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慶鈴汽車股份有限公司

QINGLING MOTORS CO. LTD

(a Sino-foreign joint venture joint stock limited company incorporated in the People's Republic of China)  
(Stock Code: 1122)

## ANNOUNCEMENT OF 2023 RESULTS

The board of directors (the “**Board**”) of Qingling Motors Co. Ltd (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023, which has been prepared in accordance with Hong Kong Financial Reporting Standards as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	2023 RMB'000	2022 RMB'000
Revenue	2, 3	3,596,535	3,248,080
Cost of sales		(3,373,181)	(3,132,923)
Gross profit		223,354	115,157
Other income		295,743	385,405
Other expenses		(8,026)	(7,295)
Impairment losses under expected credit loss (“ECL”) model, net of reversal		(277)	(9,529)
Other gains and losses, net		13,586	13,705
Distribution and selling expenses		(189,768)	(78,260)
Administrative expenses		(205,456)	(213,745)
Research expenses		(177,802)	(243,132)
Finance costs		(1,680)	(4,717)
Share of results of associates		570	(7,339)
Share of results of joint ventures		2,504	10,131
<b>Loss before tax</b>	4	(47,252)	(39,619)
Income tax credit	5	1,845	34,636
<b>Loss and total comprehensive expenses for the year</b>		<b>(45,407)</b>	<b>(4,983)</b>
<b>Loss and total comprehensive expenses attributable to:</b>			
Owners of the Company		(54,269)	(14,575)
Non-controlling interests		8,862	9,592
		<b>(45,407)</b>	<b>(4,983)</b>
Basic loss per share	7	<b>RMB (0.02)</b>	<b>RMB (0.01)</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2023**

	<i>NOTES</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,212,392</b>	1,153,221
Right-of-use assets		<b>53,389</b>	61,126
Investment properties		<b>18,677</b>	18,956
Intangible assets		<b>119,905</b>	154,997
Interests in associates		<b>44,362</b>	43,792
Interests in joint ventures		<b>481,423</b>	486,526
Deferred tax assets		<b>59,822</b>	53,779
Time deposits		<b>2,569,260</b>	1,499,018
Trade receivables		<b>45,886</b>	–
Finance lease receivables		<b>2,740</b>	–
Deposit paid for property, plant and equipment		<b>191</b>	186
		<b>4,608,047</b>	3,471,601
<b>Current assets</b>			
Inventories		<b>1,318,413</b>	1,418,835
Trade, bills and other receivables and prepayments	8	<b>1,531,029</b>	1,557,481
Time deposits		<b>1,486,295</b>	2,915,887
Cash and cash equivalents		<b>1,027,775</b>	972,924
Tax recoverable		<b>12,448</b>	12,448
Finance lease receivables		<b>483</b>	–
		<b>5,376,443</b>	6,877,575

	<i>NOTES</i>	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
<b>Current liabilities</b>			
Trade, bills and other payables	9	<b>1,775,320</b>	1,973,545
Tax liabilities		<b>1,810</b>	4,263
Contract liabilities		<b>357,331</b>	478,958
Refund liabilities		<b>72,624</b>	59,115
Lease liabilities		<b>16,457</b>	14,812
		<u><b>2,223,542</b></u>	<u>2,530,693</u>
<b>Net current assets</b>		<u><b>3,152,901</b></u>	<u>4,346,882</u>
<b>Total assets less current liabilities</b>		<u><b>7,760,948</b></u>	<u>7,818,483</u>
<b>Capital and reserves</b>			
Share capital	10	<b>2,482,268</b>	2,482,268
Share premium and reserves		<b>4,915,535</b>	4,969,804
Equity attributable to owners of the Company		<b>7,397,803</b>	7,452,072
Non-controlling interests		<b>339,458</b>	333,925
<b>Total equity</b>		<u><b>7,737,261</b></u>	<u>7,785,997</u>
<b>Non-current liabilities</b>			
Lease liabilities		<b>19,404</b>	27,361
Deferred income – government grants		<b>4,283</b>	5,125
		<u><b>23,687</b></u>	<u>32,486</u>
		<u><b>7,760,948</b></u>	<u>7,818,483</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

**New and amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the 2020 October and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## 2. REVENUE

### (i) Disaggregation of revenue from contracts with customers

The Group's revenue represents sales of trucks, chassis, automobile parts, accessories and others to external customers, that are recognised at a point in time. The following is an analysis of the Group's revenue from its major products:

	<b>2023</b> <b><i>RMB'000</i></b>	2022 <i>RMB'000</i>
<b>Types of goods</b>		
Sales of light-duty trucks	<b>1,529,085</b>	1,344,581
Sales of pick-up trucks	<b>625,600</b>	478,749
Sales of medium and heavy-duty trucks	<b>703,503</b>	509,977
Sales of chassis	<b>468,001</b>	633,512
Sales of automobile parts, accessories and others	<b>270,346</b>	281,261
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Total	<b>3,596,535</b>	3,248,080
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Set out below is the reconciliation of the revenue from contracts with customers disclosed in the segment information:

	<b>Light-duty trucks and chassis</b>	<b>Pick-up trucks and chassis</b>	<b>Medium and heavy-duty trucks and chassis</b>	<b>Automobile parts, accessories and others</b>	<b>Consolidated</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>For the year ended 31 December 2023</b>					
Sales of light-duty trucks	1,529,085	–	–	–	1,529,085
Sales of pick-up trucks	–	625,600	–	–	625,600
Sales of medium and heavy-duty trucks	–	–	703,503	–	703,503
Sales of chassis	446,210	3,139	18,652	–	468,001
Sales of automobile parts, accessories and others	–	–	–	270,346	270,346
	<u>1,975,295</u>	<u>628,739</u>	<u>722,155</u>	<u>270,346</u>	<u>3,596,535</u>
Revenue	<u>1,975,295</u>	<u>628,739</u>	<u>722,155</u>	<u>270,346</u>	<u>3,596,535</u>
<b>For the year ended 31 December 2022</b>					
Sales of light-duty trucks	1,344,581	–	–	–	1,344,581
Sales of pick-up trucks	–	478,749	–	–	478,749
Sales of medium and heavy-duty trucks	–	–	509,977	–	509,977
Sales of chassis	590,036	2,461	41,015	–	633,512
Sales of automobile parts, accessories and others	–	–	–	281,261	281,261
	<u>1,934,617</u>	<u>481,210</u>	<u>550,992</u>	<u>281,261</u>	<u>3,248,080</u>
Revenue	<u>1,934,617</u>	<u>481,210</u>	<u>550,992</u>	<u>281,261</u>	<u>3,248,080</u>

(ii) **Performance obligations for contracts with customers and revenue recognition policies**

The Group sells trucks, chassis, automobile parts, accessories and others to customers, including independent dealers and certain related parties, according to the relevant sales agreements. Revenues are recognised when control of trucks, chassis, automobile parts, accessories and others has been transferred, being when they have been shipped to the customers' specific locations based on the quantity of trucks, chassis, automobile parts, accessories and others received by the customers. The customers have neither rights of return nor rights to defer or avoid payment for the goods once they are accepted by the customers. No provisions for returns of trucks, chassis, automobile parts, accessories and others are set out in the relevant sales agreements, except for replacement due to quality problems. Payments of transaction price for sales of trucks, chassis, automobile parts, accessories and others are agreed at the point when the customers received them. Advance payments in forms of bank remittance and/or bank bills from independent dealers are normally required for sales of light-duty trucks, pick-up trucks, medium and heavy-duty trucks. Sales of chassis, automobile parts, accessories and others to independent dealers and related parties are required to be settled in three months to five years according to the relevant sales agreements.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of trucks, chassis, automobile parts, accessories and others to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of trucks, chassis, automobile parts, accessories and others to customers is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For contracts where the Group transferred the associated trucks, chassis, automobile parts, accessories and others before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the payment from customers and the transfer of trucks, chassis, automobile parts, accessories and others.

Under the Group's standard contract terms, customers have a right to receive rebates paid by the Company. The Group uses its accumulated historical experience to estimate the amount of consideration to which it will be entitled using the most likely amount. A refund liability is recognised for sales in which revenue has yet been recognised.

Sales-related warranties associated with trucks, chassis, automobile parts, accessories and others cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

**(iii) Transaction price allocated to the remaining performance obligation for contracts with customers**

The Group had aggregate amount of the transaction price allocated to remaining performance obligations which are mainly in respect of sales of trucks and chassis that are unsatisfied amounted to RMB357,331,000 at 31 December 2023 (2022: RMB478,958,000).

