

Stock Code: 000570, 200570 Stock Name: Changchai, Changchai-B Announcement No. 2023-067

CHANGCHAI COMPANY, LIMITED

THIRD 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

	Q3 2023	YoY change (%)	Q1-Q3 2023	YoY change (%)
Operating revenue (RMB)	458,557,165.00	-15.95%	1,809,074,804.85	4.95%
Net profit attributable to the listed company’s shareholders (RMB)	24,931,699.23	-83.42%	156,869,023.89	15.51%
Net profit attributable to the listed company’s shareholders before exceptional items (RMB)	-16,029,859.81	—	-10,204,315.83	—
Net cash generated from/used in operating activities (RMB)	—	—	-214,128,249.30	—
Basic earnings per share (RMB/share)	0.0353	-83.42%	0.2223	15.54%
Diluted earnings per share (RMB/share)	0.0353	-83.42%	0.2223	15.54%
Weighted average return	0.71%	-4.04%	4.67%	0.46%

on equity (%)			
	30 September 2023	31 December 2022	Change (%)
Total assets (RMB)	5,495,618,169.81	5,219,359,853.42	5.29%
Equity attributable to the listed company's shareholders (RMB)	3,513,146,322.70	3,284,710,665.90	6.95%

(II) Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB

Item	Q3 2023	Q1-Q3 2023	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	305,204.87	105,700,898.12	
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)	945,026.58	4,244,083.10	
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)	44,644,600.55	67,231,978.11	Increased fair value of the equity interests held by the Company in Jiangsu Horizon New Energy Technology Co., Ltd. and dividend payments of Bank of Jiangsu
Non-operating income and expense other than the above	-939,156.94	-1,740,966.10	
Less: Income tax effects	4,009,802.82	8,631,372.02	
Non-controlling interests effects (net of tax)	-15,686.80	-268,718.51	
Total	40,961,559.04	167,073,339.72	--

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	30 September 2023 (RMB)	1 January 2023 (RMB)	Change (%)	Explanation of why
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Accounts receivable	948,500,359.63	370,322,179.77	156.13%	The Company properly allowed customers' buying on credit for more markets and multi-cylinder diesel engine customers are mainly supporting companies of main engine, which are usually given longer payment days.
Receivables financing	68,624,801.14	242,813,392.79	-71.74%	Decreased bank acceptance notes with high credit ratings
Prepayments	13,917,494.12	6,330,202.69	119.86%	Increased prepayments for suppliers to provide more support for them
Other receivables	85,082,839.10	32,938,305.16	158.31%	Compensation to be received for land expropriation
Other current assets	1,440,860.14	49,279,022.49	-97.08%	Decreased overpaid value added tax
Deferred income tax assets	4,617,363.32	26,220,575.93	-82.39%	Decreased deductible losses before offsetting
Notes payable	654,553,381.77	471,876,397.72	38.71%	Suppliers were paid more often in the form of notes payable.
Employee benefits payable	14,127,692.19	49,351,022.47	-71.37%	Salaries and bonuses accrued last year were paid in the Reporting Period
Taxes and levies payable	5,309,868.70	8,570,175.39	-38.04%	Decreased value added tax payable and other taxes and levies payable

