

Stock Code: 000570, 200570

Stock Name: Changchai, Changchai-B

Announcement No. 2022-014

CHANGCHAI COMPANY, LIMITED

ANNUAL REPORT 2021 (SUMMARY)

Part I Important Notes

This Summary is based on the full Annual Report of Changchai Company, Limited (together with its consolidated subsidiaries, the “Company”, except where the context otherwise requires). In order for a full understanding of the Company’s operating results, financial position and future development plans, investors should carefully read the aforesaid full text, which has been disclosed together with this Summary on the media designated by the China Securities Regulatory Commission (the “CSRC”).

All the directors of the Company attended in person the board meeting for the approval of this Report.

Independent auditor’s modified opinion:

Applicable Not applicable

Board-approved final cash and/or stock dividend plan for ordinary shareholders for the Reporting Period:

Applicable Not applicable

Bonus issue from capital reserves:

Yes No

The Board has approved a final dividend plan for ordinary shareholders as follows: based on the 705,692,507 shares, a cash dividend of RMB0.26 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves.

Board-approved final cash and/or stock dividend plan for preferred shareholders for the Reporting Period:

Applicable Not applicable

This Report and its summary have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese versions shall prevail.

Part II Key Corporate Information

1. Stock Profile

Stock name	Changchai, Changchai-B	Stock code	000570, 200570
Stock exchange for stock listing	Shenzhen Stock Exchange		

Contact information	Board Secretary	Securities Representative
Name	He Jianjiang	
Address	123 Huaide Middle Road, Changzhou, Jiangsu, China	
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Email address	cchjj@changchai.com	

2. Principal Activities or Products in the Reporting Period



1. Principal Operations of the Company

We mainly specialize in the R&D, manufacture and sales of diesel engines under the brand "Changchai" and gasoline engines under the brand "Robin". Our products are mainly used in agricultural machinery, small construction machinery, light commercial vehicles, generator sets and shipborne machinery and other fields closely related to people's livelihood.

In the Reporting Period, there were no major changes in the Company's core business and main products.

2. Main Products of the Company

Our main products are divided into two categories: diesel engines and gasoline engines. The details are as follows:

Main products	Graphic display	Product description	Product features	Application fields
Diesel engine		Our diesel engine products include single-cylinder diesel engines and multi-cylinder engines, covering power range from 1.62kW to 117.6kW, and cylinder diameters from 65mm to 135mm, with one or more cylinders. Besides sale in domestic market, our diesel engines are sold to Southeast Asia, South America, the Middle East and Africa.	High power, low oil consumption, low noise, compact structure, low emission, good reliability	Agricultural machinery, construction machinery, generator sets, shipborne machinery
Gasoline engine		Our gasoline engines are mainly general-purpose small gasoline engines, covering the power range from 1.5kW to 7.0kW. Besides sale in domestic market, our gasoline engines are sold to Southeast Asia, the Middle East, Europe and America, Africa, Japan and other countries and regions.	Simple structure, good reliability, easy maintenance	Agricultural machinery, small construction machinery

3. Major Business Models

(1) R&D model

We have established an innovative technology management system for internal combustion engine based on market demand and forward-looking technologies. Prior to the new products or new technologies development, the

marketing department first conducts market assessment and customer research, and then initiates a project according to the forecasted market demand; the technology center conducts development according to the project materials, and collects feedback information from the market and customers in real time during the development process to ensure technology leadership and product suitability.

(2) Purchasing model

We adopt the "purchase-to-order" purchasing model. The ERP system converts the sales orders, the sales plan developed by the sales department and the production plan drawn up by the production department into the demand of parts needed, and the purchasing department organizes the purchase according to such demand. Meanwhile, the purchasing department makes a plan to guide parts procurement according to the sales department's sales plan, and provide it to the supplier, and urge the supplier to prepare for the goods.

(3) Production model

We adopt the "make-to-order" production management model. The sales department makes sales plans for different stages according to the orders in hand, sales data in previous years, market demand judgment and feedback of existing customers' purchasing intentions. The Company's production department makes the production plan according to the sales orders displayed in the ERP system, the sales plan made by the sales department and the reserve inventory demand, and organizes the production task in strict accordance with the plan. During the production process, the quality assurance department arranges regular inspection to ensure the product quality.

(4) Sale model

We adopt the sales model of "direct selling + distribution", i.e. the direct selling model for the main engine factory, and the distribution model for the individual circulation market represented by farmers and overseas market.

4. The Company's position in the market

We mainly specialize in the R&D, manufacture and sales of diesel engines under the brand "Changchai" and gasoline engines under the brand "Changchai Robin". Up to now, we have successfully developed a number of advanced core technologies with independent intellectual property rights. In terms of diesel engine, according to the statistics of China Internal Combustion Engine Industry Association (CICEIA), as the largest small- and medium-sized single-cylinder diesel engine manufacturer in the agricultural machinery industry of China, we have maintained a high market share of single-cylinder engines, and our market share of single-cylinder diesel engines of some power ranges has ranked first in China. For many years, in the process of achieving steady economic development of the enterprise, we developed in a sound manner and cultivated the "Changchai" brand, a famous small diesel engine brand of China with independent intellectual property rights.

