

Stock Code: 000570, 200570

Stock Name: Changchai, Changchai-B

Announcement No. 2024-005

# CHANGCHAI COMPANY, LIMITED

## ANNUAL REPORT 2023 (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 RMB0.47 (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	Shenzhen Stock Exchange		

listing		
Contact information	Board Secretary	Securities Representative
Name	He Jianjiang	
Address	123 Huaide Middle Road, Changzhou, Jiangsu, China	
Fax	(86) 519-86630954	
Tel.	(86) 519-68683155	
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 engineering machinery, 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 3kW to 129kW, and cylinder diameters from 65mm to 135mm. 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 9.0kW. 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. Industry Review

#### (1) Basic information on the industry

The internal combustion engine is an important support for China's manufacturing industry security, energy security and national defense security, and an important basic industry of national economy and national defense construction. The internal combustion engine is the most power-dense, thermally efficient and widely used heat engine power unit.

In order to implement the national overall development strategy of energy conservation, emission reduction, transformation, and upgrading, the internal combustion engine industry and agricultural machinery industry will strengthen independent innovation and research and development, accelerate the construction of a common basic technology platform, optimize the construction of the upstream and downstream industry chain, implement

intelligent manufacturing, and actively carry out international exchange and cooperation to accelerate the realization of industrial technology upgrading.

#### (2) Development pattern and trend of the industry

In terms of policies, national regulations pertaining to internal combustion engine technology have considerably tightened, with a notable emphasis on energy conservation, emissions reduction, and reliability, thereby making them focal points of industrial development. The rigorous enforcement of national emission standards will expedite the development and deployment of core technologies and crucial components within internal combustion engines. The exploration and dissemination of efficient and clean internal combustion engine products will drive the widespread adoption of independent-brand electronic fuel injection systems, high-efficiency superchargers, and advanced after-treatment solutions.

In recent years, the issuance of the No. 1 Document by the central government has underscored its commitment to elevating the importance of agriculture and bolstering agricultural development. In 2024, the No. 1 Document outlined a "road map" to vigorously and effectively propel comprehensive rural revitalization. To stimulate demand through industrial policies, it is imperative to enhance the research and application proficiency of agricultural machinery and equipment, promote the innovation framework for cutting-edge agricultural machinery, vigorously address the deficiencies in agricultural machinery and equipment, bolster the information-based capabilities and service provision of agricultural machinery and equipment, advance the intelligence and automation levels of agricultural machinery, reinforce the synergy between technology and reform, and intensify efforts in core technology research and development, all of which will delineate the trajectory for agricultural modernization.

As a result of the national policy of subsidies for the purchase of machinery, industrial development policies and the impact of environmental regulations and requirements, overall market demand for single-cylinder diesel engines for small agricultural machinery remained low, causing intense competition. Despite the gradual increase in the use of single-cylinder engines in the non-agricultural sector, overall sales remained on a downward path. The year 2023 is the first year of upgrading the National Emission Standard III to IV, and the agricultural machinery industry has entered a drastic "reshuffle" period. From the point of view of the development of the industry as a whole, the sales of low-quality products continued to weaken, and high-quality products continued to take over more market share, which promoted the sustainable development of the industry as a whole. With the full-scale implementation of National Emission Standard IV for Non-road Vehicles and the evolving market dynamics, the pace of development for high-end agricultural machinery products in China has accelerated. High-end and intelligent trends of agricultural machinery catalyzed a fresh wave of structural transformation within the agricultural machinery industry. The sector has entered a phase of profound adjustments propelled by optimization and upgrading, with agricultural machinery enterprises concurrently embarking on a trajectory of high-quality development, hastening the integration and advancement of advanced technologies encompassing energy conservation and emissions reduction, intelligent manufacturing, and the enhancement of product quality and efficiency. As new opportunities for development arise in the national strategic deployment and the accelerated transformation and upgrading process, the agricultural machinery market has a broad space for growth.

