



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** outlets¹ 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

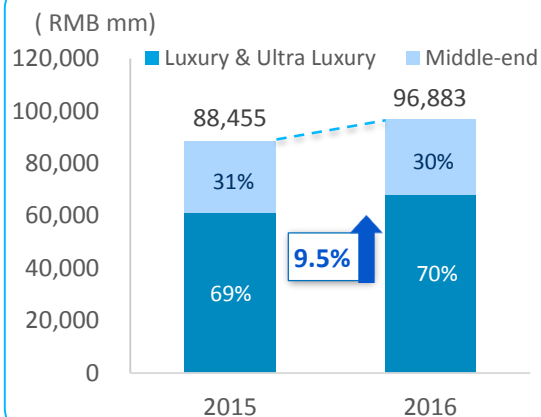


Business Development

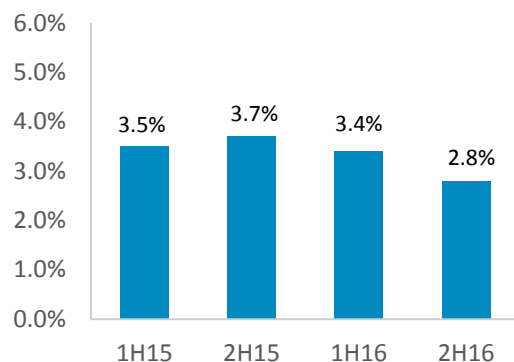


New Car Sales & After Sales Business

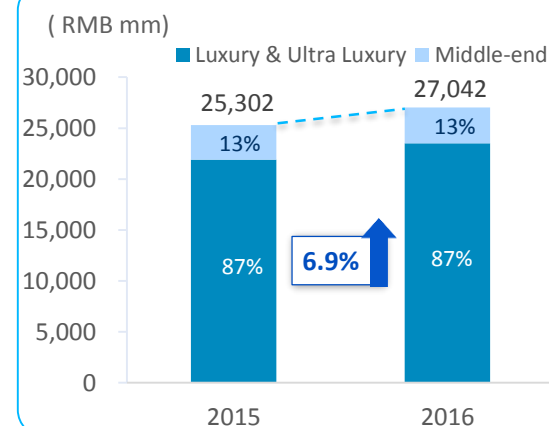
Sales Volume



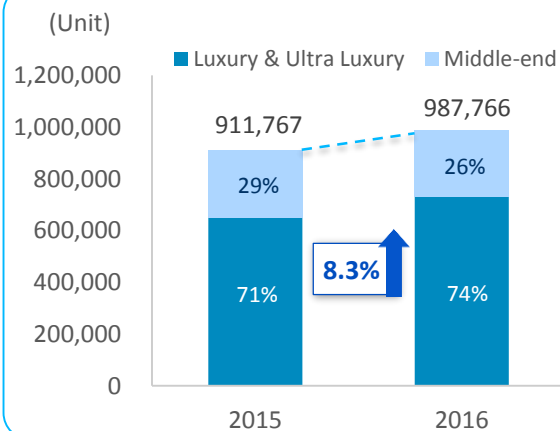
Luxury Car GPM



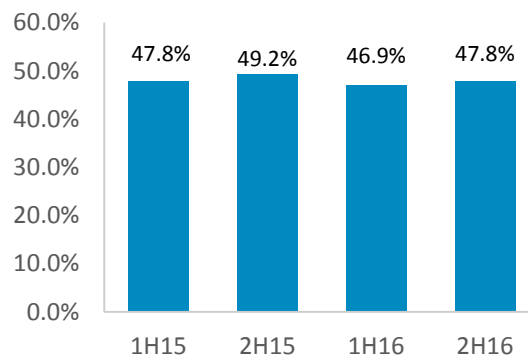
New Cars Sales Revenues



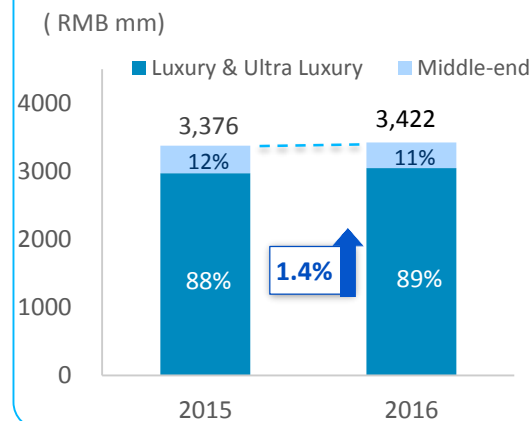
Throughput



After Sales GPM



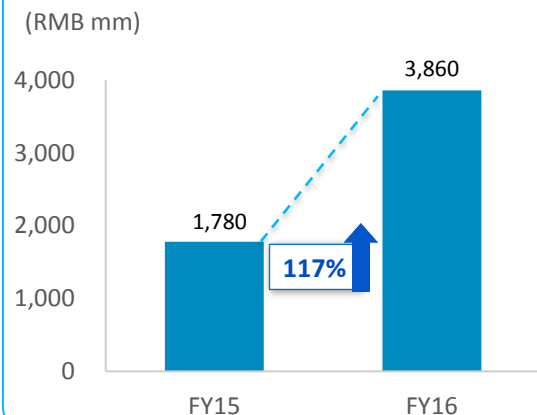
After Sales Revenues



