Stock code: 000570, 200570 Stock abbreviation: Su Changchai , Su Changchai-B Announcement No.: 2019-017

# CHANGCHAI COMPANY, LIMITED

# THE FIRST QUARTERLY REPORT FOR YEAR 2019

## Part I Important Notes

The Board of Directors (or the "Board"), the Supervisory Committee as well as the directors, supervisors and senior management of Changchai Company, Limited (hereinafter referred to as the "Company") hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

All the Company's directors have attended the Board meeting for the review of this Report and its summary.

Shi Xinkun, the Company's legal representative, Zhang Xin, the Company's General Manager, and Jiang He, head of the Company's financial department (equivalent to financial manager) hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.

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.



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# Part II Key Corporate Information

## I Key Financial Information

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

□ Yes √ No

| | Q1 2019 | Q1 2018 | Change (%) |
|---|---|---|---|
| Operating revenue (RMB) | 557,670,611.48 | 593,008,785.46 | -5.96% |
| Net profit attributable to the listed company's shareholders (RMB) | 2,518,025.10 | 11,343,577.44 | -77.80% |
| Net profit attributable to the listed company's shareholders before exceptional items (RMB) | 1,083,678.62 | 11,141,982.06 | -90.27% |
| Net cash generated from/used in operating activities (RMB) | -63,832,631.41 | -73,259,277.76 | —— |
| Basic earnings per share (RMB/share) | 0.0045 | 0.0202 | -77.72% |
| Diluted earnings per share (RMB/share) | 0.0045 | 0.0202 | -77.72% |
| Weighted average return on equity (%) | 0.13% | 0.51% | -0.38% |
| | 31 March 2019 | 31 December 2018 | Change (%) |
| Total assets (RMB) | 3,647,312,419.27 | 3,542,019,195.75 | 2.97% |
| Equity attributable to the listed company's shareholders (RMB) | 2,127,447,301.84 | 2,043,308,026.74 | 4.12% |

Nonrecurring gains and losses:

√ Applicable □ Not applicable

Unit: RMB

| Item | Q1 2019 | Note |
|---|---|---|
| Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs) | 984,535.95 | |
| Government subsidies charged to current profit and loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per government's uniform standards ) | 129,300.00 | |
| Gain or loss on fair-value changes in trading financial assets and liabilities and derivative financial assets and liabilities & investment income from disposal of trading financial assets and liabilities and derivative financial assets and liabilities, and other creditors' investment (exclusive of effective portion of hedges that arise in the | 115,280.60 | |



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| | | |
|---|---|---|
| Company's ordinary course of business) | | |
| Non-operating income and expense other than the above | 432,639.69 | |
| Less: Income tax effects | 223,748.22 | |
| Non-controlling interests effects (net of tax) | 3,661.54 | |
| Total | 1,434,346.48 | -- |

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or 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 for the Reporting Period.

## II Total Number of Shareholders and Holdings of Top 10 Shareholders at 31 March 2019

### 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 | 57,411 | Number of preferred shareholders with resumed voting rights at the period-end (if any) | 0 |
|---|---|---|---|

Top 10 shareholders

| Name of shareholder | Nature of shareholder | Shareholding percentage | Total shares held | Restricted shares held | Shares in pledge or frozen | |
|---|---|---|---|---|---|---|
| | | | | | Status | Shares |
| Changzhou Investment Group Co., Ltd | State-owned legal person | 30.43% | 170,845,236 | 0 | | |
| KGI Asia Limited | Foreign legal person | 0.57% | 3,189,845 | 0 | | |
| Huang Guoliang | Domestic natural person | 0.27% | 1,528,891 | 0 | | |
| Hu Wenyong | Domestic natural person | 0.27% | 1,503,566 | 0 | | |
| Li Suinan | Domestic natural person | 0.27% | 1,492,200 | 0 | | |
| Tao Xiaofang | Domestic natural person | 0.22% | 1,240,000 | 0 | | |
| Vanguard Investment Australia Co., Ltd—Vanguard Emerging | Foreign legal person | 0.21% | 1,196,785 | 0 | | |



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| | | | | | | |
|---|---|---|---|---|---|---|
| Market Stock Index (Exchange) | | | | | | |
| Xue Hong | Domestic natural person | 0.21% | 1,180,000 | 0 | | |
| Xie Deqing | Domestic natural person | 0.20% | 1,115,000 | 0 | | |
| Central Huijin Asset Management Co., Ltd. | State-owned legal person | 0.20% | 1,107,900 | 0 | | |