Based on the information available to the Group at the end of the reporting period, the directors of the Company expect the transaction price allocated to the above unsatisfied contracts as at 31 December 2023 and 2022 will be recognised as revenue in the following year.

### 3. SEGMENT INFORMATION

The Group is engaged in the manufacture and sales of four categories of products, light-duty trucks and chassis, pick-up trucks and chassis, medium and heavy-duty trucks and chassis and automobile parts, accessories and others, and the chief operating decision makers (i.e. the Company's executive directors) review the segment information by these categories to allocate resources to segments and to assess their performance.

Specifically, the Group's reportable segments under HKFRS 8 *Operating Segments* are as follows:

Light-duty trucks and chassis	– manufacture and sales of light-duty trucks and chassis
Pick-up trucks and chassis	– manufacture and sales of pick-up trucks and chassis
Medium and heavy-duty trucks and chassis	– manufacture and sales of medium and heavy-duty trucks and chassis
Automobile parts, accessories and others	– manufacture and sales of automobile parts, accessories and others

#### (i) Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

#### *For the year ended 31 December 2023*

	Light-duty trucks and chassis	Pick-up trucks and chassis	Medium and heavy-duty trucks and chassis	Automobile parts, accessories and others	Consolidated
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue	<u>1,975,295</u>	<u>628,739</u>	<u>722,155</u>	<u>270,346</u>	<u>3,596,535</u>
Result					
Segment (loss) profit	<u>(26,024)</u>	<u>(53,521)</u>	<u>(12,652)</u>	<u>38,355</u>	<u>(53,842)</u>
Other income					212,043
Other expenses					(8,026)
Impairment losses under ECL model, net of reversal					(277)
Other gains and losses, net					13,586
Central administration costs					(34,328)
Research expenses					(177,802)
Finance costs					(1,680)
Share of results of associates					570
Share of results of joint ventures					<u>2,504</u>
Loss before tax					<u>(47,252)</u>

***For the year ended 31 December 2022***

	Light-duty trucks and chassis	Pick-up trucks and chassis	Medium and heavy-duty trucks and chassis	Automobile parts, accessories and others	Consolidated
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue	1,934,617	481,210	550,992	281,261	3,248,080
Result					
Segment (loss) profit	(13,258)	(75,019)	(8,084)	49,028	(47,333)
Other income					295,405
Other expenses					(7,295)
Impairment losses under ECL model, net of reversal					(9,529)
Other gains and losses, net					13,705
Central administration costs					(39,515)
Research expenses					(243,132)
Finance costs					(4,717)
Share of results of associates					(7,339)
Share of results of joint ventures					10,131
Loss before tax					(39,619)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss incurred from) profit earned by each segment without allocation of certain other income, other expenses, impairment losses under ECL model, net of reversal, other gains and losses, net, central administration costs, research expenses, finance costs, share of results of associates and share of results of joint ventures. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and performance assessment.

(ii) **Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

**At 31 December 2023**

	<b>Light-duty trucks and chassis</b>	<b>Pick-up trucks and chassis</b>	<b>Medium and heavy-duty trucks and chassis</b>	<b>Automobile parts, accessories and others</b>	<b>Consolidated</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Assets					
Segment assets	<b>1,150,733</b>	<b>511,513</b>	<b>786,822</b>	<b>322,274</b>	<b>2,771,342</b>
Interchangeably used assets between segments					
– property, plant and equipment					436,077
– right-of-use assets					53,389
– inventories					486,864
Investment properties					18,677
Interests in associates					44,362
Interests in joint ventures					481,423
Cash and cash equivalents and time deposits					5,083,330
Other unallocated assets					609,026
Consolidated total assets					<b>9,984,490</b>
Liabilities					
Segment liabilities	<b>313,631</b>	<b>101,730</b>	<b>109,139</b>	–	<b>524,500</b>
Unallocated trade, bills and other payables					1,680,775
Unallocated lease liabilities					35,861
Other unallocated liabilities					6,093
Consolidated total liabilities					<b>2,247,229</b>

