

Stock Code: 000570, 200570    Stock Name: Changchai, Changchai-B    Announcement No. 2023-018

## CHANGCHAI COMPANY, LIMITED

### FIRST QUARTERLY REPORT 2023

Changchai Company, Limited (hereinafter referred to as the “Company”) and all the members of the Company’s Board of Directors hereby guarantee that the contents of this Report are true, accurate and complete and free of any misrepresentations, misleading statements or material omissions.

#### Important Notes:

1. The Board of Directors, the Supervisory Committee as well as the directors, supervisors and senior management of the Company hereby guarantee that the contents of this Report are true, accurate and complete and free of any misrepresentations, misleading statements or material omissions, and collectively and individually accept legal responsibility for such contents.
2. The Company’s legal representative, General Manager, and head of the financial department (equivalent to financial manager) hereby guarantee that the financial statements carried in this Report are true, accurate and complete.
3. Indicate whether the financial statements in this Report have been audited by an independent auditor.

Yes  No

#### I Key Financial Information

##### (I) Key Accounting Data and Financial Indicators

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

Yes  No

	Q1 2023	Q1 2022	YoY change (%)
Operating revenue (RMB)	703,102,297.70	675,718,729.65	4.05%
Net profit attributable to the listed company’s shareholders (RMB)	23,934,592.54	-31,087,265.83	——
Net profit attributable to the listed company’s shareholders before exceptional items (RMB)	1,107,543.07	-12,317,891.45	——
Net cash generated from/used in operating activities (RMB)	-71,086,048.66	-47,199,474.48	——
Basic earnings per share (RMB/share)	0.0339	-0.0441	——
Diluted earnings per share (RMB/share)	0.0339	-0.0441	——
Weighted average return on equity (%)	0.73%	-1.02%	1.75%
	31 March 2023	31 December 2022	Change (%)
Total assets (RMB)	5,361,220,136.94	5,219,359,853.42	2.72%
Equity attributable to the listed company’s shareholders (RMB)	3,386,795,958.44	3,284,710,665.90	3.11%

**(II) Exceptional Gains and Losses**√ Applicable  Not applicable

Unit: RMB

Item	Q1 2023	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	16,000.00	
Government grants through profit or loss (exclusive of government grants continuously given in the Company's ordinary course of business at fixed quotas or amounts as per the government's policies and standards)	1,110,261.12	
Gain or loss on fair-value changes on held-for-trading financial assets and liabilities & income from disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	28,444,855.32	Increase in the fair value of trading financial assets of Jiangsu Liance Electromechanical Technology Co., Ltd., Kailong High Technology Co., Ltd. and Guilin Stars Science and Technology Co., Ltd. held by the Company's wholly-owned subsidiary Changzhou Horizon Investment Co., Ltd. at the period-end.
Non-operating income and expense other than the above	281,036.24	
Less: Income tax effects	7,030,751.32	
Non-controlling interests effects (net of tax)	-5,648.11	
Total	22,827,049.47	--

Other items that meet the definition of exceptional gain/loss:

 Applicable  Not applicable

No such cases in the Reporting Period.

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

 Applicable  Not applicable

No such cases in the Reporting Period.

**(III) Changes in Key Financial Statement Line Items and Explanation of why**√ Applicable  Not applicable**1. Consolidated Balance Sheet Items**

Item	31 March 2023 (RMB)	1 January 2023 (RMB)	Change (%)	Explanation of why
Accounts receivable	743,737,858.47	370,322,179.77	100.84%	Most of the Company's multi-cylinder diesel engine customers are supporting companies of main engine, which are usually given longer payment days and the Company properly allowed customers' buying on credit for more markets to step up efforts to expand the market due to the product emission

				upgrading
Receivables financing	105,873,190.21	242,813,392.79	-56.40%	Discounting some bank acceptance bills with higher credit rating in the Reporting Period
Prepayments	10,160,415.59	6,330,202.69	60.51%	The consolidation scope increased a subsidiary Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd. in the Reporting Period
Construction in progress	21,187,000.73	30,281,547.56	-30.03%	Transfer to fixed assets of wholly-owned subsidiary Jiangsu Changchai Machinery Co., Ltd.'s construction in progress in the Reporting Period
Employee benefits payable	21,728,474.64	49,351,022.47	-55.97%	Salaries and bonuses accrued last period were paid in the Reporting Period