#### 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 "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.

### 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 2023	31 December 2022	Change of 31 December 2023 over 31 December 2022 (%)	31 December 2021
Total assets (RMB)	5,159,394,958.92	5,219,359,853.42	-1.15%	4,860,382,961.26
Equity attributable to the listed company's shareholders (RMB)	3,398,946,911.23	3,284,710,665.90	3.48%	3,077,550,018.33
	2023	2022	2023-over-2022 change (%)	2021
Operating revenue (RMB)	2,155,698,787.49	2,182,043,095.61	-1.21%	2,452,430,515.60
Net profit attributable to the listed company's shareholders (RMB)	108,495,607.05	76,684,796.91	41.48%	103,006,232.54
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	-47,466,184.54	-73,636,511.02	—	5,329,092.87
Net cash generated from/used in operating activities (RMB)	137,189,827.35	364,930,277.84	-62.41%	-266,323,779.30
Basic earnings per share (RMB/share)	0.1537	0.1087	41.40%	0.1657
Diluted earnings per share (RMB/share)	0.1537	0.1087	41.40%	0.1657
Weighted average return on equity (%)	3.19%	2.51%	0.68%	3.86%

#### (2) Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	703,102,297.70	647,415,342.15	458,557,165.00	346,623,982.64
Net profit attributable to the listed company's shareholders	23,934,592.54	108,002,732.12	24,931,699.23	-48,373,416.84
Net profit attributable to the listed company's shareholders before exceptional gains and losses	1,107,543.07	4,718,000.91	-16,029,859.81	-37,261,868.71
Net cash generated from/used in operating activities	-71,086,048.66	-33,710,768.09	-109,331,432.55	351,318,076.65

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	58,653	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	56,686	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 (exclusive of shares lent in refinancing)							
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Restricted shares held	Shares in pledge, marked or frozen		
					Status	Shares	
Changzhou Investment Group Co., Ltd	State-owned legal person	32.26%	227,663,417	56,818,181	N/A	0	
Chen Jian	Domestic natural person	0.49%	3,478,600	0	N/A	0	
KGI ASIA LIMITED	Foreign legal person	0.44%	3,101,695	0	N/A	0	
Wu Chunhua	Domestic natural person	0.35%	2,442,200	0	N/A	0	
China International Capital Corporation Limited	State-owned legal person	0.27%	1,921,527	0	N/A	0	
Lu Zhang	Domestic natural person	0.26%	1,836,643	0	N/A	0	
Li Suinan	Domestic natural person	0.23%	1,593,800	0	N/A	0	
Zhang	Domestic	0.22%	1,556,700	0	N/A	0	

Wenbing	natural person					
Huang Guoliang	Domestic natural person	0.22%	1,528,891	0	N/A	0
Huatai Securities Co., Ltd.	State-owned legal person	0.21%	1,509,155	0	N/A	0
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)	Shareholders Chen Jian and Wu Chunhua held 2,952,800 and 2,442,200 shares respectively in the Company through their margin accounts.					