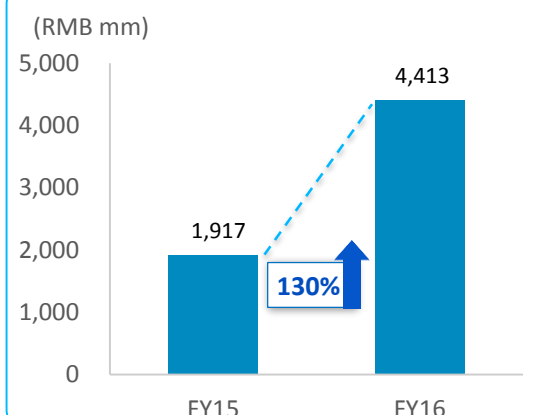


Auto Finance Business

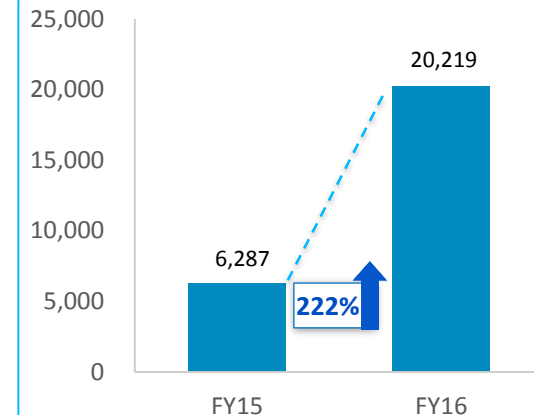
Total Loan Balance



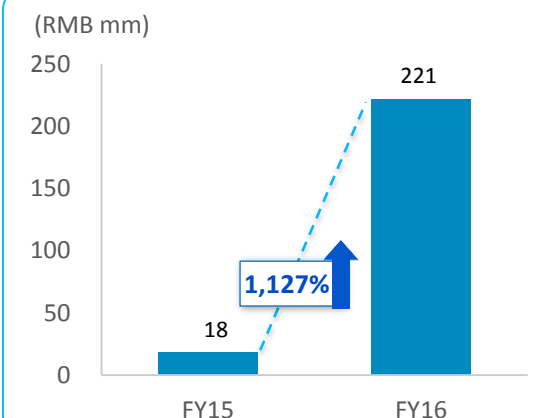
Total Segment Assets



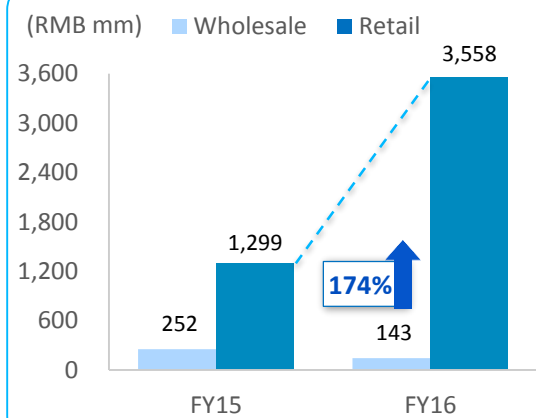
Total Contracts



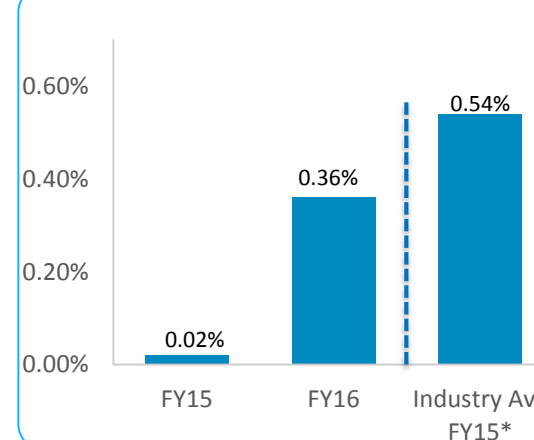
Segment Profit ¹



Gross Receivables



Non-performing Loan Ratio



1. Segment profit before tax
* 2016 industry average has not released yet



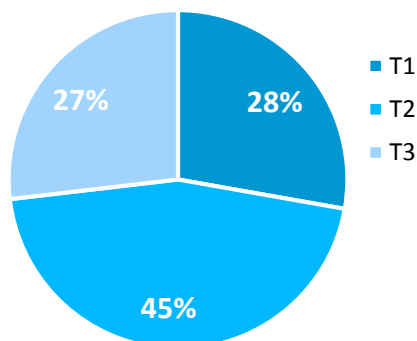
Network Advancement

Brands	Type	2015	2016 Variance	2016	Pipeline ¹	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