## 2. Consolidated Income Statement Items

Item	Q1 2023 (RMB)	Q1 2022 (RMB)	Change (%)	Explanation of why
Taxes and levies	3,617,737.48	2,683,173.54	34.83%	The consolidation scope increased a subsidiary Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd. in the Reporting Period
Administrative expense	26,139,392.36	19,674,958.93	32.86%	The wholly-owned subsidiary Jiangsu Changchai Machinery Co., Ltd. has entered the production and operation stage in the Reporting Period which was still in the construction stage in the previous period
Finance costs	2,888,672.62	-4,724,177.18	—	Decreased exchange gains and interest revenue
Other income	1,110,261.12	272,800.00	306.99%	Increased government grants
Gain on changes in fair value	25,718,114.28	-30,090,071.74	—	Increase in the fair value of trading financial assets of Jiangsu Liance Electromechanical Technology Co., Ltd., Kailong High Technology Co., Ltd. and Guilin Stars Science and Technology Co., Ltd. held by the Company's wholly-owned subsidiary Changzhou Horizon Investment Co., Ltd. at the period-end.
Asset disposal income	16,000.00	0.00	—	Income from disposal of assets by the wholly-owned subsidiary Changzhou Changchai Benniu Diesel Engine Fittings Co., Ltd.
Non-operating income	380,282.59	938,024.81	-59.46%	Receipt of compensation for breach of contract in the previous period which did not occur in the Reporting Period
Non-operating expense	99,246.35	165,774.63	-40.13%	YoY decrease in abandonment losses
Net profit attributable to non-controlling interests	1,894,369.80	-31,629.89	—	The consolidation scope increased a subsidiary Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd. in the Reporting Period
Net profit attributable to shareholders of the Company as	23,934,592.54	-31,087,265.83	—	The domestic market has improved during the Reporting Period with the official implementation of the "National IV" emission standard, and the external market

the parent				has also picked up, resulting in an increase in sales and revenue; increase in income from changes of the fair value of trading financial assets held by the Company's wholly-owned subsidiary Changzhou Horizon Investment Co., Ltd.
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### 3. Consolidated Cash Flow Statement Items

Item	Q1 2023 (RMB)	Q1 2022 (RMB)	Change (%)	Explanation of why
Net cash generated from/used in operating activities	-71,086,048.66	-47,199,474.48	—	Increase of accounts receivable since most of the Company's multi-cylinder diesel engine customers are supporting companies of main engine, which are usually given longer payment days and the Company properly allowed customers' buying on credit in the first quarter for more markets to step up efforts to expand the market, relative to the capital return of less.
Net cash generated from/used in investing activities	-119,390,601.99	-56,686,774.58	—	Increase payments for construction projects by the wholly-owned subsidiary Jiangsu Changchai Machinery Co., Ltd.
Net cash generated from/used in financing activities	-69,125.00	27,863,145.85	—	The discounting of bank acceptance bills with lower credit ratings in the previous period, which did not occur in the Reporting Period.

## II Shareholder Information

### (I) Numbers of Ordinary Shareholders and Preference Shareholders with Resumed Voting Rights as well as Holdings of Top 10 Shareholders

Unit: share

Number of ordinary shareholders	49,998	Number of preference shareholders with resumed voting rights (if any)	0			
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held	Restricted shares held	Shares in pledge, marked or frozen	
					Status	Shares
Changzhou Investment Group Co., Ltd.	State-owned corporation	32.26%	227,663,417	56,818,181		
Chen Jian	Domestic individual	0.66%	4,628,700	0		
CITIC Securities Co., Ltd.	State-owned corporation	0.57%	4,004,302	0		
KGI ASIA LIMITED	Foreign corporation	0.44%	3,101,695	0		