**At 31 December 2022**

	Light-duty trucks and chassis	Pick-up trucks and chassis	Medium and heavy-duty trucks and chassis	Automobile parts, accessories and others	Consolidated
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Assets</b>					
Segment assets	1,247,884	491,460	804,351	288,174	2,831,869
Interchangeably used assets between segments					
– property, plant and equipment					426,996
– right-of-use assets					61,126
– inventories					376,669
Investment properties					18,956
Interests in associates					43,792
Interests in joint ventures					486,526
Cash and cash equivalents and time deposits					5,387,829
Other unallocated assets					715,413
Consolidated total assets					10,349,176
<b>Liabilities</b>					
Segment liabilities	451,127	114,037	164,402	–	729,566
Unallocated trade, bills and other payables					
					1,782,052
Unallocated lease liabilities					42,173
Other unallocated liabilities					9,388
Consolidated total liabilities					2,563,179

For the purposes of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating and reportable segments other than interchangeably used assets between segments, investment properties, interest in associates, interests in joint ventures, cash and cash equivalents and time deposits, and other unallocated assets held by the head office; and
- All liabilities are allocated to operating and reportable segments other than unallocated trade, bills and other payables, unallocated lease liabilities and other unallocated liabilities of the head office.

(iii) Other segment information

*For the year ended 31 December 2023*

	Light-duty trucks and chassis	Pick-up trucks and chassis	Medium and heavy-duty trucks and chassis	Automobile parts, accessories and others	Unallocated	Consolidated
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to property, plant and equipment	6,181	82,949	–	–	28,217	117,347
Additions to right-of-use assets	–	–	–	–	13,091	13,091
Additions to intangible assets	–	–	–	–	2,499	2,499
Amortisation of intangible assets	–	–	32,081	–	5,510	37,591
Depreciation of property, plant and equipment	14,302	11,081	12,723	–	18,843	56,949
Depreciation of right-of-use assets	–	–	–	–	17,761	17,761
Depreciation of investment properties	–	–	–	–	279	279
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

*For the year ended 31 December 2022*

	Light-duty trucks and chassis	Pick-up trucks and chassis	Medium and heavy-duty trucks and chassis	Automobile parts, accessories and others	Unallocated	Consolidated
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to property, plant and equipment	659	69,791	6,565	–	80,699	157,714
Additions to right-of-use assets	–	–	–	–	40,250	40,250
Additions to intangible assets	–	–	–	–	3,837	3,837
Amortisation of intangible assets	–	–	32,081	–	6,418	38,499
Depreciation of property, plant and equipment	14,566	6,223	12,570	–	18,526	51,885
Depreciation of right-of-use assets	–	–	–	–	23,862	23,862
Depreciation of investment properties	–	–	–	–	279	279
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

(iv) Geographical information

Excluding deferred tax assets and time deposits, the Group's non-current assets amounting to RMB1,978,965,000 (2022: RMB1,918,804,000) are located in the People's Republic of China (the "PRC"). Except for export sales to countries outside the PRC amounting to RMB93,133,000 (2022: RMB51,151,000), all other sales of the Group are made to customers located in the PRC.

#### 4. LOSS BEFORE TAX

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss before tax has been arrived at after charging (crediting):		
Salaries and other payments and benefits	287,858	296,886
Retirement benefit scheme contributions	38,953	41,965
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Total staff costs (including directors' and supervisors' remuneration	326,811	338,851
Staff costs capitalised in inventories	(142,997)	(147,479)
	<hr/>	<hr/>
	183,814	191,372
	<hr/>	<hr/>
Amortisation of intangible assets	37,591	38,499
Depreciation of property, plant and equipment	56,949	51,885
Capitalised in inventories	(38,147)	(31,660)
	<hr/>	<hr/>
	18,802	20,225
	<hr/>	<hr/>
Finance costs of lease liabilities	1,680	637
Finance costs of discounted bank acceptance bills	–	4,080
Depreciation of investment properties	279	279
Depreciation of right-of-use assets	17,761	23,862
Auditor's remuneration		
– Audit service	2,358	2,606
– Non-audit service	373	330
Cost of inventories recognised as an expense (including write-down of inventories amounting to RMB200,000 (2022: RMB645,000))	3,373,181	3,132,923
Subsequent sales of written-down inventories	(9,588)	(9,546)
Rental income from renting of investment properties	4,210	4,210
Less: Direct operating expenses from investment properties that generated rental income during the year	(279)	(279)
	<hr/>	<hr/>
	<b>3,931</b>	<b>3,931</b>
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## 5. INCOME TAX CREDIT

