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Zhongsheng Group Holdings | Asia Pacific

China BEST Conference 2025 Feedback

2025 new products: Mercedes CLA L and Audi A5L will be two key models for Zhongsheng in 2025. Both are customized for the China market (long wheelbase, smart features) and will start delivery in 3Q25. Zhongsheng management thinks CLA L and A5L are good products, but achieving high sales volume still hinges on a competitive pricing.

Slower after-sales: After-sales growth is tracking slightly behind against the 10% YoY target in 4M25, probably due to seasonality. But management expects after-sales growth to catch up with target later this year.

Huawei stores: Zhongsheng has opened 33 Huawei Aito stores with four more in the pipeline. It has also opened a Huawei HIMA (Harmony Intelligent Mobility Alliance, including Luxeed, Stelato, Maextro) store. However, management expects limited earnings contribution from Huawei brands in 2025.

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Zhongsheng Group Holdings (0881.HK, 881 HK)

China Autos & Shared Mobility | China

Stock Rating	Overweight
Industry View	In-Line
Price target	HK\$15.00
Up/downside to price target (%)	23
Shr price, close (May 7, 2025)	HK\$12.22
52-Week Range	HK\$20.55-8.17
Sh out, dil, curr (mn)	2,448
Mkt cap, curr (mn)	Rmb27,880
EV, curr (mn)	Rmb48,997
Avg daily trading value (mn)	HK\$109

Fiscal Year Ending	12/24	12/25e	12/26e	12/27e
EPS (Rmb)**	1.31	1.48	1.84	2.17
Revenue, net (Rmb bn)	168.12	180.45	187.98	193.12
EBITDA (Rmb bn)§	7.81	9.65	11.15	12.76
ModelWare net inc (Rmb bn)	3.21	3.63	4.51	5.32
P/E	10.0	7.7	6.2	5.2
P/BV	0.7	0.6	0.5	0.5
ROE (%)	7.0	7.7	9.2	10.4
Div yld (%)	4.8	6.3	7.8	9.2

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
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Valuation Methodology and Risks

Zhongsheng Group Holdings (0881.HK)

Base case, derived from discounted cash flow methodology. Our key assumptions include a 12.1% WACC (15.3% cost of equity, 4.7% cost of debt, 30% target gearing ratio) and a 1% terminal growth rate.

Risks to Upside

- Stronger-than-expected new car sales recovery
- Narrowing discounts and gross margin improvement of key brands, such as Lexus and Mercedes
- Faster-than-expected network expansion via M&A

Risks to Downside

- Weaker-than-expected sales of midrange brands
- Tougher-than-expected price competition among luxury dealers
- Faster-than-expected market share loss of luxury gasoline cars to EVs

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(as of April 30, 2025)

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1501	40%	377	46%	25%	691	40%
Equal-weight/Hold	1667	44%	375	45%	22%	796	46%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	603	16%	76	9%	13%	229	13%
Total	3,774		828			1717	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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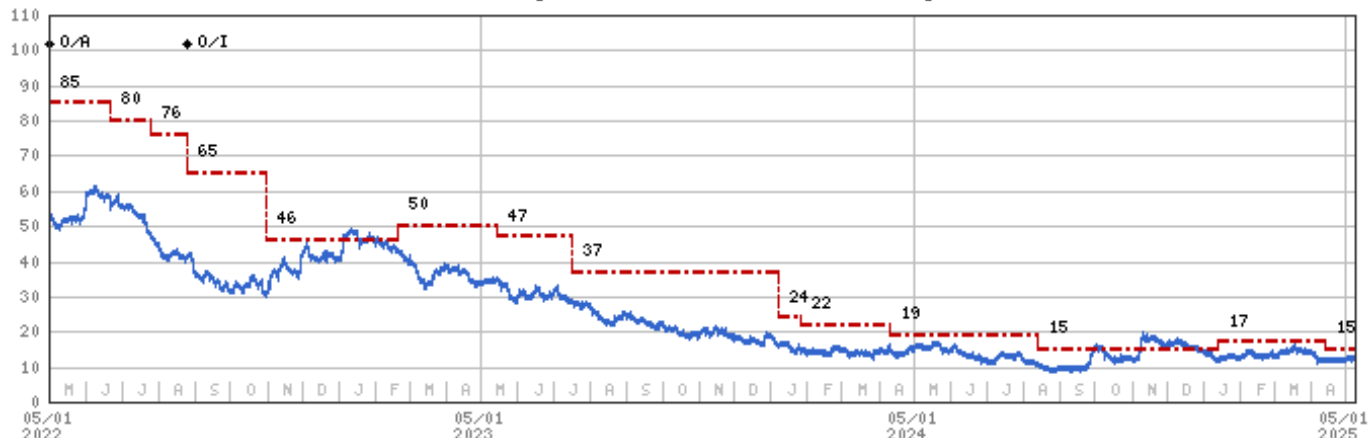
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Stock Price, Price Target and Rating History (See Rating Definitions)

Zhongsheng Group Holdings (0881.HK) - As of 05/08/25 GMT in HKD
Industry : China Autos & Shared Mobility



Stock Rating History: 5/1/20 : 0/I; 8/3/20 : 0/C; 7/1/21 : NA/C; 8/24/21 : NA/C; 9/1/21 : NA/A; 9/9/21 : NA/A; 10/12/21 : 0/A; 8/25/22 : 0/I