2. Consolidated Income Statement Items for Q1~Q3

Item	Q1~Q3 2023 (RMB)	Q1~Q3 2022 (RMB)	Change (%)	Explanation of why
Finance costs	-4,386,564.04	-19,745,726.63	—	Decreased exchange gains and interest revenue
Other income	4,244,083.10	3,046,711.99	39.30%	Increased government grants
Gain on changes in fair value	50,146,450.23	147,105,037.74	-65.91%	The fair value of the equity interests held by the Company in Jiangsu Horizon New Energy Technology Co., Ltd. increased slower during the current period compared with the same period of last year.
Asset impairment loss	-565,273.49	4,947,828.84	-111.42%	The same period of last year saw reversal of inventory valuation allowances, with no such reversal in the current period.
Asset disposal income	105,700,898.12	-361,395.36	—	Expropriation of constructions on the state-owned land of the Changzhou Wuxing branch company during the Reporting Period
Non-operating income	635,091.37	3,745,972.29	-83.05%	The main reason is that the merger cost of the company's acquisition of 41.5% equity in Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd. last year was less than the fair value share of identifiable net assets obtained, with no such goodwill in the current period.
Non-operating expense	2,376,057.47	1,092,345.39	117.52%	Increased abandonment losses during the Reporting Period
Income tax expense	12,136,766.20	21,137,842.55	-42.58%	Unused deferred income tax assets that are deductible against losses during the Reporting Period
Net profit attributable to non-controlling	6,051,686.40	1,084,518.63	458.01%	Increased profit of subsidiary Zhenjiang Siyang Diesel Engine Manufacturing Co., Ltd. during the Reporting Period

interests				
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3. Consolidated Cash Flow Statement Items for Q1~Q3

Item	Q1~Q3 2023 (RMB)	Q1~Q3 2022 (RMB)	Change (%)	Explanation of why
Net cash generated from/used in operating activities	-214,128,249.30	-82,550,839.42	—	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 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	12,802,394.50	-50,712,854.83	—	The same period of last year saw the acquisition of a 41.5% interest in Zhenjiang Siyang and a capital increase by the Company to Jiangsu Horizon New Energy Technology Co., Ltd., with no such investments in the current period. Meanwhile, part of the compensation for the expropriation of land of the Changzhou Wuxing branch company was received in the current period.
Net cash generated from/used in financing activities	-8,773,914.91	52,000,140.67	—	The same period of last year saw discounting of bank acceptance notes with lower credit ratings, with no such events in the current 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	56,385	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		
MORGAN STANLEY & CO. INTERNATIONAL PLC.	Foreign corporation	1.10%	7,769,569			
Chen Jian	Domestic individual	0.57%	4,042,600			

KGI ASIA LIMITED	Foreign corporation	0.44%	3,101,695			
CITIC Securities Company Limited	State-owned corporation	0.41%	2,902,151			
MERRILL LYNCH INTERNATIONAL	Foreign corporation	0.35%	2,442,573			
Wu Chunhua	Domestic individual	0.35%	2,442,200			
Shenwan Hongyuan Securities Co., Ltd.	State-owned corporation	0.24%	1,686,141			
Li Suinan	Domestic individual	0.23%	1,593,800			
Zhang Wenbing	Domestic individual	0.22%	1,545,300			
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			
MORGAN STANLEY & CO. INTERNATIONAL PLC.	7,769,569	RMB-denominated ordinary share	7,769,569			
Chen Jian	4,042,600	RMB-denominated ordinary share	4,042,600			
KGI ASIA LIMITED	3,101,695	Domestically listed foreign share	3,101,695			
CITIC Securities Company Limited	2,902,151	RMB-denominated ordinary share	2,902,151			
MERRILL LYNCH INTERNATIONAL	2,442,573	RMB-denominated ordinary share	2,442,573			
Wu Chunhua	2,442,200	RMB-denominated ordinary share	2,442,200			
Shenwan Hongyuan Securities Co., Ltd.	1,686,141	RMB-denominated ordinary share	1,686,141			
Li Suinan	1,593,800	Domestically listed foreign share	1,593,800			
Zhang Wenbing	1,545,300	RMB-denominated ordinary share	1,545,300			
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	Chen Jian and Wu Chunhua respectively held 2,478,800 and 2,442,200 shares in the Company through their credit accounts.

