

Stock Code: 000570, 200570

Stock Name: Changchai, Changchai-B

Announcement No. 2021-025

## **CHANGCHAI COMPANY, LIMITED**

### **FIRST QUARTERLY REPORT 2021 (SUMMARY)**

#### **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.**

## 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

Reason for retrospective restatement:

Correction of accounting error

	Q1 2021	Q1 2020		Change (%)
		Before	After	After
Operating revenue (RMB)	774,218,489.69	537,033,349.19	538,139,070.21	43.87%
Net profit attributable to the listed company's shareholders (RMB)	24,571,254.83	1,510,305.60	1,404,292.62	1,649.72%
Net profit attributable to the listed company's shareholders before exceptional items (RMB)	23,604,960.00	1,271,708.92	1,140,714.02	1,969.31%
Net cash generated from/used in operating activities (RMB)	-184,484,392.45	19,241,295.96	18,989,933.66	—
Basic earnings per share (RMB/share)	0.0438	0.0027	0.0025	1,652.00%
Diluted earnings per share (RMB/share)	0.0438	0.0027	0.0025	1,652.00%
Weighted average return on equity (%)	1.07%	0.07%	0.07%	1.00%
	31 March 2021	31 December 2020		Change (%)
		Before	After	After
Total assets (RMB)	4,133,968,635.47	3,952,954,464.45	3,952,954,464.45	4.58%
Equity attributable to the listed company's shareholders (RMB)	2,426,095,501.85	2,273,349,347.02	2,273,349,347.02	6.72%

Reason for change in accounting policy and particulars about correction of accounting error:

The Proposal on Correction of Previous Accounting Error was reviewed and approved on the 4<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors held on 29 July 2020, and Changzhou Xingsheng Property Management Co., Ltd. which was not included in the scope of consolidated balance sheet before has been carried out accounting treatment in accordance to the stipulations of accounting standards. For details, see the Announcement on the Resolutions of the 4<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors (Announcement No.:2020-043), the Announcement on Correction of

Previous Accounting Error (Announcement No.:2020-045), and the Authentication Report of Special Instruction regarding Correction of Accounting Error from 2017 to 2019 disclosed on Securities Times, Ta Kung Pao and <http://www.cninfo.com.cn>.

1. Effects to the consolidated balance sheet of the same period in 2020

Effected items	1 January 2020 – 31 March 2020	
	Before	After
Income statement:		
1. Revenues	537,033,349.19	538,139,070.21
Operating revenue	537,033,349.19	538,139,070.21
2. Costs and expenses	529,922,440.47	531,160,471.23
Cost of sales	468,398,298.69	468,694,592.90
Taxes and levies	3,081,606.93	3,081,767.05
Selling expense	27,529,136.09	27,568,943.45
Administrative expense	16,267,262.68	17,172,240.77
Finance costs	-823,896.76	-827,105.78
Other income	805,876.00	805,876.00
Investment income	24,734.34	51,031.10
3. Operating profit	2,763,109.02	2,657,096.04
Non-operating expense	368,721.44	368,721.44
4. Gross profit	2,525,534.32	2,419,521.34
Income tax expense	1,008,368.05	1,008,368.05
5. Net profit	1,517,166.27	1,411,153.29
By operating continuity	1,517,166.27	1,411,153.29
Net profit attributable to owners of the Company as the parent	1,510,305.60	1,404,292.62
6. Total comprehensive income	-39,469,833.73	-39,575,846.71
Attributable to owners of the Company as the parent	-39,476,694.40	-39,582,707.38
7. Earnings per share		
7.1 Basic earnings per share	0.0027	0.0025
7.2 Diluted earnings per share	0.0027	0.0025
Cash Flow Statement:		
1. Cash flows from operating activities		
Proceeds from sale of commodities and rendering of services	394,536,274.90	395,541,506.92
Cash generated from other operating activities	3,065,965.22	3,091,386.85
Subtotal of cash generated from operating activities	405,942,727.11	406,973,380.76
Payments for commodities and services	281,322,512.13	282,175,437.06