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax	(4,202)	(7,256)
Over provision in prior years	4	2,052
Deferred tax	<u>6,043</u>	<u>39,840</u>
	<u><u>1,845</u></u>	<u><u>34,636</u></u>

According to the Notice of the Continuation of the Enterprise Income Tax for Implementation of Exploration and Development of Western Region (Notice of the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission No. 23 [2020]) and the Catalogue of Industries Encouraged to Develop in the Western Region (Order of the National Development and Reform Commission No. 40), companies located in the western region of the PRC and engaged in the businesses encouraged by the PRC government are entitled to the preferential enterprise income tax (“EIT”) rate of 15% from 1 January 2021 to 31 December 2030 if the operating revenue of the encouraged business in a year accounted for more than 60% of the total income in that year. The Company and 重慶慶鈴模具有限有限公司 (“Qingling Moulds”), a subsidiary of the Company, are engaged in the encouraged businesses included in the related notice and catalogue and the total revenue of their major businesses for the year accounted for 60% of their respective total revenue, and therefore continue to enjoy the preferential EIT rate of 15% for both years.

重慶慶鈴技術中心有限責任公司 (“Qingling Technical Center”) and 慶鈴(深圳)新能源汽車銷售服務有限公司 (“Shenzhen New Energy”), subsidiaries of the Company, are subject to EIT rate of 25% (2022: 25%) for the year ended 31 December 2023.

The income tax credit for the year can be reconciled to the loss before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss before tax	(47,252)	(39,619)
Tax at the applicable income tax rate of 15% (2022: 15%)	7,088	5,943
Tax effect of expenses not deductible for tax purpose	(1,244)	(1,036)
Additional tax benefit applicable to the Group (note)	20,623	28,540
Effect of different tax rate of subsidiaries	(1,065)	(1,282)
Tax effect of share of results of associates	85	(1,101)
Tax effect of share of results of joint ventures	376	1,520
Write-down of deferred tax	(24,022)	–
Over provision in prior years	<u>4</u>	<u>2,052</u>
Income tax credit for the year	<u><u>1,845</u></u>	<u><u>34,636</u></u>

### Note:

Pursuant to the relevant tax rules and regulation, expenses in research nature are deductible at 100% (2022: 100%) of such expenses incurred additionally. The related tax benefit is amounted to RMB20,623,000 (2022: RMB28,540,000) for the year ended 31 December 2023.

## 6. DIVIDENDS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Dividends recognised as distribution during the year:		
2022 Final, paid – nil (2022: 2021 Final, paid – RMB0.11) per share	–	273,050

No dividend was paid or proposed for ordinary shareholders of the Company during 2023, nor has any dividend been proposed since the end of the reporting period (2022:nil).

## 7. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

### Loss

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss for the purpose of basic loss per share (loss for the year attributable to owners of the Company)	<u>(54,269)</u>	<u>(14,575)</u>

### Number of shares

	2023 <i>'000</i>	2022 <i>'000</i>
Number of shares for the purpose of basic loss per share	<u>2,482,268</u>	<u>2,482,268</u>

No diluted loss per share was presented as there were no potential ordinary shares in issue for both 2023 and 2022.

## 8. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

At the end of the reporting period, the Group's trade, bills and other receivables and prepayments are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables, less allowance for credit losses	271,184	116,900
Bills receivables	831,289	845,821
Other receivables, less allowance for credit losses	161,972	203,831
Prepayments for raw materials	140,107	170,935
Value-added tax recoverable	8,723	50,054
Grants receivable, less allowance for credit losses ( <i>note</i> )	<u>163,640</u>	<u>169,940</u>
	<u>1,576,915</u>	<u>1,557,481</u>

*Note:* As at 31 December 2023 and 2022, there was reasonable assurance that the Group will comply with the conditions attached and the grants under the hydrogen fuel cell vehicles subsidies. Hence a grant receivable was recognised as at 31 December 2023 and 31 December 2022.

As at 31 December 2023 and 2022, trade receivables from contracts with customers amounted to RMB271,184,000 (net of allowance for credit losses of RMB1,108,000) and RMB116,900,000 (net of allowance for credit losses of RMB2,164,000), respectively.

During the current year, the Company entered into several contracts with customers in structured installment methods, with a fixed term of 5 years. The Company determines the revenue amount according to the contract's fair value or agreement price receivable.