Top 10 shareholders involved in refinancing shares lending

Applicable  Not applicable

Changes in top 10 shareholders compared with the prior period

Applicable  Not applicable

Unit: share

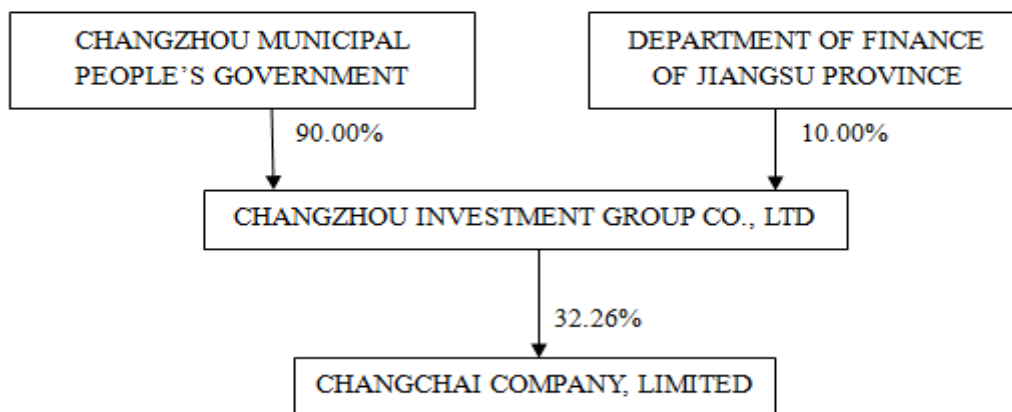
Changes in top 10 shareholders compared with the end of the prior period					
Full name of shareholder	Newly added or existing from top 10 shareholders in the Reporting Period	Shares lent in refinancing and not yet returned at the period-end		Shares in the common account and credit account plus shares lent in refinancing and not yet returned at the period-end	
		Total shares	As % of total share capital	Total shares	As % of total share capital
Wu Chunhua	Newly added	0	0.00%	2,442,200	0.35%
China International Capital Corporation Limited	Newly added	0	0.00%	1,921,527	0.27%
Lu Zhang	Newly added	0	0.00%	1,836,643	0.26%
Zhang Wenbing	Newly added	0	0.00%	1,556,700	0.22%
Huatai Securities Co., Ltd.	Newly added	0	0.00%	1,509,155	0.21%
MORGAN STANLEY & CO. INTERNATIONAL PLC.	Exiting	0	0.00%	694,573	0.10%
Yang Xuee	Exiting	0	0.00%	0	0.00%
China Minsheng Bank-Goldstate Yuanqi Dynamic Asset Allocation Mixed Type Securities Investment Fund	Exiting	0	0.00%	0	0.00%
CLSA Asset Management Limited-Clients' Capital	Exiting	0	0.00%	938,641	0.13%
Dai Wenping	Exiting	0	0.00%	0	0.00%

## (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. Expropriation of the Wuxing branch company's properties on state-owned land and compensation

On 25 May 2023, the Proposal on the Intention to Sign the Agreement on the Expropriation of the Properties of the Wuxing Branch Company on State-owned Land in Changzhou City and the Compensation was approved at the 17th Meeting of the Ninth Board of Directors. Later, the said matter was approved at the First Extraordinary General Meeting of Shareholders in 2023 dated 12 June 2023. As such, the Company was agreed to sign a contract with Changzhou Zhonglou District Housing and Urban-Rural Development Bureau on the expropriation of the Wuxing branch company's properties on state-owned land and the compensation, with the contractual total compensation amount being RMB117 million. On 14 June 2023, the Company signed the Agreement on the Expropriation of the Properties of the Wuxing Branch Company on State-owned Land in Changzhou City and the Compensation with Changzhou Zhonglou District Housing and Urban-Rural Development Bureau, and received the first compensation payment of RMB70 million on 28 June 2023, and received the residual compensation payment of RMB47 million on 9 January 2024.

#### 2. Housing expropriation on state-owned land and compensation of Sanjing Branch

On 27 October 2023, the Company held the Third Meeting of the Tenth Board of Directors, deliberating on and approving the *Proposal on Signing the Sanjing Branch's Agreement on Non-residential Housing Expropriation and Compensation in Xinbei District, Changzhou City*. The matter was approved at the third extraordinary general meeting on 14 November 2023, approving that the Company would sign agreement with the Housing and Urban-Rural Development Bureau of Changzhou National High-tech Industrial Development Zone and the Housing Expropriation and Compensation Service Centre of Sanjing Street, Xinbei District, Changzhou City, regarding the housing expropriation on state-owned land and compensation of the Sanjing Branch. The total compensation amount under the agreement was RMB99,929,900. On 29 November 2023, the Company signed the *Agreement on Non-residential Housing Expropriation and Compensation* with the Housing and Urban-Rural

Development Bureau of Changzhou National High-tech Industrial Development Zone and the Housing Expropriation and Compensation Service Centre of Sanjing Street, Xinbei District, Changzhou City. The Company received the first compensation of RMB30 million until January 2024.

### 3. Acquisition of 7.5% equity held by natural person shareholders of Zhenjiang Siyang

In December 2023, the Company acquired 7.5% equity held by three natural person shareholders of its partially-owned subsidiaries Zhenjiang Siyang with RMB7.17 million. As at 31 December 2023, the Company had held a total of 49% equity in Zhenjiang Siyang and remained its largest shareholder.