Cash paid to and for employees	76,966,977.12	77,363,224.39
Taxes and levies paid	7,741,624.22	7,741,784.34
Cash used in other operating activities	20,670,317.68	20,703,001.31
Subtotal of cash used in operating activities	386,701,431.15	387,983,447.10
Net cash generated from/used in operating activities	19,241,295.96	18,989,933.66
2. Cash flows from investing activities:		
Proceeds from disinvestment	1,500,000.00	4,550,000.00
Return on investment	1,778.18	28,074.94
Subtotal of cash generated from investing activities	1,548,278.18	4,624,574.94
Payments for investments	3,000,000.00	6,100,000.00
Cash used in other investing activities	930,300.00	930,300.00
Subtotal of cash used in investing activities	29,054,394.04	32,154,394.04
Net cash generated from/used in investing activities	-27,506,115.86	-27,529,819.10
5. Net increase in cash and cash equivalents	-8,537,210.92	-8,812,276.46
6. Cash and cash equivalents, end of the period	536,047,533.25	535,772,467.71

Exceptional gains and losses:

Applicable  Not applicable

Unit: RMB

Item	Q1 2021	Note
Gain/Loss arising from disposal of non-current assets (inclusive of impairment allowance write-offs)	6,800.10	
Government subsidies 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	299,348.30	
Gain/Loss on changes in fair value arising from holding of held-for-trading financial assets and liabilities, derivative financial assets and liabilities and investment income from disposal of held-for-trading financial assets and liabilities, derivative financial assets and liabilities and other debt investments other than effective hedge business related to the Company's normal operating businesses	851,116.06	
Other non-operating income and expense other than the above	56,844.59	
Less: Income tax effects	247,814.22	
Non-controlling interests effects (after tax)	0.00	
Total	966,294.83	--

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 2021

### 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		57,470		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				
KGI ASIA LIMITED	Foreign corporation	0.56%	3,151,695				
Li Suinan	Domestic individual	0.28%	1,548,100				
Huang Guoliang	Domestic individual	0.27%	1,528,891				
China Construction Bank Corporation- First State Cinda New Energy Industry Stock Securities Investment Fund	Other	0.25%	1,418,947				
Chen Jian	Domestic individual	0.22%	1,249,000				
Chen Xiaojing	Domestic individual	0.22%	1,239,100				
Hu Wenyong	Domestic individual	0.22%	1,230,011				
Tao Xiaofang	Domestic	0.22%	1,218,400				

	individual					
Xue Hong	Domestic individual	0.21%	1,160,000			
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	3,151,695	Domestically listed foreign stock	3,151,695			
Li Suinan	1,548,100	Overseas listed foreign stock	1,548,100			
Huang Guoliang	1,528,891	Overseas listed foreign stock	1,528,891			
China Construction Bank Corporation- First State Cinda New Energy Industry Stock Securities Investment Fund	1,418,947	RMB-denominated ordinary stock	1,418,947			
Chen Jian	1,249,000	RMB-denominated ordinary stock	1,249,000			
Chen Xiaojing	1,239,100	RMB-denominated ordinary stock	1,239,100			
Hu Wenyong	1,230,011	Domestically listed foreign stock	1,230,011			
Tao Xiaofang	1,218,400	RMB-denominated ordinary stock	1,218,400			
Xue Hong	1,160,000	Domestically listed foreign stock	1,160,000			
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)	The shareholders Chen Jian and Chen Xiaojing respectively hold 50,000 shares and 1,211,800 shares of the Company through their credit account.					

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.

Yes  No

No such cases in the Reporting Period.