(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

30 September 2023

Unit: RMB

Item	30 September 2023	1 January 2023
Current assets:		
Monetary assets	793,921,697.53	930,013,350.97
Settlement reserve		
Loans to other banks and financial institutions		
Held-for-trading financial assets	282,842,226.89	370,103,602.57
Derivative financial assets		
Notes receivable	302,393,726.46	297,125,872.54
Accounts receivable	948,500,359.63	370,322,179.77
Receivables financing	68,624,801.14	242,813,392.79
Prepayments	13,917,494.12	6,330,202.69
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	85,082,839.10	32,938,305.16
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		

Inventories	598,301,697.90	571,996,881.74
Contract assets		
Assets held for sale		
Current portion of non-current assets		
Other current assets	1,440,860.14	49,279,022.49
Total current assets	3,095,025,702.91	2,870,922,810.72
Non-current assets:		
Loans and advances to customers		
Debt investments	40,368,109.09	39,309,587.93
Other debt investments		
Long-term receivables		
Long-term equity investments		
Investments in other equity instruments	1,046,911,240.08	955,560,240.08
Other non-current financial assets	412,914,576.80	373,500,000.00
Investment property	40,361,736.50	42,160,779.65
Fixed assets	668,250,365.81	720,061,387.76
Construction in progress	34,490,146.96	30,281,547.56
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	148,221,028.54	157,392,217.54
Development costs		
Goodwill		
Long-term prepaid expense	3,064,658.61	3,279,970.32
Deferred income tax assets	4,617,363.32	26,220,575.93
Other non-current assets	1,393,241.19	670,735.93
Total non-current assets	2,400,592,466.90	2,348,437,042.70
Total assets	5,495,618,169.81	5,219,359,853.42
Current liabilities:		
Short-term borrowings	106,666,549.81	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	654,553,381.77	471,876,397.72
Accounts payable	599,509,101.34	747,010,098.88
Advances from customers	855,803.44	837,425.55
Contract liabilities	35,020,256.88	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	14,127,692.19	49,351,022.47
Taxes and levies payable	5,309,868.70	8,570,175.39
Other payables	170,503,548.85	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	100,476,641.21	78,645,741.16
Total current liabilities	1,687,022,844.19	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	33,648,328.84	36,205,625.94
Deferred income tax liabilities	183,284,815.01	161,360,251.33
Other non-current liabilities		
Total non-current liabilities	216,933,143.85	197,565,877.27
Total liabilities	1,903,955,988.04	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	732,990,054.07	655,341,704.07
Specific reserve	19,824,064.73	18,848,856.75
Surplus reserves	349,197,725.72	349,197,725.72
General reserve		
Retained earnings	1,065,308,008.17	915,495,909.35
Total equity attributable to owners of the Company as the parent	3,513,146,322.70	3,284,710,665.90
Non-controlling interests	78,515,859.07	72,464,172.67
Total owners' equity	3,591,662,181.77	3,357,174,838.57
Total liabilities and owners' equity	5,495,618,169.81	5,219,359,853.42

Legal representative: Xie Guozhong
Head of the accounting department: Jiang He

General Manager: Xie Guozhong

2. Consolidated Income Statement for Q1~Q3

Unit: RMB

Item	Q1~Q3 2023	Q1~Q3 2022
1. Revenues	1,809,074,804.85	1,723,822,161.11
Including: Operating revenue	1,809,074,804.85	1,723,822,161.11
Interest income		
Insurance premium income		
Fee and commission income		
2. Costs and expenses	1,793,921,012.03	1,723,250,063.20
Including: Cost of sales	1,550,178,804.98	1,528,285,603.14
Interest expense		
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	11,219,574.86	10,481,397.49
Selling expense	91,990,466.03	80,388,110.83
Administrative expense	76,256,928.17	63,510,263.02
R&D expense	68,661,802.03	60,330,415.35
Finance costs	-4,386,564.04	-19,745,726.63
Including: Interest expense	4,289,281.12	6,012,305.10
Interest income	8,242,392.28	8,356,889.05
Add: Other income	4,244,083.10	3,046,711.99