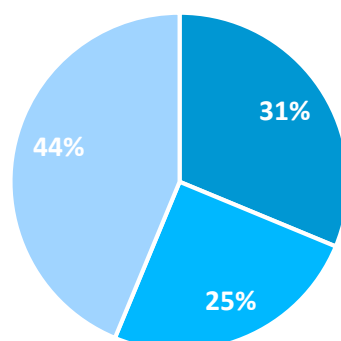
Geographic Coverage

Brands Breakdown

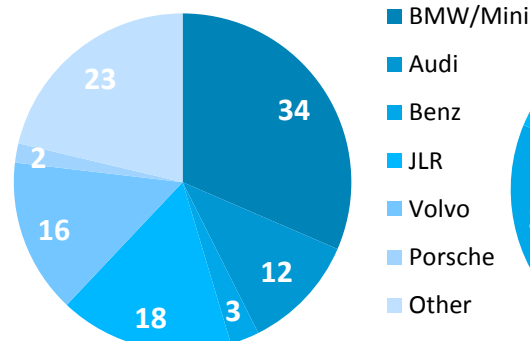
2016 Coverage



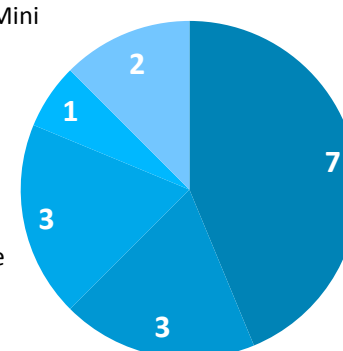
New Pipeline



2016 Brands



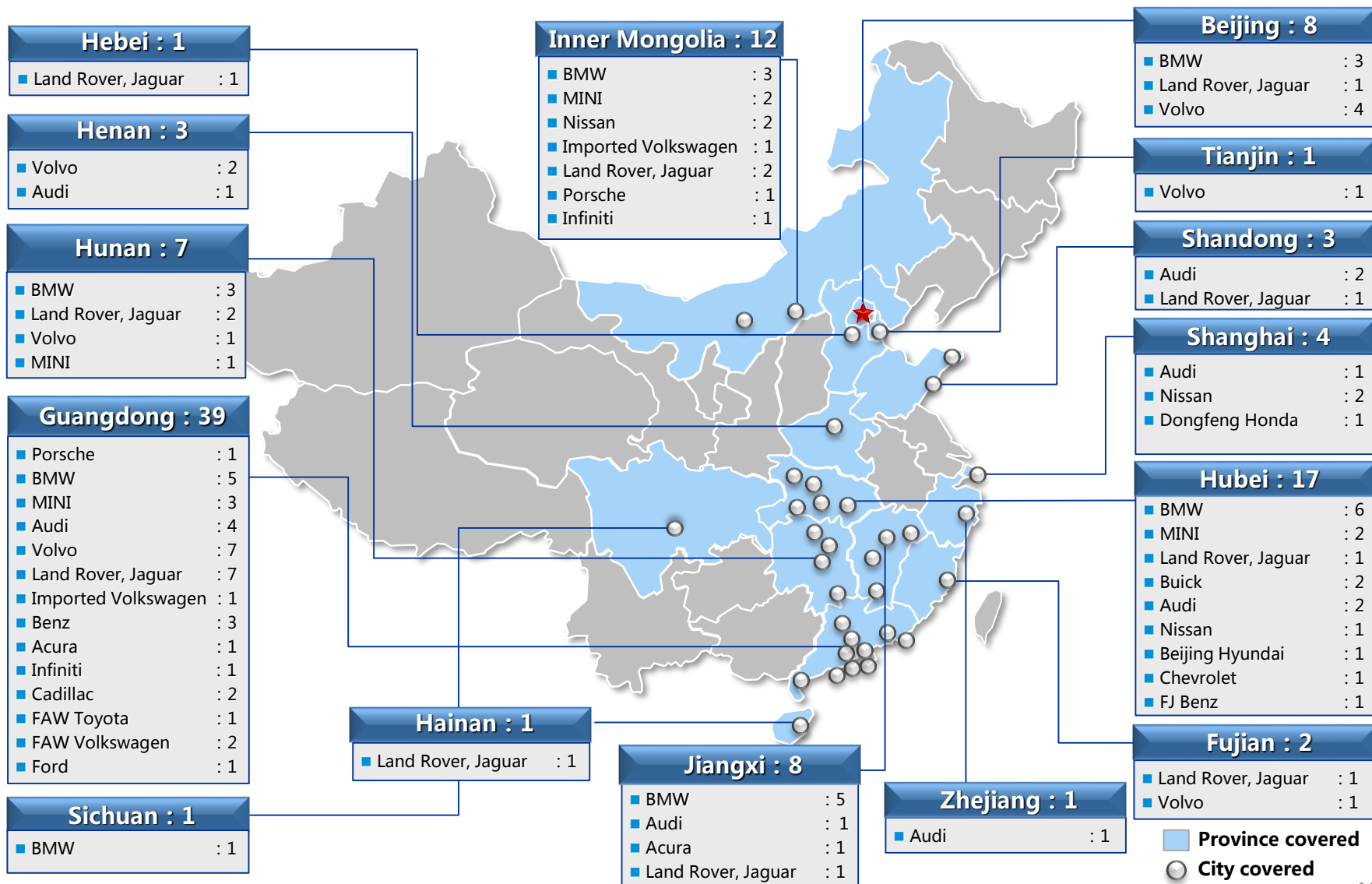
New Pipeline



1. Total number of authorization for possible future store openings



Network Allover China





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



Financial Review

