

Stock Code: 000570, 200570

Stock Name: Changchai, Changchai-B

Announcement No. 2019-031

CHANGCHAI COMPANY, LIMITED

THIRD QUARTER REPORT 2019 (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 (together with its consolidated subsidiaries, the “Company”, except where the context otherwise requires) 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 Consolidated Financial Information

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

Yes No

	30 September 2019	31 December 2018	Change (%)	
Total assets (RMB)	3,498,167,449.23	3,542,019,195.75	-1.24%	
Equity attributable to the listed company's shareholders (RMB)	2,080,307,118.49	2,043,308,026.74	1.81%	
	Q3 2019	Yo Y change (%)	Q1-Q3 2019	Yo Y change (%)
Operating revenue (RMB)	460,579,449.28	6.47%	1,576,409,294.87	-2.65%
Net profit attributable to the listed company's shareholders (RMB)	950,668.62	-79.65%	20,008,693.69	-14.16%
Net profit attributable to the listed company's shareholders before exceptional items (RMB)	197,704.53	--	14,424,860.12	27.87%
Net cash generated from/used in operating activities (RMB)	--	--	-177,873,130.52	--
Basic earnings per share (RMB/share)	0.01	0.00%	0.04	0.00%
Diluted earnings per share (RMB/share)	0.01	0.00%	0.04	0.00%
Weighted average return on equity (%)	0.05%	-0.17%	1.02%	-0.03%

Exceptional gains and losses:

Applicable Not applicable

Unit: RMB

Item	Q1-Q3 2019	Note
Gain/Loss arising from disposal of non-current assets (inclusive of impairment allowance write-offs)	1,024,006.08	
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	326,259.20	
Gain/Loss on changes in fair value arising from holding of trading financial assets and liabilities, derivative financial assets and liabilities and investment income from disposal of trading financial assets and liabilities, derivative financial assets and liabilities and other investments in debt obligation other than effective hedge	337,630.60	

business related to the Company's normal operating businesses		
Reversed portions of impairment allowances for loan by mandate which are tested individually for impairment	4,000,000.00	
Other non-operating income and expense other than the above	732,475.63	
Less: Income tax effects	843,914.88	
Non-controlling interests effects (after tax)	-7,376.94	
Total	5,583,833.57	--

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

II Total Number of Shareholders and Holdings of Top 10 Shareholders at 30 September 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	51,028	Number of preferred shareholders with resumed voting rights (if any)	0			
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares	Restricted shares	Shares in pledge or frozen	
					Status	Shares
CHANGZHOU INVESTMENT GROUP CO., LTD	State-owned legal person	30.43%	170,845,236			
CHINA CITIC BANK CORPORATION LIMITED-CCB CHINA SECURITIES 500 INDEX ENHANCED SECURITIES INVESTMENT FUND	Other	0.76%	4,254,122			
KGI ASIA LIMITED	Foreign legal person	0.57%	3,189,845			
LEI YANQIN	Domestic natural person	0.36%	2,019,946			
GAO FENHUI	Domestic natural person	0.33%	1,873,800			

HU WENYONG	Domestic natural person	0.28%	1,545,266			
HUANG GUOLIANG	Domestic natural person	0.27%	1,528,891			
LI SUINAN	Domestic natural person	0.27%	1,507,800			
XUE HONG	Domestic natural person	0.23%	1,290,900			
ZHOU YONG	Domestic natural person	0.22%	1,250,000			
Top 10 unrestricted shareholders						
Name of shareholder	Unrestricted shares	Shares by type				
		Type	Shares			
CHANGZHOU INVESTMENT GROUP CO., LTD	170,845,236	RMB-denominated ordinary stock	170,845,236			
CHINA CITIC BANK CORPORATION LIMITED-CCB CHINA SECURITIES 500 INDEX ENHANCED SECURITIES INVESTMENT FUND	4,254,122	RMB-denominated ordinary stock	4,254,122			
KGI ASIA LIMITED	3,189,845	Domestically listed foreign stock	3,189,845			
LEI YANQIN	2,019,946	RMB-denominated ordinary stock	2,019,946			
GAO FENHUI	1,873,800	RMB-denominated ordinary stock	1,873,800			
HU WENYONG	1,545,266	Domestically listed foreign stock	1,545,266			
HUANG GUOLIANG	1,528,891	Domestically listed foreign stock	1,528,891			
LI SUINAN	1,507,800	Domestically listed foreign stock	1,507,800			
XUE HONG	1,290,900	Domestically listed foreign stock	1,290,900			
ZHOU YONG	1,250,000	RMB-denominated ordinary stock	1,250,000			
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 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.