| Top 10 unrestricted shareholders | | | |
|---|---|---|---|
| Name of shareholder | Unrestricted shares held | Shares by type | |
| | | Type | Shares |
| Changzhou Investment Group Co., Ltd | 170,845,236 | RMB-denominated ordinary stock | 170,845,236 |
| KGI Asia Limited | 3,189,845 | Domestically listed foreign stock | 3,189,845 |
| Huang Guoliang | 1,528,891 | Domestically listed foreign stock | 1,528,891 |
| Hu Wenyong | 1,503,566 | Domestically listed foreign stock | 1,503,566 |
| Li Suinan | 1,492,200 | Domestically listed foreign stock | 1,492,200 |
| Tao Xiaofang | 1,240,000 | RMB-denominated ordinary stock | 1,240,000 |
| Vanguard Investment Australia Co., Ltd—Vanguard Emerging Market Stock Index (Exchange) | 1,196,785 | RMB-denominated ordinary stock | 1,196,785 |
| Xue Hong | 1,180,000 | Domestically listed foreign stock | 1,180,000 |
| Xie Deqing | 1,115,000 | Domestically listed foreign stock | 1,115,000 |
| Central Huijin Asset Management Co., Ltd. | 1,107,900 | RMB-denominated ordinary stock | 1,107,900 |
| 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 ordinary shareholders involved in securities margin trading (if any) | N/A | | |



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Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

□ Yea √ No

No such cases in the Reporting Period.

**2. Number of Preferred Shareholders and Shareholdings of Top 10 of Them**

□ Applicable √ Not applicable



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# Part III Significant Events

## I Changes in Key Financial Statement Line Items and Explanation of why

√ Applicable □ Not applicable

1. Accounts receivable increased by RMB263,286,355.77, or 69.49%, as of 31 March 2019 compared to 31 December 2018, primarily because the Company properly allowed customers' buying on credit for more markets in Q1 2019 and multi-cylinder diesel engine customers are mainly supporting companies of main engine , which are usually given longer payment days.

2. Other current assets decreased by RMB16,089,662.06, or 46.83%, as of 31 March 2019 compared to 31 December 2018, mainly because excess VAT paid of the Company decreased, and part of bank financial products of subsidiaries expired in the Reporting Period.

3. Advances from customers increased by RMB11,615,302.19, or 33.67%, as of 31 March 2019 compared to 31 December 2018, mainly driven by the increase of advances from customers.

4. Payroll payable decreased by RMB20,613,167.11, or 40.82%, as of 31 March 2019 compared to 31 December 2018, mainly because accrued salary and bonus in last period was partially paid in this period.

5. Deferred income tax liabilities increased by RMB14,559,591.18, or 30.35%, as of 31 March 2019 compared to 31 December 2018, mainly because the fair value of financial assets held by the Company rose in the Reporting Period with the corresponding increase of deferred income tax liabilities.

6. Taxes payable decreased by RMB2,697,983.77, or 38.18%, as of 31 March 2019 compared to 31 December 2018, mainly driven by the decrease of taxes payable of the Company in the Reporting Period.

7. Other comprehensive income increased by RMB81,621,250.00, or 30.87%, as of 31 March 2019 compared to 31 December 2018, mainly because the fair value of financial assets held by the Company rose with the corresponding increase of other comprehensive income.

8. Finance costs went down by RMB1,202,648.06, or 33.97%, during Q1 2019 compared to Q1 2018, primarily driven by the changes in net foreign exchange gains and losses resulted from exchange rate fluctuations in Q1 2019.

9. Assets impairment loss rose by RMB6,247,186.29 during Q1 2019 compared to Q1 2018, primarily due to the increase of accounts receivable and the provision made for bad debt in Q1 2019.

10. Net profit attributable to owners of the Company as the parent went down by RMB8,825,552.34, or 77.80%, during Q1 2019 compared to Q1 2018, primarily because production and sales volume, and sales revenue decreased during Q1 2019 compared to Q1 2018 resulted from the fierce market competition in the Reporting Period, which resulted to an obvious loss of income from core business.

11. Net cash generated from investing activities went down by RMB7,366,971.55, or 37.02%, during Q1 2019 compared to Q1 2018, primarily because the payment for building fixed assets, intangible assets, and other long-term assets decreased in Q1 2019.

## II Progress, Influence and Solutions with regard to Significant Events

□ Applicable √ Not applicable



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Progress of any share repurchase:

□ Applicable √ Not applicable

Progress of any reduction of the repurchased shares through centralized bidding:

□ Applicable √ Not applicable

## III Commitments that the Company's Actual Controller, Shareholders, Related Parties, Acquirers, the Company Itself or Other Parties, Failed to Fulfill on Time during the Reporting Period

□ Applicable √ Not applicable

No such cases in the Reporting Period.

