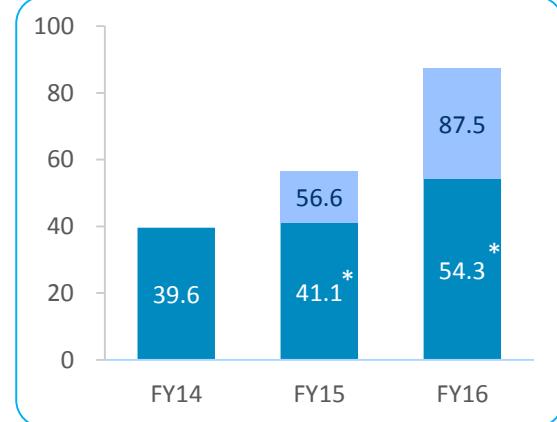
## Current Ratio



## Interest Bearing Debt/EBITDA



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



1. Net debt = ST debt + LT debt – Cash and equivalents – pledged bank deposits

\* Financial service business was excluded when calculating this ratio

# Q & A