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade receivables comprise:		
Within one year	<b>225,298</b>	–
Within a period of more than one year but not exceeding five years	<b>45,886</b>	–
	<b>271,184</b>	–

As at 1 January 2022, trade receivables from contracts with customers amounted to RMB102,810,000 (net of allowance for credit losses of RMB2,695,000).

The credit period granted on sales of goods is mainly from 3 to 6 months except for the subsidiaries of Qingling Motors (Group) Company Limited (ultimate holding company of the Group), to which a credit period of 1 year was granted.

At the end of the reporting period, the aged analysis of the Group's trade receivables, net of allowance for credit losses, presented based on invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates, is as follows:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 3 months	<b>156,244</b>	97,960
Between 3 to 6 months	<b>48,815</b>	4,593
Between 7 to 12 months	<b>52,847</b>	6,356
Over 1 year	<b>13,278</b>	7,991
	<b>271,184</b>	116,900

At the end of the reporting period, the aged analysis of bills receivables of the Group based on issue date is as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Within 1 month	<b>389,320</b>	315,809
Between 1 to 2 months	<b>133,299</b>	137,857
Between 2 to 3 months	<b>131,577</b>	120,004
Between 3 to 6 months	<b>95,740</b>	263,904
Between 6 to 12 months	<b>81,353</b>	8,247
	<b>831,289</b>	845,821

All the above bills receivables are guaranteed by banks and their maturity dates are within 12 months.

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB96,903,000 (2022: RMB5,396,000), which are past due as at the reporting date. Out of the past due balances, an aggregate of RMB45,899,000 (2022: RMB1,428,000) has been past due 90 days or more and are not considered as in default, as these debtors normally fully settled the outstanding balances subsequently with reference to the debtors' settlement pattern. The Group does not hold any collateral over these balances.

## 9. TRADE, BILLS AND OTHER PAYABLES

At the end of the reporting period, the Group's trade, bills and other payables are as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Trade and bills payables	<b>1,471,366</b>	1,570,470
Selling expenses payables	<b>139,802</b>	171,483
Other tax payables	<b>3,774</b>	2,375
Other payables ( <i>note</i> )	<b>160,378</b>	229,217
	<b>1,775,320</b>	1,973,545

*Note:*

As at 31 December 2023, other payables amounted to RMB160,378,000 (2022: RMB229,217,000) mainly including accrued continuing royalties payable of RMB11,180,000 (2022: RMB10,533,000), accrual royalties and license fee of RMB17,485,000 (2022: RMB58,129,000), payables for purchase of property, plant and equipment of RMB20,127,000 (2022: RMB21,305,000) and payroll payable of RMB22,917,000 (2022: RMB24,273,000).

At the end of the reporting period, the age analysis of trade and bills payables of the Group based on purchase date/bills issue date is as follows:

	<b>2023</b> <b>RMB'000</b>	2022 <i>RMB'000</i>
Within 3 months	<b>1,346,750</b>	1,458,571
Between 3 to 6 months	<b>109,839</b>	99,921
Between 7 to 12 months	<b>1,191</b>	1,110
Over 12 months	<b>13,586</b>	10,868
	<b>1,471,366</b>	1,570,470

## 10. SHARE CAPITAL

At 1 January 2022,  
31 December 2022  
and 31 December 2023  
RMB'000

Registered, issued and fully paid

2,482,268

Number of shares  
At 1 January 2022,  
31 December 2022  
and 31 December 2023  
'000

Shares of RMB1 each

– Domestic shares

1,243,616

– H shares

1,238,652

2,482,268

Domestic shares are ordinary shares subscribed for and credited as fully paid up in RMB by the PRC government and/or entities established in the PRC. H shares are ordinary shares subscribed for in HKD and credited as fully paid up in RMB by persons other than the PRC government and/or entities established in the PRC.

Domestic shares and H shares rank *pari passu* in all respects with each other. Domestic shares are not freely traded in The Stock Exchange of Hong Kong Limited.

There were no changes in the registered, issued and fully paid share capital of the Company during both years.

## **2023 RESULTS**

As at 31 December 2023, the Company sold 31,089 vehicles, representing an increase of 7.75% over 28,853 vehicles sold last year. Revenue was approximately RMB3,597 million, representing an increase of 10.73% over approximately RMB3,248 million as recorded last year. For the year ended 31 December 2023, the Company recorded a loss after tax for the year of approximately RMB45 million, while it was a loss after tax of approximately RMB5 million for the last year.