Return on investment (“-” for loss)	17,099,924.85	13,836,894.98
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)	50,146,450.23	147,105,037.74
Credit impairment loss (“-” for loss)	-14,981,433.04	-13,768,089.86
Asset impairment loss (“-” for loss)	-565,273.49	4,947,828.84
Asset disposal income (“-” for loss)	105,700,898.12	-361,395.36
3. Operating profit (“-” for loss)	176,798,442.59	155,379,086.24
Add: Non-operating income	635,091.37	3,745,972.29
Less: Non-operating expense	2,376,057.47	1,092,345.39
4. Gross profit (“-” for loss)	175,057,476.49	158,032,713.14
Less: Income tax expense	12,136,766.20	21,137,842.55
5. Net profit (“-” for net loss)	162,920,710.29	136,894,870.59
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	162,920,710.29	136,894,870.59
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to shareholders of the Company as the parent (“-” for net loss)	156,869,023.89	135,810,351.96
5.2.1 Net profit attributable to non-controlling interests (“-” for net loss)	6,051,686.40	1,084,518.63
6. Other comprehensive income, net of tax	77,648,350.00	107,325,436.79
Attributable to owners of the Company as the parent	77,648,350.00	107,325,436.79
6.1 Items that will not be reclassified to profit or loss	77,648,350.00	107,325,436.79
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	77,648,350.00	107,325,436.79
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	240,569,060.29	244,220,307.38
7.1 Attributable to owners of the Company as the parent	234,517,373.89	243,135,788.75
7.2 Attributable to non-controlling interests	6,051,686.40	1,084,518.63
8. Earnings per share		
8.1 Basic earnings per share	0.2223	0.1924
8.2 Diluted earnings per share	0.2223	0.1924

Legal representative: Xie Guozhong
Head of the accounting department: Jiang He

General Manager: Xie Guozhong

3. Consolidated Cash Flow Statement for Q1~Q3

Unit: RMB

Item	Q1~Q3 2023	Q1~Q3 2022
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	1,446,377,641.19	1,470,088,784.47
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	88,252,376.59	23,550,037.23
Cash generated from other operating activities	15,970,772.52	17,394,468.43
Subtotal of cash generated from operating activities	1,550,600,790.30	1,511,033,290.13
Payments for commodities and services	1,374,158,537.72	1,204,438,609.81
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	242,312,537.73	241,596,494.16
Taxes and levies paid	31,292,358.05	47,369,925.46
Cash used in other operating activities	116,965,606.10	100,179,100.12
Subtotal of cash used in operating activities	1,764,729,039.60	1,593,584,129.55
Net cash generated from/used in operating activities	-214,128,249.30	-82,550,839.42
2. Cash flows from investing activities:		
Proceeds from disinvestment	877,716,751.99	89,591,553.34
Return on investment	17,099,924.85	13,945,782.65
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	58,171,702.95	4,424.78
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		208,889.64
Subtotal of cash generated from investing activities	952,988,379.79	103,750,650.41
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	150,108,371.29	42,948,956.55
Payments for investments	790,077,614.00	111,514,548.69
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	940,185,985.29	154,463,505.24
Net cash generated from/used in investing activities	12,802,394.50	-50,712,854.83
3. Cash flows from financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Borrowings received		
Cash generated from other financing activities		83,546,936.65
Subtotal of cash generated from financing activities		83,546,936.65
Repayment of borrowings		9,000,000.00
Interest and dividends paid	8,773,914.91	19,444,136.67
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities		3,102,659.31
Subtotal of cash used in financing activities	8,773,914.91	31,546,795.98
Net cash generated from/used in financing activities	-8,773,914.91	52,000,140.67
4. Effect of foreign exchange rates changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	-210,099,769.71	-81,263,553.58
Add: Cash and cash equivalents, beginning of the period	810,350,966.05	573,623,529.10
6. Cash and cash equivalents, end of the period	600,251,196.34	492,359,975.52

Legal representative: Xie Guozhong
Head of the accounting department: Jiang He

General Manager: Xie Guozhong

(II) Adjustments to Financial Statement Items at the Beginning of the Year of the First Implementation of the New Accounting Standards Implemented since 2023

Applicable Not applicable

(III) 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 October 2023