Financial Highlights

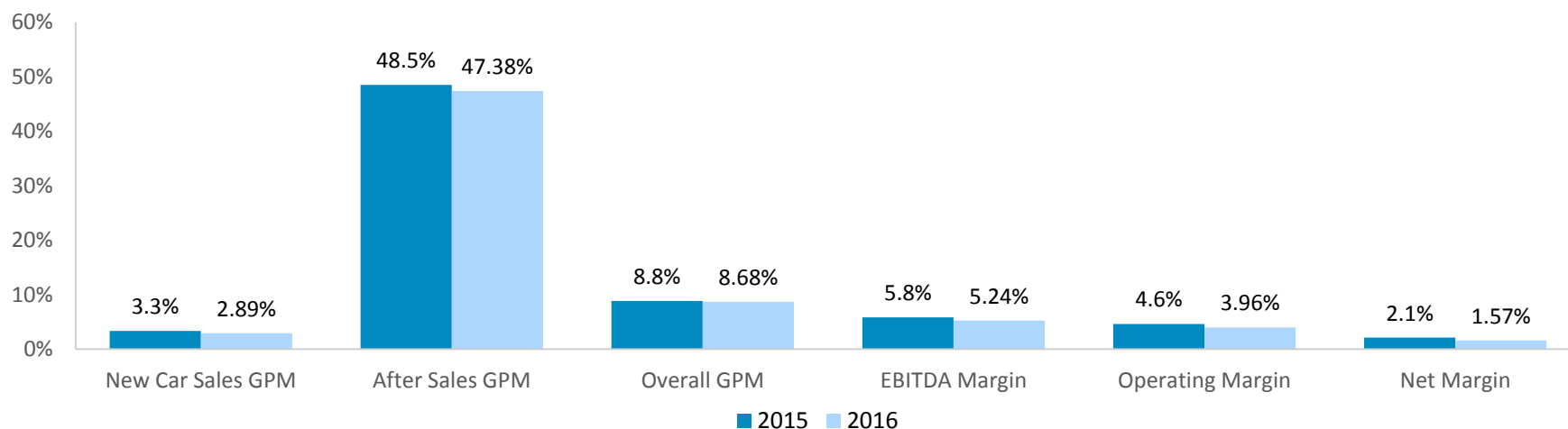


	<i>For the year ended 31 December 2016</i>		
	FY 2016	FY 2015	YoY
<i>(RMB million)</i>			
Revenue	31,519	29,361	+7.3%
Gross profit	2,736	2,587	+5.8%
Commission Income	377	424	-11.0%
Selling, distribution & administration	(6.41%)	(5.99%)	+42bps
Finance costs	(1.53%)	(1.57%)	-5bps
Net profit margin	1.61%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