MORGAN STANLEY & CO. INTERNATIONAL PLC.	Foreign corporation	0.42%	2,978,425	0		
Guotai Junan Securities Co., Ltd.	State-owned corporation	0.33%	2,310,314	0		
Shenwan Hongyuan Securities Co., Ltd.	State-owned corporation	0.31%	2,201,800	0		
Huatai Securities Co., Ltd.	State-owned corporation	0.27%	1,921,118	0		
Li Suinan	Domestic individual	0.22%	1,569,100	0		
Huang Guoliang	Domestic individual	0.22%	1,528,891	0		
Top 10 unrestricted shareholders						
Name of shareholder	Unrestricted ordinary shares held	Shares by class				
		Class	Shares			
Changzhou Investment Group Co., Ltd.	170,845,236	RMB-denominated ordinary share	170,845,236			
Chen Jian	4,628,700	RMB-denominated ordinary share	4,628,700			
CITIC Securities Co., Ltd.	4,004,302	RMB-denominated ordinary share	4,004,302			
KGI ASIA LIMITED	3,101,695	Domestically listed foreign share	3,101,695			
MORGAN STANLEY & CO. INTERNATIONAL PLC.	2,978,425	RMB-denominated ordinary share	2,978,425			
Guotai Junan Securities Co., Ltd.	2,310,314	RMB-denominated ordinary share	2,310,314			
Shenwan Hongyuan Securities Co., Ltd.	2,201,800	RMB-denominated ordinary share	2,201,800			
Huatai Securities Co., Ltd.	1,921,118	RMB-denominated ordinary share	1,921,118			
Li Suinan	1,569,100	Domestically listed foreign share	1,569,100			
Huang Guoliang	1,528,891	Domestically listed foreign share	1,528,891			
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 engaged in securities margin trading (if any)	Shareholders Chen Jian held 2,968,800 shares in the Company through his credit accounts.
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**(II) Number of Preference Shareholders and Shareholdings of Top 10 of Them**

Applicable  Not applicable

**III Other Significant Events**

Applicable  Not applicable

## IV Quarterly Financial Statements

### (I) Financial Statements

#### 1. Consolidated Balance Sheet

Prepared by Changchai Company, Limited

31 March 2023

Unit: RMB

Item	31 March 2023	1 January 2023
Current assets:		
Monetary assets	790,064,666.23	930,013,350.97
Settlement reserve		
Loans to other banks and financial institutions		
Held-for-trading financial assets	397,589,178.85	370,103,602.57
Derivative financial assets		
Notes receivable	301,456,950.15	297,125,872.54
Accounts receivable	743,737,858.47	370,322,179.77
Receivables financing	105,873,190.21	242,813,392.79
Prepayments	10,160,415.59	6,330,202.69
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	31,296,477.38	32,938,305.16
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	515,636,086.80	571,996,881.74
Contract assets		
Assets held for sale		
Current portion of non-current assets		
Other current assets	45,420,566.34	49,279,022.49
Total current assets	2,941,235,390.02	2,870,922,810.72
Non-current assets:		
Loans and advances to customers		
Debt investments	39,309,587.93	39,309,587.93
Other debt investments		
Long-term receivables		
Long-term equity investments		
Investments in other equity	1,047,502,240.08	955,560,240.08

instruments		
Other non-current financial assets	373,500,000.00	373,500,000.00
Investment property	41,551,660.76	42,160,779.65
Fixed assets	710,868,730.62	720,061,387.76
Construction in progress	21,187,000.73	30,281,547.56
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	155,904,460.54	157,392,217.54
Development costs		
Goodwill		
Long-term prepaid expense	3,269,754.40	3,279,970.32
Deferred income tax assets	26,220,575.93	26,220,575.93
Other non-current assets	670,735.93	670,735.93
Total non-current assets	2,419,984,746.92	2,348,437,042.70
Total assets	5,361,220,136.94	5,219,359,853.42
Current liabilities:		
Short-term borrowings	114,942,700.07	115,437,700.65
Borrowings from the central bank		
Loans from other banks and financial institutions		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	558,774,169.68	471,876,397.72
Accounts payable	699,135,778.54	747,010,098.88
Advances from customers	888,392.59	837,425.55
Contract liabilities	36,378,560.53	32,843,692.83
Financial assets sold under repurchase agreements		
Customer deposits and deposits from other banks and financial institutions		
Payables for acting trading of securities		
Payables for underwriting of securities		
Employee benefits payable	21,728,474.64	49,351,022.47
Taxes and levies payable	8,066,555.78	8,570,175.39
Other payables	158,783,513.56	160,046,882.93
Including: Interest payable		
Dividends payable	3,891,433.83	3,891,433.83
Fees and commissions payable		

