

Short form of the Stock: Suchangchai A, Suchangchai B

Stock Code: 000570, 200570

Notice Number: 2016-024

# CHANGCHAI COMPANY, LIMITED

## THE THIRD QUARTERLY REPORT 2016

### Section I. Important Reminders, Contents & Definition

The Board of Directors, the Supervisory Committee, directors, supervisors and senior management staff of Changchai Company, Limited (hereinafter referred to as “the Company”) warrant that the information carried in this report is factual, accurate and complete, without any false record, misleading statement or material omission. And they shall be jointly and severally liable for that.

All directors attended the board session for reviewing this report.

Shi Xinkun, company principal, Zhang Xin, chief of the accounting work, and Jiang He, chief of the accounting organ (chief of accounting), hereby confirm that the financial statements enclosed in this report are factual, accurate and complete.

This Report is prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

### Section II Financial Highlights & Shareholder Changes

#### I Highlights of accounting data and financial indicators

Whether the Company performs any retroactive adjustments to or restatements of its accounting data of last year due to change in accounting policies or correction of accounting errors

Yes  No

	30 September 2016	31 December 2015	+/- (%)	
Total assets (RMB)	3,565,066,772.23	3,232,406,102.20	10.29%	
Net assets attributable to shareholders of the Company (RMB)	2,275,011,627.15	2,002,910,311.01	13.59%	
	July-September 2016	YoY +/- (%)	January-September 2016	YoY +/- (%)
Operating revenues (RMB)	605,182,860.65	-25.77%	1,768,843,582.34	-18.68%

Net profit attributable to shareholders of the Company (RMB)	20,090,608.28	-44.48%	55,108,750.64	-25.27%
Net profit attributable to shareholders of the Company excluding exceptional profit and loss (RMB)	19,718,706.88	-44.53%	48,229,208.49	-32.32%
Net cash flows from operating activities (RMB)	--	--	71,161,321.84	-25.60%
Basic earnings per share (RMB/share)	0.04	-33.33%	0.10	-23.08%
Diluted earnings per share (RMB/share)	0.04	-33.33%	0.10	-23.08%
Weighted average return on equity	0.95%	-0.82%	2.58%	-1.20%

Exceptional profit and loss

Applicable  Not applicable

Unit: RMB

Item	January-September 2016	Note
Gains/losses on the disposal of non-current assets (including the offset part of the asset impairment provisions)	6,119,622.06	
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards	7,224,482.97	
Gains and losses on change in fair value from tradable financial assets and tradable financial liabilities, as well as investment income from disposal of tradable financial assets and tradable financial liabilities and financial assets available for sales except for effective hedging related with normal businesses of the Company	1,237,244.73	
Non-operating income and expense other than the above	-6,147,404.55	
Less: Income tax effects	1,367,290.18	
Minority interests (after tax)	187,112.88	
Total	6,879,542.15	--

Explanation of why the Company classified an item as exceptional profit/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Profit and Loss, or reclassified any exceptional profit/loss item given as an example in the said explanatory announcement to recurrent profit/loss

Applicable  Not applicable

No such cases in the Reporting Period.

## II Total number of shareholders and shareholdings of top 10 shareholders at the period-end

### 1. Total number of ordinary shareholders and preference shareholders who had resumed their voting right & shareholdings of top 10 shareholders at the period-end

Unit: share

Total number of ordinary shareholders at the end of the Reporting Period				55,425		
Shareholdings of top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held	Number of restricted shares held	Pledged or frozen shares	
					Status	Number
State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government	On behalf of the State	30.43%	170,845,236			
Bank of Communications Co., Ltd.-Changxin Quantified Core Pioneer Mixed Investment Fund	Other	1.03%	5,800,009			
China Merchants Bank Company Limited-Huitianfu Medical Service Flexible Configuration Hybrid Securities Investment Fund	Other	0.84%	4,699,919			
KGI ASIA LIMITED	Overseas corporation	0.59%	3,324,845			
Mingsheng Tonghui Asset Management-ICBC-Mingsheng Tonghui No. 6 Juxin Asset Management Product	Other	0.58%	3,231,300			
BNP PARIBAS WEALTH MANAGEMENT HONG KONG BRANCH	Overseas corporation	0.55%	3,099,873			
Huang Lihou	Domestic individual	0.35%	1,949,700			
Du Runsheng	Domestic individual	0.31%	1,758,186			
VANGUARD TOTAL INTERNATIONAL STOCK	Overseas corporation	0.29%	1,626,592			