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

Applicable  Not applicable

## Part III Significant Events

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

Applicable  Not applicable

1. Accounts receivable increased by RMB381,338,419.54, or 96.02%, as at 31 March 2021 compared to 31 December 2020, primarily because the Company properly allowed customers' buying on credit for more markets in the current quarter 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 RMB8,672,474.35, or 31.77%, as at 31 March 2021 compared to 31 December 2020, primarily because excess VAT paid of the Company decreased.
3. Construction in progress increased by RMB56,104,226.82, or 84.36%, as at 31 March 2021 compared to 31 December 2020, primarily driven by an increase in construction investment by wholly-owned subsidiary Jiangsu Changchai Machinery Co., Ltd.
4. Employee benefits payable decreased by RMB21,068,831.24, or 42.03%, as at 31 March 2021 compared to 31 December 2020, mainly because accrued salary and bonus in last period was partially paid in this period.
5. Net profit attributable to owners of the Company as the parent went up by RMB23,166,962.21, or 1649.72%, during Q1 2021 compared to Q1 2020, primarily driven by an increase in sales revenue.
6. Net cash generated from operating activities went down by RMB203,474,326.11, during Q1 2021 compared to Q1 2020, primarily because accounts receivable increased, and procurement costs increased as sales expanded.
7. Net cash generated from investing activities went down by RMB62,758,435.88 during Q1 2021 compared to Q1 2020, primarily driven by an increase in construction investment by wholly-owned subsidiary Jiangsu Changchai Machinery Co., Ltd. and the payment of capital increase to Housheng New Energy.

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

Applicable  Not applicable

On 9 April 2020, the 24<sup>th</sup> meeting of the 8<sup>th</sup> board of directors of the Company discussed and approved the Non-public Offering Plan of the Company for 2020. The Company intended to make non-public issuance of domestic common shares listed in RMB to specific objects, and this matter was approved by the controlling shareholder Changzhou Investment Group Co., Ltd. and was reviewed and adopted in the meeting of shareholders of 2019. On 18 September 2020, the temporary meeting of the board of directors of the Company discussed and approved the relevant revision matters concerning non-public issuance of shares, the Company supplemented and improved the foresaid plan according to the relevant revision matters, and prepared the Non-public Offering Plan of the Company for 2020 (Revision Version), which was discussed and approved in the second temporary meeting of shareholders in 2020. The application of the Company about non-public offering in 2020 was reviewed and approved by the Issuance Examination Commission of China Securities Regulatory Commission and the Company received the written approval document from China Securities Regulatory Commission. Now the Company is actively carrying out relevant work on non-public offering.

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 Securities Investments

#### 1. 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
Domestic/foreign stock	600166	Foton Motor	41,784,000.00	Fair value measurement	455,175,000.00	0.00	459,468,350.00	0.00	0.00	0.00	582,335,000.00	Other equity instrument investment	Self-owned funds
Domestic/foreign stock	600919	Bank of Jiangsu	42,786,000.00	Fair value measurement	127,764,000.00	0.00	92,320,200.00	0.00	0.00	0.00	151,398,000.00	Other equity instrument	Self-owned funds

												investments	
Domestic/foreign stock	300912	Kailong High Technology	20,001,268.00	Fair value measurement	38,282,105.00	664,026.00	0.00	0.00	0.00	664,026.00	38,946,131.00	Other non-current financial assets	Self-owned funds
Other securities investments held at the end of the Reporting Period			0.00	--	0.00						0.00	--	--
Total			104,571,268.00	--	621,221,105.00	664,026.00	551,788,550.00	0.00	0.00	664,026.00	772,679,131.00	--	--
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)													

## 2. Investments in Derivative Financial Instruments

Applicable  Not applicable

No such cases in the Reporting Period.

## V Progress of Projects Financed with Raised Funds

Applicable  Not applicable

## VI Operating Performance Forecast for January-June 2021

Warning of a forecast loss on or a forecast significant year-on-year change in the accumulative net profit from the

beginning of the year to the end of the next reporting period, as well as explanation of why:

Applicable  Not applicable

## VII Significant Contracts Arising from the Company's Ordinary Course of Business

Applicable  Not applicable

## VIII Cash Entrusted for Wealth Management

Applicable  Not applicable

Unit: RMB'0,000

Specific type	Capital resources	Amount incurred	Undue balance	Overdue amount
Broker financial products	Self-owned funds	730	1,130	0
Total		730	1,130	0

Particulars of entrusted cash management with single significant amount or low security, bad liquidity, and no capital preservation

Applicable  Not applicable

Whether there is the case where the principal cannot be recovered at maturity or other case which may cause impairment for entrusted asset management

Applicable  Not applicable

## IX Irregularities in the Provision of Guarantees

Applicable  Not applicable

No such cases in the Reporting Period.