Profitability Snapshots

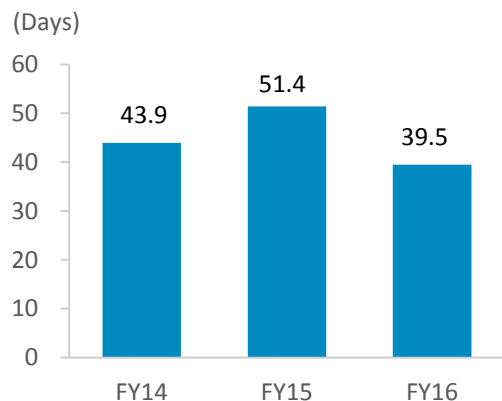
	<i>For the year ended 31 December 2016</i>	
	FY 2016	FY 2015
New Car Sales GPM	2.89%	3.3%
After Sales GPM	47.38%	48.5%
Overall GPM	8.68%	8.8%
EBITDA Margin	5.24%	5.8%
Operating Margin	3.96%	4.6%
Net Margin	1.57%	2.1%



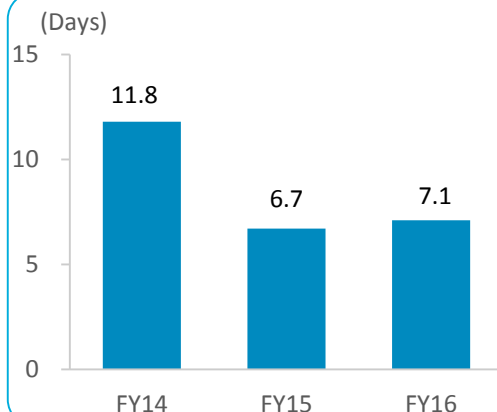


Asset-Liability and Liquidity Management

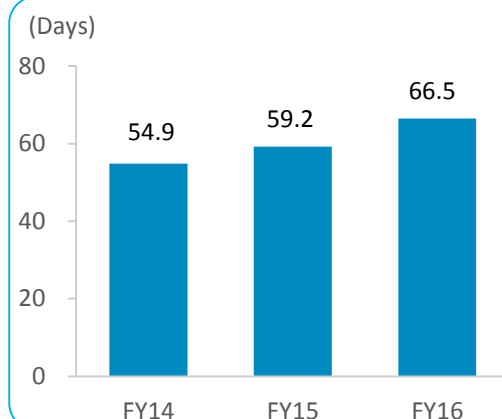
Inventory Days



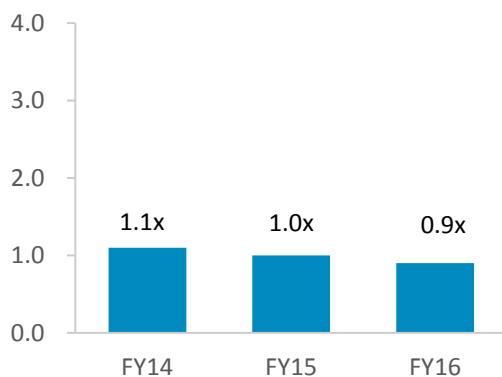
Receivables Days



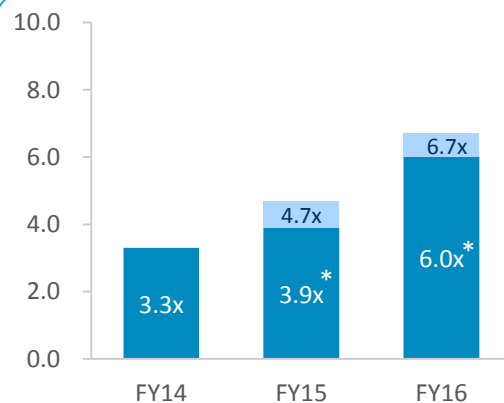
Payable Days



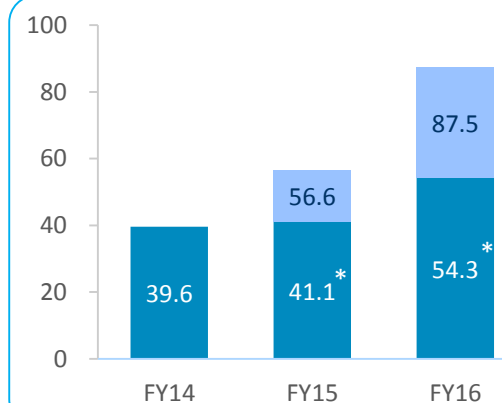
Current Ratio



Interest Bearing Debt/EBITDA



Net Debt¹/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