INDEX FUND						
Li Min	Domestic individual	0.29%	1,618,950			
Shareholdings of top 10 non-restricted shareholders						
Name of shareholder	Number of non-restricted shares held at the period-end	Type of shares		Type	Number	
State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government	170,845,236		RMB ordinary share		170,845,236	
Bank of Communications Co., Ltd.-Changxin Quantified Core Pioneer Mixed Investment Fund	5,800,009		RMB ordinary share		5,800,009	
China Merchants Bank Company Limited-Huitianfu Medical Service Flexible Configuration Hybrid Securities Investment Fund	4,699,919		RMB ordinary share		4,699,919	
KGI ASIA LIMITED	3,324,845		Domestically listed foreign share		3,324,845	
Mingsheng Tonghui Asset Management-ICBC-Mingsheng Tonghui No. 6 Juxin Asset Management Product	3,231,300		RMB ordinary share		3,231,300	
BNP PARIBAS WEALTH MANAGEMENT HONG KONG BRANCH	3,099,873		Domestically listed foreign share		3,099,873	
Huang Lihou	1,949,700		RMB ordinary share		1,949,700	
Du Runsheng	1,758,186		RMB ordinary share		1,758,186	
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	1,626,592		Domestically listed foreign share		1,626,592	
Li Min	1,618,950		RMB ordinary share		1,618,950	
Related or act-in-concert parties among the shareholders above	It is unknown whether there was any associated relationship among the top ten tradable shareholders and among the top ten shareholders not subject to trading moratorium, or whether they are persons acting in concert as described by Measures for the Administrative of Disclosure of Shareholder Equity Changes.					
Top 10 ordinary shareholders conducting	The shareholder Huang Lihou held the shares of the Company of					

securities margin trading	1,949,700 shares through the securities guarantee account of the customer credit transactions provided by Guotai Junan Securities Co., Ltd., with the proportion of the share holding of 0.35%; the shareholder Du Runsheng held the shares of the Company of 1,758,186 shares through the securities guarantee account of the customer credit transactions provided by Everbright Securities Co., Ltd., with the proportion of the share holding of 0.31%; the shareholder Li Min held the shares of the Company of 1,618,950 shares through the securities guarantee account of the customer credit transactions provided by Guosen Securities Co., Ltd., with the share holding of 0.29%.
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Did any of the top 10 ordinary shareholders or the top 10 non-restricted ordinary shareholders of the Company conduct any promissory repo during the Reporting Period?

Yea  No

No such cases in the Reporting Period.

## 2. Total number of preference shareholders and shareholdings of the top 10 of them at the period-end

Applicable  Not applicable

## Section III Significant Events

### I Changes in main accounting statement items and financial indicators in the Reporting Period, as well as reasons for the changes

Applicable  Not applicable

(1) Notes receivable at the period-end decreased by RMB159.6052 million from the amount at the year-beginning, a decrease of 32.02%, mainly because notes were adopted more often in settlement with customers before this year to promote payment collection.

(2) Accounts receivable at the period-end increased by RMB377.4436 million from the amount at the year-beginning, an increase of 122.31%, mainly because according to the characteristics in the production and operation of the first nine months, credit sale was properly carried out to extend the market space; and the proportion of multi-cylinder engines in the total sales increased, with most of the customers of multi-cylinder engines being supporting manufacturers for bigger manufacturers, which means relatively long account ages for the Company.

(3) Other accounts receivable at the period-end increased by RMB12.4013 million from the amount at the year-beginning, an increase of 220.56%, mainly because of the temporary loans from the Company's subsidiary Changzhou Housheng Investment Co., Ltd. to Xuzhou East China Foundry General Factory, etc..

(4) Other current assets at the period-end decreased by RMB45.5696 million from the amount at the year-beginning, a decrease of 75.57%, mainly because some bank wealth management products became due and the overpaid VAT decreased.

(5) Available-for-sale financial assets at the period-end increased by RMB270.4755 million from the amount at the

year-beginning, an increase of 53.77%, mainly because the market value of the 38,000,000 shares held by the Company in the Bank of Jiangsu increased as it went public in the period.

(6) Construction in progress at the period-end decreased by RMB39.3122 million from the amount at the year-beginning, a decrease of 36.33%, mainly because some construction in progress turned into fixed assets.

(7) Short-term borrowings at the period-end decreased by RMB9.0000 million from the amount at the year-beginning, a decrease of 52.94%, mainly because bank borrowings of controlled subsidiary Changchai Wanzhou Diesel Engine Co., Ltd. decreased.

(8) Accounts received in advance at the period-end increased by RMB10.5532 million from the amount at the year-beginning, an increase of 39.58%, mainly because advances from customers increased.

(9) Payroll payable at the period-end decreased by RMB29.6607 million from the amount at the year-beginning, a decrease of 49.18%, mainly because the salaries and bonuses accrued before this year were partially paid in the current period.

(10) Taxes and surtaxes payable at the period-end decreased by RMB5.9785 million from the amount at the year-beginning, a decrease of 55.37%, mainly because some taxes and surtaxes for the current period were provided for before this year.

(11) Return on investment in the current period decreased by RMB5.3965 million from the amount in the same period of last year, a decrease of 60.71%, mainly because the Company received stock dividends from the Bank of Jiangsu while there were no such events in the current period.