## **REVIEW OF RESULTS**

2023 is the year when the spirit of the 20th National Congress of the Communist Party of China was fully implemented, and it is also the year of economic recovery and development after transition in controlling and preventing the 3-year COVID-19 pandemic. Although consumer confidence is still insufficient and purchasing power is weak, the economy has begun to steadily recover, with favorable conditions outweighing adverse factors. The domestic automobile market has shown strong endogenous power, with total sales reaching approximately 30.09 million vehicles, setting a new historical record and exceeding market expectations. The Company has earnestly implemented the new development concept, the spirit of the Central Economic Work Conference, and the work plans of the municipal party committee and government. Focusing on the goal of high-quality development, we have systematically promoted key projects, improved product innovation, optimised marketing mechanisms, and strengthened basic management, achieving stable and growing business operations.

1. Working together to tackle challenges and accelerating product innovation and technological innovation. Three new products, including electric vehicles, pick-up trucks, and light trucks, have achieved stable mass production and were launched on schedule. We have also upgraded the technology of fuel vehicles, accelerated compliance with new regulations, achieved the China VI-B Emission Standard four years ahead of schedule for all series of fuel vehicles, and basically completed the research and development on 4-stage oil consumption for light, medium, and heavy-truck vehicles. We have made progress in improving the performance and reducing the cost of our main selling products, further enhancing our core competitiveness in the market.

2. Closing sales through marketing system. We have deepened the reform of our marketing organization, stimulated marketing vitality, and implemented monthly evaluations or special evaluations around the “race competition” for annual marketing tasks. We have also strengthened our marketing foundation, improved our marketing capabilities, and mobilized the joint efforts of our distributors. We have utilized new media effectively and strengthened market promotion. We have implemented our maintenance commitments and improved the quality of our services. With focused on government and large customers, we strengthened services for large customers to stabilize our marketing foundation, and enhanced the capability to export complete vehicles. We have started building an integrated system to support and ensure the daily operation of “5+5”. We have also focused on the transformation and upgrade of traditional dealers in terms of oil and electricity, cooperated with Internet and freight operation platforms, and built a new energy marketing solution in the style of Qingling, opening up new prospects.
3. Focusing on QCD capabilities, continuously strengthening basic management. Our production systems have improved efficiency and quality, emphasizing delivery; quality systems establish mechanisms, enhance means, and we focus on rectification; procurement systems strengthen risk removal and supply guarantee, while financial systems implement stable financial management.
4. Continuously promoting the development of new energy and new industries, exploring new areas, and creating and developing new momentum and advantages. We have expanded the specifications of our pure electric products, completed the development of 8.9 T, 18 T environmental sanitation chassis, and pre-research of 4K hybrid engines. The results of our research and development in hydrogen-powered vehicles and the cultivation of industrial ecology have gradually emerged. Breakthroughs have been made in the cultivation of key components for new energy vehicles, with batch delivery of electric drive gearboxes and continuous improvement in electric drive axle technology, which has been initially applied in commerce. Our IVI internet of vehicles function has been continuously improved, and the service quality of our system has been enhanced.

## **OUTLOOK AND PROSPECTS**

The “2024 Government Work Report of the State Council” pointed out that, after comprehensive analysis and judgment, the environment facing China's development this year is still characterized by the coexistence of strategic opportunities and risks and challenges, with favourable conditions stronger than unfavourable factors. As the domestic economy steadily recovers, the transition to new energy accelerates, and the market expands from domestic to overseas, the automobile market enters a period of stable recovery and growth. The market structure and growth model are undergoing significant changes, maintaining moderate-to-low growth. At the same time, new markets, new energies, new technologies, new models, and the growth in demand for high cost-performance bring new opportunities. The key work of the Company in 2024 is as follows:

1. Consolidate cost reduction and expense control, reshape the cost-performance ratio of products. Under the premise of ensuring and improving the technical performance and quality of products, we shall continue to reduce product costs, making the product prices increasingly accessible to more users. In terms of marketing system, we focus on traditional fuel vehicles and new energy vehicles, coordinating both domestic and overseas markets to achieve expansion of sales volume, continuously optimize after-sales service.