Reinsurance payables		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities		
Other current liabilities	84,601,814.24	78,645,741.16
Total current liabilities	1,683,299,959.63	1,664,619,137.58
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings		
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	36,205,625.94	36,205,625.94
Deferred income tax liabilities	180,560,050.46	161,360,251.33
Other non-current liabilities		
Total non-current liabilities	216,765,676.40	197,565,877.27
Total liabilities	1,900,065,636.03	1,862,185,014.85
Owners' equity:		
Share capital	705,692,507.00	705,692,507.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	640,133,963.01	640,133,963.01
Less: Treasury stock		
Other comprehensive income	733,492,404.07	655,341,704.07
Specific reserve	18,848,856.75	18,848,856.75
Surplus reserves	349,197,725.72	349,197,725.72
General reserve		
Retained earnings	939,430,501.89	915,495,909.35
Total equity attributable to owners of the Company as the parent	3,386,795,958.44	3,284,710,665.90
Non-controlling interests	74,358,542.47	72,464,172.67
Total owners' equity	3,461,154,500.91	3,357,174,838.57
Total liabilities and owners' equity	5,361,220,136.94	5,219,359,853.42

Legal representative: Shi Xinkun  
Head of the accounting department: Jiang He

General Manager: Zhang Xin

**2. Consolidated Income Statement**

Unit: RMB

Item	Q1 2023	Q1 2022
1. Revenues	703,102,297.70	675,718,729.65
Including: Operating revenue	703,102,297.70	675,718,729.65
Interest revenue		
Insurance premium income		
Fee and commission income		
2. Costs and expenses	691,918,401.77	677,470,421.86
Including: Cost of sales	610,046,549.40	610,619,843.16
Interest costs		
Fee and commission expense		
Surrenders		
Net insurance claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and levies	3,617,737.48	2,683,173.54
Selling expense	34,136,631.64	29,569,565.13
Administrative expense	26,139,392.36	19,674,958.93
R&D expense	15,089,418.27	19,647,058.28
Finance costs	2,888,672.62	-4,724,177.18
Including: Interest costs	2,590,486.99	2,736,515.83
Interest revenue	3,370,700.72	7,915,467.81
Add: Other income	1,110,261.12	272,800.00
Return on investment (“-” for loss)	2,726,741.04	2,152,879.03
Including: Share of profit or loss of joint ventures and associates		
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	25,718,114.28	-30,090,071.74
Credit impairment loss (“-” for loss)	-7,540,965.36	-9,216,954.12
Asset impairment loss (“-” for loss)		
Asset disposal income (“-” for loss)	16,000.00	
3. Operating profit (“-” for loss)	33,214,047.01	-38,633,039.04
Add: Non-operating income	380,282.59	938,024.81
Less: Non-operating expense	99,246.35	165,774.63
4. Gross profit (“-” for loss)	33,495,083.25	-37,860,788.86
Less: Income tax expense	7,666,120.91	-6,741,893.14