## II Progress on significant events, as well as the influence and solutions

Applicable  Not applicable

## III Commitments of the Company, its shareholders, actual controller, acquirer, directors, supervisors, senior management or other related parties fulfilled in the Reporting Period or ongoing at the period-end

Applicable  Not applicable

Commitment	Commitment maker	Type of commitment	Contents	Date of commitment making	Term of commitment	Fulfillment
Commitments made in share reform						
Commitments made in acquisition documents or shareholding alteration documents						
Commitments made in time of asset restructuring						
Commitments made in time of IPO or refinancing						
Commitments concerning						

stock ownership incentive						
Other commitments made to minority shareholders	Changchai Company, Limited	Bonus commitment	Under the conditions of in future three years (2014-2016) the attributable profit (the remaining profits after the losses have been made up and common reserves have been drawn) of shareholders' reward plan in the year or half year is positive, and the cash flow is sufficient, the cash dividends had no influence to the follow-up continuously operation, the profit dividends in cash shall no lower than the 10% of attributable profit realized by the Company and in any three continuous accounting years the accumulative profit dividends in cash shall no less than 30% of the average annual	2014-05-14	Y2014-2016	In normal execution

			attributable profits realized in three years.			
Executed on time	Yes					

#### IV Performance forecast for Y2016

Warning of possible loss or considerable YoY change in the accumulative net profit made during the year-beginning to the end of the next reporting period, as well as the reasons

Applicable  Not applicable

#### V Securities investment

Applicable  Not applicable

No such cases in the Reporting Period.

#### VI Investment in derivative financial instruments

Applicable  Not applicable

No such cases in the Reporting Period.

#### VII Visits paid to the Company for purposes of research, communication, interview, etc. during the Reporting Period

Applicable  Not applicable

Date of visit	Way of visit	Type of visitor	About
2016-09-28	Other	Individual	Number of shareholders
2016-09-28	Other	Individual	Whether the Company conduct recombination
2016-09-27	Other	Individual	Number of shareholders
2016-09-22	Other	Individual	Number of shareholders
2016-09-16	Other	Individual	Number of shareholders
2016-09-03	Other	Individual	Number of shareholders
2016-08-26	Other	Individual	Operation situation of the Company
2016-07-13	Other	Individual	Number of shareholders
2016-06-18	Other	Individual	Situation of the Company's holding of stock of Jiangsu Bank
2016-06-13	Other	Individual	Stock increase/decrease plan of



			substantial shareholder
2016-06-06	Other	Individual	Number of shareholders
2016-05-25	Other	Individual	Future development plan of the Company
2016-05-25	Other	Individual	Whether the Company conduct recombination
2016-05-19	Other	Individual	Number of shareholders
2016-05-19	Other	Individual	Stock situation of the Company
2016-05-13	Other	Individual	Operation situation of the Company
2016-04-28	Other	Individual	Product situation of the Company
2016-04-27	Other	Individual	Agriculture informationize situation
2016-04-26	Other	Individual	Number of shareholders
2016-04-22	Other	Individual	Operation situation of Changchai Benniu
2016-04-22	Other	Individual	Operation situation of the Company
2016-04-22	Other	Individual	Construction situation of industry park
2016-04-22	Other	Individual	The foreign cooperation of the Company
2016-04-22	Other	Individual	Operation situation of Housheng Investment
2016-04-22	Other	Individual	Future plan of the Company
2016-04-21	Other	Individual	Direction of the future technology product development
2016-04-05	Other	Individual	R&D situation of the Company
2016-03-31	Other	Individual	Future plan of the Company
2016-03-28	Other	Individual	Situation of the Company's participant in refinancing business
2016-03-28	Other	Individual	Situation of the Company's participant in refinancing business
2016-03-15	Other	Individual	Stock situation of the Company
2016-03-10	Other	Individual	Number of shareholders
2016-03-01	Other	Individual	Operation situation of the

			Company
2016-02-23	Other	Individual	Situation of the Company's participation in Qinghua Xingye Company
2016-02-23	Other	Individual	Number of shareholders
2016-02-22	Other	Individual	Operation situation of Housheng Agricultural Equipment
2016-02-01	Other	Individual	Progress situation of SOE reform of the Company
2016-01-20	Other	Individual	The export business situation of the Company
2016-01-11	Other	Individual	Stock situation of the Company
2016-01-08	Other	Individual	R&D situation of the Company
2016-01-07	Other	Individual	Stock situation of the Company
2016-01-06	Other	Individual	Stock situation of the Company
2016-01-06	Other	Individual	Suggestion for future development plan of the Company
2016-01-06	Other	Individual	Operation situation of jobbing foundry
2016-01-06	Other	Individual	Stock situation of the Company
2016-01-05	Other	Individual	Stock situation of the Company

### VIII Illegal provision of guarantees for external parties

Applicable  Not applicable

No such cases in the Reporting Period.

### IX Occupation of the Company's funds for non-operating purposes by the controlling shareholder and its related parties

Applicable  Not applicable

No such cases in the Reporting Period.