5. Key Performance Drivers

(1) National policy driver

In recent years, various departments of the state have introduced a series of preferential policies to encourage the development of internal combustion engine industry. In terms of agricultural machinery, the central government has taken solving the problems relating to "agriculture, rural areas and farmers" as the top priority of the work of the Party and the government, and issued a series of policies to benefit farmers, creating a good atmosphere for promoting the development of agriculture and economy and society in rural areas; in terms of construction machinery, the strategy of "western development", the "eight vertical and eight horizontal" high-speed railway network plan and the policy of "new rural construction" have all created a good policy environment for the application of internal combustion engine in downstream construction machinery.

(2) Industrial chain synergy empowers the sustainable development of the Company

We have built our own casting manufacturing and processing plants to meet the use requirements of some diesel engine parts. In terms of production and quality, we have formed a significant synergy with its own internal combustion engine assembly team. Our casting manufacturing team and internal combustion engine assembly team work together to form a mutually reinforcing positive feedback loop to assist the Company in integrating the internal combustion engine industry chain and building differentiated industry barriers. In terms of collaborative production, the reduction of external purchase is of great significance for the Company to reduce process flow, reduce intermediate loss, improve production efficiency, shorten delivery time and increase purchasing bargaining power. In terms of quality coordination, the self-built foundry can improve our quality control of parts to improve the yield and reliability of internal combustion engines.

(3) Stable and efficient R&D team

We have experienced technical management team and perfect technical support team. Our key technical personnel and R&D management personnel have been engaged in internal combustion engine R&D design, production and manufacturing for a long time. With profound professional knowledge and rich practical experience, they can make strong forward-looking and scientific judgment in the market direction and technical route. Also, we have established an effective training mechanism to foster talented persons for the follow-up R&D.

(4) Well-known brand with many well-known customers

The Company, formerly known as Changzhou Diesel Engine Factory, is a national industrial enterprise with a history of a hundred years and one of the earliest professional internal combustion engine manufacturers in China. Our diesel and gasoline engines, as power sources of agricultural machinery, construction machinery and commercial vehicles, show excellent performance in power range, reliability, power per litre, noise control and emission standards, and have been recognized by customers. We maintained a long-term partnership with major

customers, with cumulative partnership time exceeding 15 years. Many main engine plant customers of the Company are well-known enterprises in the agricultural machinery industry, with their market shares being at the forefront of the market.

3. Key Financial Information

(1) Key Financial Information of the Past Three Years

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

Yes No

Unit: RMB

	31 December 2021	31 December 2020	Change of 31 December 2021 over 31 December 2020 (%)	31 December 2019
Total assets	4,860,382,961.26	3,952,954,464.45	22.96%	3,488,820,324.60
Equity attributable to the listed company's shareholders	3,077,550,018.33	2,273,349,347.02	35.38%	2,110,892,767.58
	2021	2020	2021-over-2020 change (%)	2019
Operating revenue	2,452,430,515.60	2,296,464,711.24	6.79%	2,045,820,801.10
Net profit attributable to the listed company's shareholders	103,006,232.54	52,432,443.05	96.46%	24,966,526.85
Net profit attributable to the listed company's shareholders before exceptional gains and losses	5,329,092.87	25,483,147.57	-79.09%	14,405,485.64
Net cash generated from/used in operating activities	-266,323,779.30	251,796,654.53	--	-20,325,189.56
Basic earnings per share (RMB/share)	0.1657	0.0934	77.41%	0.0445
Diluted earnings per share (RMB/share)	0.1657	0.0934	77.41%	0.0445
Weighted average return on equity (%)	3.86%	2.40%	1.46%	1.21%

(2) Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	774,218,489.69	722,951,966.11	484,183,670.58	471,076,389.22

Net profit attributable to the listed company's shareholders	24,571,254.83	104,617,810.77	-23,478,352.18	-2,704,480.88
Net profit attributable to the listed company's shareholders before exceptional gains and losses	23,604,960.00	3,555,454.58	-9,073,885.20	-12,757,436.51
Net cash generated from/used in operating activities	774,218,489.69	722,951,966.11	484,183,670.58	471,076,389.22

Indicate by tick mark whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

Yes No

4. Share Capital and Shareholder Information at the Period-End

(1) Numbers of Ordinary Shareholders and Preferred Shareholders with Resumed Voting Rights as well as Holdings of Top 10 Shareholders