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

Applicable  Not applicable

No such cases in the Reporting Period.

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

Applicable  Not applicable

Date of visit	Place of visit	Way of visit	Type of visitor	Visitor	Contents and materials provided	Index to main inquiry information
2021-3-30	EasyIR	Other	Individual	Individual	Operation and dividend of the	EasyIR

				investor	Company	
2021-3-12	EasyIR	Other	Individual	Individual investor	Progress on non-public offering of shares by the Company	EasyIR
2021-3-5	EasyIR	Other	Individual	Individual investor	Fittings of agricultural machinery products of the Company	EasyIR
2021-3-5	EasyIR	Other	Individual	Individual investor	Agricultural machinery products of the Company	EasyIR
2021-3-4	EasyIR	Other	Individual	Individual investor	The Company's layout in the new energy industry	EasyIR
2021-3-2	EasyIR	Other	Individual	Individual investor	The Company's layout in the new energy industry	EasyIR
2021-3-1	EasyIR	Other	Individual	Individual investor	The Company's measures actively responding to national rural revitalization	EasyIR
2021-2-25	EasyIR	Other	Individual	Individual investor	Remuneration and bonus of employees of the Company	EasyIR
2021-2-24	EasyIR	Other	Individual	Individual investor	Development suggestions	EasyIR
2021-2-22	EasyIR	Other	Individual	Individual investor	Investment suggestions	EasyIR
2021-2-22	EasyIR	Other	Individual	Individual investor	Progress on non-public offering of shares by the Company	EasyIR
2021-2-22	EasyIR	Other	Individual	Individual investor	Influence of policies on products of the Company	EasyIR
2021-2-22	EasyIR	Other	Individual	Individual investor	Profit of the Company in 2020	EasyIR
2021-2-21	EasyIR	Other	Individual	Individual investor	Influence of policies on the Company	EasyIR
2021-2-21	EasyIR	Other	Individual	Individual investor	Sales volume of agricultural machinery of the Company	EasyIR
2021-2-21	EasyIR	Other	Individual	Individual investor	Sales volume of diesel engines and related generator sets of the Company	EasyIR
2021-2-19	EasyIR	Other	Individual	Individual investor	Number of shareholders of the Company	EasyIR
2021-2-18	EasyIR	Other	Individual	Individual investor	Production situation of lithium battery baffle project	EasyIR
2021-2-18	EasyIR	Other	Individual	Individual	External cooperation of the	EasyIR

				investor	Company	
2021-2-3	EasyIR	Other	Individual	Individual investor	Suggestions on external cooperative development	EasyIR
2021-2-3	EasyIR	Other	Individual	Individual investor	Remuneration and bonus of employees of the Company	EasyIR
2021-2-3	EasyIR	Other	Individual	Individual investor	Information disclosure of the Company	EasyIR
2021-2-2	EasyIR	Other	Individual	Individual investor	Business scope	EasyIR
2021-1-25	EasyIR	Other	Individual	Individual investor	Development suggestions	EasyIR
2021-1-25	EasyIR	Other	Individual	Individual investor	The Company's layout in the new energy industry	EasyIR
2021-1-22	EasyIR	Other	Individual	Individual investor	Customer situation of lithium battery baffle project	EasyIR
2021-1-22	EasyIR	Other	Individual	Individual investor	Number of employees	EasyIR
2021-1-18	EasyIR	Other	Individual	Individual investor	Operation and profit of lithium battery baffle project	EasyIR
2021-1-6	EasyIR	Other	Individual	Individual investor	External cooperation of the Company	EasyIR
2021-1-5	EasyIR	Other	Individual	Individual investor	Phase II construction of lithium battery baffle project	EasyIR
2021-1-5	EasyIR	Other	Individual	Individual investor	Investment in equity of Kailong High Technology	EasyIR
2021-1-5	EasyIR	Other	Individual	Individual investor	The Company's layout in the new energy industry	EasyIR
2021-1-5	EasyIR	Other	Individual	Individual investor	Phase II construction of lithium battery baffle project	EasyIR