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 Consolidated Financial Statement Line Items and Explanation of why

√ Applicable □ Not applicable

1. Consolidated Balance Sheet Items as at 30 September 2019

Item	30 September 2019 (RMB)	31 December 2018 (RMB)	Change (%)	Explanation of why
Accounts receivable	813,510,517.41	378,859,159.11	114.73%	Accounts receivable as at 30 September 2019 rose 114.73% from the amount as at 31 December 2018, because during Q1~Q3 2019, credit sale was properly carried out to extend market space, and most multi-cylinder engine customers were supporting manufacturers for bigger enterprises, which means relatively long account ages for the Company.
Other current assets	15,813,912.76	34,357,608.97	-53.97%	Decrease in overpaid VAT
Advance payment	64,895,163.52	34,500,232.97	88.10%	The increase of the company's advance payment.
Payroll payable	12,826,072.56	50,500,592.99	-74.60%	Salaries and bonuses accrued in the nine months ended 30 September 2018 were paid in the corresponding period of the current year.
Tax payable	3,867,390.55	7,066,085.89	-45.27%	Mainly for the changes of sales and profit, as well as the impact of the national tax reduction policy.
The non-current liabilities due within one year	0.00	18,500,000.00	-100.00%	The company repaid the due non-current liabilities of RMB 18,500,000.00 during the reporting period..
Long-term loan	0.00	2,000,000.00	-100.00%	The company repaid the long-term loan of RMB 2,000,000.00 during the reporting period in advance.

2. Consolidated Income Statement Items for Q1~Q3 2019

Item	Q1~Q3 2019 (RMB)	Q1~Q3 2018 (RMB)	Change (%)	Explanation of why
Research and development costs	49,515,164.09	36,524,504.36	35.57%	some r&d projects used more r&d funds.
Asset impairment loss	26,096.43	-2,531,847.48	--	Allowances for doubtful accounts receivable recorded based on aging led to an increase in asset impairment loss, while the collection of entrusted loans with full-amount impairment allowances resulted in writedowns in this item.
Non-operating income	961,235.14	2,830,716.11	-66.04%	More government subsidies.
Non-operating expenses	233,654.06	1,698,515.85	-86.24%	The large loss of dull materials disposed in the previous period.
The income tax expense	-2,232,431.33	5,079,513.44	--	The company received a total of 6,700,210.88 yuan of corporate income tax refund in the final settlement of 2018 in June 2019.
Other comprehensive income, net of tax	30,999,075.00	-144,235,225.00	--	Significant increase in gains on fair value changes of investments in other equity instruments.

3. Consolidated Cash Flow Statement Items for Q1~Q3 2019

Item	Q1~Q3 2019 (RMB)	Q1~Q3 2018 (RMB)	Change (%)	Explanation of why
Net cash generated from/used in operating activities	-177,873,130.52	-54,251,797.59	--	Increase in accounts receivable.
Net cash generated from/used in investing activities	-64,901,304.94	-23,421,616.03	--	The investment of 50 million yuan to Jiangsu Housheng New Energy Technology co., LTD.
Net cash generated from/used in financing activities	-44,353,925.59	-16,892,465.30	--	Mainly for the company repaid part of the bank debt.

II Progress, Influence and Solutions with regard to Significant Events

Applicable Not applicable

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

Commitment	Commitment maker	Type of commitment	Contents	Date of commitment making	Period of commitment	Fulfillment
Other commitments made to minority shareholders	Changchai Company, Limited	Bonus	Rewards Plan for Shareholders in Next Three Years(2017-2019) Under the premise of positive distributive profit (remaining after-tax profits after making up for the loss and extracting for the common reserves) in this year or half year and abundant money flow and no influence on the following-up going concern after cash bonus, the profits allocated by cash every year shouldn't be lower than 10% of the allocable profits from parent company. Meanwhile, the accumulated allocable profits by cash in the arbitrary continuous three accounting years should not be lower than 30% of the annual average allocable profits in those three years.	11 May 2017	Year 2017-2019	Implementation in a normal way
Fulfilled on time			Yes			
When the commitment was not completely fulfilled at maturity, the specific reasons and following work plan shall be given			N/A			

IV Securities Investments

Applicable Not applicable

No such cases in the Reporting Period.

V Wealth Management Entrustment

Applicable Not applicable

Unit: RMB'0,000 (in RMB ten thousand yuan)

Type of wealth management	Funding source	Principal	Outstanding amount before maturity	Overdue amount
Wealth management product purchased from securities company	Self-funded	1000	1000	0
Total		1000	1000	0

High-risk wealth management entrustments with amounts that are individually significant, or with low security, low liquidity, or no protection of the principal:

Applicable Not applicable

Wealth management entrustments with possible impairments including an expectedly unrecoverable principal:

Applicable Not applicable

VI Investments 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 Reporting Period

Applicable Not applicable

Date of visit	Way of visit	Type of visitor	About
17 September 2019	Other	Individual	Tax rebate of the corporate income tax
11 September 2019	Other	Individual	Number of shareholders of the Company
5 September 2019	Other	Individual	Agricultural machinery industry policy
5 September 2019	Other	Individual	Development state of the agricultural machinery industry
5 September 2019	Other	Individual	Transformation and upgrading of the Company
5 September 2019	Other	Individual	Development program of the Company
30 August 2019	Other	Individual	The Company' investment in the

			project of Housheng lithium battery
6 August 2019	Other	Individual	The Company' investment in the project of Housheng lithium battery
29 July 2019	Other	Individual	The purchase for relocation of the Company
28 July 2019	Other	Individual	The relocation schedule of the Company
28 July 2019	Other	Individual	The relocation schedule of the Company
10 July 2019	Other	Individual	Transformation and upgrading of the Company
4 July 2019	Other	Individual	The Company' investment in the project of Housheng lithium battery
1 July 2019	Other	Individual	Product range of the Company

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.