Unit: share

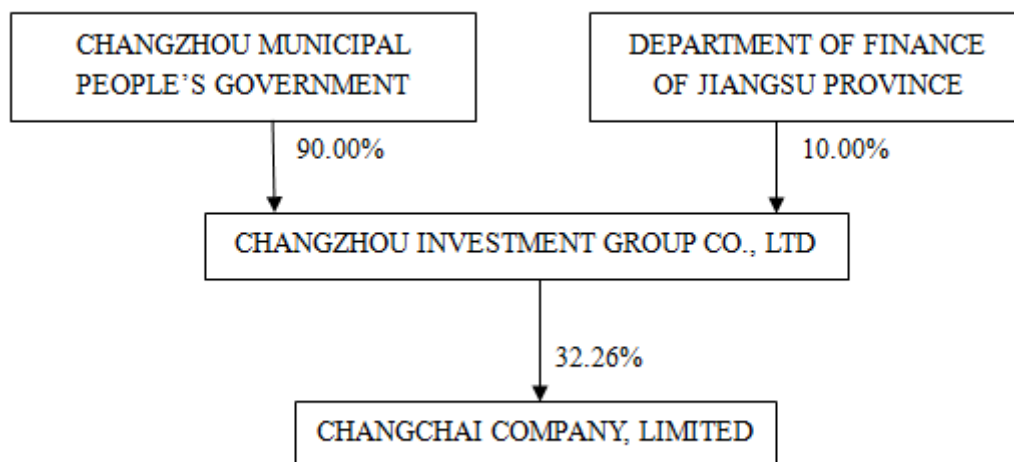
Number of ordinary shareholders at the period-end	49,947	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	53,650	Number of preferred shareholders with resumed voting rights at the period-end	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report	0
Top 10 shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Restricted shares held	Shares in pledge or frozen		
					Status	Shares	
Changzhou Investment Group Co., Ltd	State-owned corporation	32.26%	227,663,417	56,818,181			
Nuode Fund-Huazhang Tiandi Media Investment Co., Ltd.-Nuode Fund Pujiang No.64 Single Asset Management Plan	Other	1.61%	11,363,636	11,363,636			
China National Gold Group Asset Management Co., Ltd.	State-owned corporation	1.51%	10,681,818	10,681,818			
Chen Beiwen	Domestic individual	1.03%	7,272,727	7,272,727			

Enjoy(Ningbo)Asset Management L.P.-Enjoy Yingshanhong No.9 Private Securities Investment Fund	Other	0.97%	6,818,181	6,818,181		
UBS AG	Foreign corporation	0.66%	4,631,555	3,409,090		
Changzhou Transportation Construction Investment Development Co., Ltd.	State-owned corporation	0.65%	4,595,454	4,545,454		
Yao Jianquan	Domestic individual	0.64%	4,545,454	4,545,454		
Sun Meichun	Domestic individual	0.64%	4,545,454	4,545,454		
Jiangxi Jintou Industrial Development Co., Ltd.	Domestic non-state-owned corporation	0.64%	4,545,454	4,545,454		
Related or acting-in-concert parties among the shareholders above	It is unknown whether there is among the top 10 public shareholders and the top 10 unrestricted public shareholders any related parties or acting-in-concert parties as defined in the Administrative Measures for Information Regarding Shareholding Alteration.					
Top 10 shareholders involved in securities margin trading (if any)	Not					

(2) Number of Preferred Shareholders and Shareholdings of Top 10 of Them

Applicable Not applicable

No preferred shareholders in the Reporting Period.

(3) Ownership and Control Relations between the Actual Controller and the Company**5. Outstanding Bonds at the Date when this Report Was Authorized for Issue**

Applicable Not applicable

Part III Significant Events**1. Accomplishment of non-public offering of shares**

On 17 December 2020, the Company received the Reply concerning the Approval of the Non-public Offering of Shares of Changchai Company, Limited (ZJXX [2020] No. 3374) from the China Securities Regulatory Commission, which approved the non-public offering of up to 168,412,297 shares of the Company. The Company's offered 144,318,181 RMB ordinary shares (A shares) in a non-public manner. The issuing price was RMB4.40 per share, total amount raised was RMB634,999,936.40, and the net amount actually raised was RMB620,665,733.97 after deducting various issuance expenses. The new shares issued in a non-public manner were listed on the Shenzhen Stock Exchange on 5 July 2021. Except for the shares subscribed by the Investment Group, the restriction has been lifted on 5 January 2022. For details, please refer to the Report on Non-public Offering by Changchai Company, Limited and Listing Bulletin disclosed by the Company on www.cninfo.com.cn on 1 July 2021.

2. Participating in the Public Listed Transfer of 41.5% Equity Interests in Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd.

The Sixth Interim Meeting of the Board of Directors in 2021 held by the Company on 28 October 2021 deliberated on and approved the Proposal on Participating in the Public Listed Transfer of 41.5% Equity Interests in Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd., authorizing the Management of the Company to participate in the bidding of the public listed transfer by Jiangsu University of Science and Technology Assets Management Co., Ltd. (hereinafter referred to as "Science University Assets") of its 41.5% equity interest in Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd. (hereinafter referred to as "Zhenjiang Siyang"). On 12 January 2022, Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd. issued the Confirmation of Transaction on the Transfer of 41.5%

Equity Interest (Corresponding to Capital Contribution of RMB830,000).The Company won the 41.5% equity interest in Zhenjiang Siyang at a price of RMB33,520,800.00. On 23 February 2022, the Company signed the Contract on Transfer of State-owned Property Rights with Science University Assets. On 9 March 2022, Zhenjiang Siyang has completed the relevant registration alteration formalities with the competent industrial and commercial administration.