Price Target History: 3/13/20 : 36; 5/18/20 : 50; 7/14/20 : 60; 10/28/20 : 70; 11/26/20 : 80; 7/1/21 : NA; 8/24/21 : NA; 9/9/21 : NA; 10/12/21 : 85; 6/22/22 : 80; 7/25/22 : 76; 8/25/22 : 65; 10/31/22 : 46; 2/20/23 : 50; 5/15/23 : 47; 7/17/23 : 37; 1/8/24 : 24; 1/26/24 : 22; 4/10/24 : 19; 8/13/24 : 15; 1/13/25 : 17; 4/14/25 : 15

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target --- No Price Target Assigned (NA)
 Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) —
 Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
 Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
 Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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INDUSTRY COVERAGE: China Autos & Shared Mobility

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/07/2025)
Joey Xu, CFA		
Anhui Jianghuai Automobile (600418.SS)	E (08/19/2023)	Rmb36.20
BAIC Motor (1958.HK)	U (03/12/2021)	HK\$1.98
Brilliance China Automotive (1114.HK)	E (03/31/2025)	HK\$2.80
Chongqing Changan Automobile (000625.SZ)	O (02/02/2024)	Rmb12.41
Chongqing Changan Automobile (200625.SZ)	O (11/18/2020)	HK\$3.72
Dongfeng Motor Group (0489.HK)	O (03/31/2025)	HK\$4.28
Guangzhou Automobile Group (601238.SS)	U (10/23/2019)	Rmb8.08
Guangzhou Automobile Group (2238.HK)	O (05/05/2020)	HK\$2.80
Huayu Automotive (600741.SS)	O (09/08/2020)	Rmb17.86
Jiangsu Changshu Automotive Trim Group (603035.SS)	E (08/14/2023)	Rmb13.25
Ningbo Huaxiang Electronic Co., Ltd. (002048.SZ)	O (08/14/2023)	Rmb16.97
SAIC Motor Corp. Ltd. (600104.SS)	O (11/25/2021)	Rmb16.47
Zhengzhou Yutong Bus Co (600066.SS)	E (09/22/2023)	Rmb27.43
Shelley Wang, CFA		
Beijing Jingwei Hirain Technologies (688326.SS)	U (09/27/2024)	Rmb80.24
Bethel Automotive Safety Systems Co Ltd (603596.SS)	O (12/11/2023)	Rmb58.36
Changzhou Xingyu Automotive Lighting Sys (601799.SS)	O (09/27/2024)	Rmb136.20
China MeiDong Auto Holdings Ltd (1268.HK)	E (01/08/2024)	HK\$2.24
China Yongda Automobiles Services (3669.HK)	E (08/13/2024)	HK\$2.61
Foryou Corporation (002906.SZ)	O (03/06/2024)	Rmb31.80
Huizhou Desay SV Automotive Co Ltd (002920.SZ)	O (02/28/2025)	Rmb106.41
Keboda (603786.SS)	O (01/17/2024)	Rmb54.16
NavInfo Co Ltd (002405.SZ)	U (03/06/2024)	Rmb8.47
Ningbo Joyson Electronic Corp (600699.SS)	O (08/01/2023)	Rmb16.60
Ningbo Tuopu Group Co Ltd (601689.SS)	O (03/06/2024)	Rmb52.45
Ningbo Xusheng Group Co Ltd (603305.SS)	U (02/13/2025)	Rmb13.20
Suzhou Recodeal Interconnect System (688800.SS)	U (09/27/2024)	Rmb51.38
TUHU Car Inc (9690.HK)	O (07/29/2024)	HK\$17.20
Wencan Group Co Ltd (603348.SS)	U (08/01/2023)	Rmb21.04

Zhejiang Sanhua Intelligent Controls (002050.SZ)	E (08/15/2022)	Rmb26.94
Zhongsheng Group Holdings (0881.HK)	O (10/12/2021)	HK\$12.22
Tim Hsiao		
BAIC BluePark New Energy (600733.SS)	U (08/07/2024)	Rmb7.57
BYD Company Limited (002594.SZ)	O (04/14/2025)	Rmb359.20
BYD Company Limited (1211.HK)	O (04/14/2025)	HK\$384.40
EHang Holdings Ltd (EH.O)	O (03/13/2025)	US\$18.75
Fuyao Glass Industry Group (600660.SS)	E (12/01/2016)	Rmb57.56
Fuyao Glass Industry Group (3606.HK)	E (12/01/2016)	HK\$53.95
Geely Automobile Holdings (0175.HK)	O (06/26/2024)	HK\$16.78
Great Wall Motor Company Limited (601633.SS)	U (03/16/2022)	Rmb23.28
Great Wall Motor Company Limited (2333.HK)	E (01/08/2024)	HK\$11.76
Hesai Group (HSAI.O)	E (01/13/2025)	US\$16.19
Horizon Robotics (9660.HK)	O (12/02/2024)	HK\$7.28
Li Auto Inc. (LI.O)	O (08/24/2020)	US\$26.29
Li Auto Inc. (2015.HK)	O (11/16/2021)	HK\$100.90
Mint Group Limited (0425.HK)	O (08/24/2015)	HK\$18.18
Nexteer Automotive Group (1316.HK)	E (02/28/2025)	HK\$5.23
NIO Inc. (9866.HK)	O (10/03/2022)	HK\$29.85
NIO Inc. (NIO.N)	O (08/26/2020)	US\$3.84
WeRide Inc (WRD.O)	O (11/19/2024)	US\$8.31
XPeng Inc. (9868.HK)	O (11/16/2021)	HK\$74.80
XPeng Inc. (XPEV.N)	O (01/29/2021)	US\$19.18
Zeekr Intelligent Technology Holding Ltd (ZK.N)	O (06/04/2024)	US\$25.19

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.