## IV Operating Performance Forecast for H1 2019

Warning of a forecast loss on or a forecast significant year-on-year change in the net profit of H1 2019, as well as explanation of why:

□ Applicable √ Not applicable

## V Securities Investments

√ Applicable □ Not applicable

Unit: RMB

| Variety of securities | Code of securities | Name of securities | Initial investment cost | Accounting measurement model | Beginning carrying value | Gain/loss on fair value changes in the Reporting Period | Cumulative fair value changes recorded into equity | Purchased in the Reporting Period | Sold in the Reporting Period | Gain/loss in the Reporting Period | Ending carrying value | Accounting item | Capital resources |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Stock | 600166 | FOTON | 41,784,000.00 | Fair value measurement | 262,990,000.00 | 75,140,000.00 | 251,894,100.00 | 0.00 | 0.00 | 0.00 | 338,130,000.00 | Investments in other equity instruments | Self-owned funds |
| Stoc | 6009 | Bank | 18,0 | Fair | 107, | 20,8 | 93,7 | 0.00 | 0.00 | 0.00 | 128, | Inves | Self- |



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| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| k | 19 | of Jiangsu | 00,000.00 | value measurement | 460,000.00 | 80,000.00 | 89,000.00 | | | | 340,000.00 | tments in other equity instruments | owned funds |
| Stock | 600377 | Jiangsu Expressway | 90,500.00 | Fair value measurement | 490,000.00 | 5,000.00 | 343,825.00 | 0.00 | 0.00 | 0.00 | 495,000.00 | Investments in other equity instruments | Self-owned funds |
| Other securities investments held as at the Period-end | | | 0.00 | -- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | -- | -- |
| Total | | | 59,874,500.00 | -- | 370,940,000.00 | 96,025,000.00 | 346,026,925.00 | 0.00 | 0.00 | 0.00 | 466,965,000.00 | -- | -- |
| Disclosure date of announcement on Board's consent for securities investment | | | | | | | | | | | | | |
| Disclosure date of announcement on shareholders' meeting's consent for securities investment (if any) | | | | | | | | | | | | | |

## VI Investments in Derivative Financial Instruments

□ Applicable √ Not applicable

No such cases in the Reporting Period.



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## VII Communications with the Investment Community such as Researches, Inquiries and Interviews during the Reporting Period

√ Applicable □ Not applicable

| Date | Way of communication | Type of communication party | Index to main information communicated |
|---|---|---|---|
| 28 March 2019 | Other | Individual | Equity incentive of the Company |
| 28 March 2019 | Other | Individual | Equity investment of the Company |
| 28 March 2019 | Other | Individual | Operations of the Company |
| 27 March 2019 | Other | Individual | Progress and shareholding of projects invested by the Company |
| 21 March 2019 | Other | Individual | Operations of the Company's joint stock companies via investments |
| 21 March 2019 | Other | Individual | Brand value and market value of the Company |
| 19 March 2019 | Other | Individual | Whether Union Test, the Company's subsidiary participated in, planned to be listed |
| 18 March 2019 | Other | Individual | Whether the Company participates in Xinguang Photoelectric through investment |
| 18 March 2019 | Other | Individual | The Company participates in Xinguang Photoelectric through investment |
| 14 March 2019 | Other | Individual | That the Company participates in Xinguang Photoelectric through investment is not true |
| 10 March 2019 | Other | Individual | Key tasks of the Company regarding reform and development in this year |
| 10 March 2019 | Other | Individual | Inquired the reform of state-owned enterprises toward mixed system |
| 8 March 2019 | Other | Individual | Inquired the reform of state-owned enterprises toward mixed system |
| 5 March 2019 | Other | Individual | Transformation and upgrading of the Company |
| 25 February 2019 | Other | Individual | The Company purchased the land use right of Changzhou High-Tech Zone |
| 25 February 2019 | Other | Individual | Weaknesses of the Company compared with other companies |
| 25 February 2019 | Other | Individual | Progress of Lithium Battery Diaphragm Project invested by the industrial fund the Company participates in the establishment |
| 2 February 2019 | Other | Individual | Disclosure of the Company's operating performance forecast |



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| | | | |
|---|---|---|---|
| 1 February 2019 | Other | Individual | The Company's new year's wishes to investors |
| 31 January 2019 | Other | Individual | Investors' vision for the Company |
| 25 January 2019 | Other | Individual | Support to the Company provided by the Company's controlling shareholders |
| 25 January 2019 | Other | Individual | The Company's layout of hydrogen-based fuel-cell engine business |
| 25 January 2019 | Other | Individual | Sales of shares of Bank of Jiangsu held by the Company |
| 24 January 2019 | Other | Individual | Products of the Company |
| 24 January 2019 | Other | Individual | Efforts of the Company in response to policies |
| 24 January 2019 | Other | Individual | Condition of the industry the Company belongs to |
| 23 January 2019 | Other | Individual | Progress of Lithium Battery Diaphragm Project invested by the industrial fund the Company participates in the establishment |
| 23 January 2019 | Other | Individual | The Company's investment in new energy industry |
| 13 January 2019 | Other | Individual | Government subsidies the Company received |
| 11 January 2019 | Other | Individual | Disclosure condition of the Company's operating performance forecast |

## VIII Irregularities in the Provision of Guarantees

□ Applicable √ Not applicable

No such cases in the Reporting Period.

## IX Occupation of the Company's Capital by the Controlling Shareholder or Its Related Parties for Non-Operating Purposes

□ Applicable √ Not applicable

No such cases in the Reporting Period.



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