5. Net profit (“-” for net loss)	25,828,962.34	-31,118,895.72
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	25,828,962.34	-31,118,895.72
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to owners of the Company as the parent	23,934,592.54	-31,087,265.83
5.2.2 Net profit attributable to non-controlling interests	1,894,369.80	-31,629.89
6. Other comprehensive income, net of tax	78,150,700.00	-77,678,950.00
Attributable to owners of the Company as the parent	78,150,700.00	-77,678,950.00
6.1 Items that will not be reclassified to profit or loss	78,150,700.00	-77,678,950.00
6.1.1 Changes caused by remeasurements on defined benefit schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
6.1.3 Changes in the fair value of investments in other equity instruments	78,150,700.00	-77,678,950.00
6.1.4 Changes in the fair value arising from changes in own credit risk		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss		
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
6.2.2 Changes in the fair value of other debt investments		
6.2.3 Other comprehensive income arising from the reclassification of financial assets		
6.2.4 Credit impairment allowance for other debt investments		
6.2.5 Reserve for cash flow hedges		
6.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
6.2.7 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	103,979,662.34	-108,797,845.72
Attributable to owners of the Company as the parent	102,085,292.54	-108,766,215.83
Attributable to non-controlling interests	1,894,369.80	-31,629.89
8. Earnings per share		
8.1 Basic earnings per share	0.0339	-0.0441
8.2 Diluted earnings per share	0.0339	-0.0441

Legal representative: Shi Xinkun  
Head of the accounting department: Jiang He

General Manager: Zhang Xin

**3. Consolidated Cash Flow Statement**

Unit: RMB

Item	Q1 2023	Q1 2022
<b>1. Cash flows from operating activities:</b>		
Proceeds from sale of commodities and rendering of services	447,807,917.75	481,987,177.76
Net increase in customer deposits and deposits from other banks and financial institutions		
Net increase in borrowings from the central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, fees and commissions received		
Net increase in loans from other banks and financial institutions		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		
Tax and levy rebates	13,664,218.21	14,647,419.98
Cash generated from other operating activities	4,216,912.24	6,951,907.88
Subtotal of cash generated from operating activities	465,689,048.20	503,586,505.62
Payments for commodities and services	387,355,660.67	415,423,222.76
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and other banks and financial institutions		
Payments for claims on original insurance contracts		
Net increase in loans to other banks and financial institutions		
Interest, fees and commissions paid		
Policy dividends paid		
Cash paid to and for employees	96,431,976.19	97,929,246.11
Taxes and levies paid	10,202,886.37	6,496,378.28
Cash used in other operating activities	42,784,573.63	30,937,132.95
Subtotal of cash used in operating activities	536,775,096.86	550,785,980.10
Net cash generated from/used in operating activities	-71,086,048.66	-47,199,474.48
<b>2. Cash flows from investing activities:</b>		
Proceeds from disinvestment	339,016,751.99	26,278,398.53
Return on investment	2,726,741.04	4,673,141.68
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	16,000.00	
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		

Subtotal of cash generated from investing activities	341,759,493.03	30,951,540.21
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	119,772,481.02	33,047,751.31
Payments for investments	341,377,614.00	53,384,875.99
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities		1,205,687.49
Subtotal of cash used in investing activities	461,150,095.02	87,638,314.79
Net cash generated from/used in investing activities	-119,390,601.99	-56,686,774.58
3. Cash flows from financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Borrowings received		7,000,000.00
Cash generated from other financing activities		27,990,520.85
Subtotal of cash generated from financing activities		34,990,520.85
Repayment of borrowings		7,000,000.00
Interest and dividends paid	69,125.00	127,375.00
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities		
Subtotal of cash used in financing activities	69,125.00	7,127,375.00
Net cash generated from/used in financing activities	-69,125.00	27,863,145.85
4. Effect of foreign exchange rates changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	-190,545,775.65	-76,023,103.21
Add: Cash and cash equivalents, beginning of the period	810,350,966.05	566,191,095.14
6. Cash and cash equivalents, end of the period	619,805,190.40	490,167,991.93

Legal representative: Shi Xinkun  
Head of the accounting department: Jiang He

General Manager: Zhang Xin

## (II) Independent Auditor's Report

Indicate by tick mark whether the financial statements above have been audited by an independent auditor.

Yes  No

These financial statements have not been audited by such an auditor.

The Board of Directors  
Changchai Company, Limited  
28 April 2023