2. Strengthen product innovation by platformizing, serializing, modularizing, generalizing, and standardizing products across oil, electric, gas, hydrogen, and hybrid category. Improve cost-performance ratio, and highlight the competitive advantages of main selling products; focus on the rigid demand sub-markets formed by policy orientations such as road rights and credits in the post-subsidy era, precisely match use scenarios and customer needs, optimize the portfolio, enrich the product spectrum, and create competitive new energy vehicle products throughout their lifecycle; align with the domestic heavy-truck market to develop products, quickly benchmark against domestic best-selling brands, thoroughly localize specifications and configurations, reduce costs to the extreme, accelerate domestic closed-loop production, and improve cost-performance ratio.
  
3. Advance basic management with the times, rebuild capabilities, and enhance benefit and efficiency competitiveness. In terms of production system, we shall cultivate our business sense, address issues proactively, re-examine existing weaknesses, and achieve progress through enhanced delivery, inventory reduction and cost reduction, quality improvement and efficiency enhancement, and strengthened management; put ourselves in the customer's perspective, continuously review, improve, and enhance product quality and customer satisfaction; the procurement system should further strengthen the control over components and suppliers, through refined procurement, and intensify efforts to "reduce inventory, lower costs, improve quality, and increase efficiency."

## FINANCIAL RESOURCES AND LIQUID FUNDS SITUATION

### Financial Performance

For the year ended 31 December 2023, the revenue of the Group was RMB3,596,535,000 representing an increase of 10.73% as compared to last year mainly due to the increase of sales volume.

Gross profit for the year was RMB223,354,000 representing an increase of 93.96% as compared to last year. Gross profit margin of the Group for the year was 6.21% as compared with 3.55% last year. Loss after tax of the Group for the year was RMB45,407,000 representing an increase of 811.24% as compared to last year.

For the year ended 31 December 2023, other income mainly included government grants, interest income and rental income, totaling RMB295,743,000, representing a decrease of 23.26% as compared to last year.

For the year ended 31 December 2023, the Group's expenses, including distribution and selling expenses, administrative expenses and research expenses, increased by 7.08% as compared to last year, principally attributable to the increase in selling expenses for the year as compared to last year.

For the year ended 31 December 2023, the share of results of joint ventures of the Group was RMB2,504,000, representing a decrease of 75.28% as compared to last year, mainly due to the profit decrease of Isuzu (China) Engine Co., Ltd., which is a joint venture that was established in May 2007.

For the year ended 31 December 2023, basic loss per share was RMB0.02. The Company did not issue any new shares and the basic loss per share is comparable with last year.

### Financial Position

As at 31 December 2023, the total assets and total liabilities of the Group were RMB9,984,490,000 and RMB2,247,229,000 respectively.

As at 31 December 2023, the Group's non-current assets amounted to RMB4,608,047,000 which mainly includes property, plant and equipment, right-of-use assets, investment properties, intangible assets, interests in associates and joint ventures, deferred tax assets, time deposits and deposit paid for property plant and equipment.

As at 31 December 2023, the Group's current assets amounted to RMB5,376,443,000 which mainly includes inventories, trade, bills and other receivables and prepayments, tax recoverable, time deposits, cash and cash equivalents.

As at 31 December 2023, the Group's current liabilities amounted to RMB2,223,542,000 which mainly includes trade, bills and other payables, tax liabilities, contract liabilities, refund liabilities and lease liabilities.

As at 31 December 2023, the Group's non-current liabilities amounted to RMB23,687,000 which includes lease liabilities and deferred income – governments grants.

As at 31 December 2023, the Group's net current assets was RMB3,152,901,000 (2022: RMB4,346,882,000), representing a decrease of 27.47% as compared to last year, mainly due to the liquidity classification of time deposits.

### **Liquidity and Capital Structure**

As at 31 December 2023, the time deposits, bank deposits and cash and cash equivalents retained by the Group due within one year were RMB2,514,070,000 and decreased by 35.35% as compared with the balances on 31 December 2022. The Group's working capital requirement was financed by its own cash flow. Gearing ratio represented the percentage of total liabilities over total equity as per consolidated statement of financial position. The gearing ratio of the Group as at 31 December 2023 was 29.04% (as at 31 December 2022: 32.92%). Issued share capital as at 31 December 2023 maintained at the level of RMB2,482,268,000 as no share was issued during this year.

For the year ended 31 December 2023, there was no material change in the financing strategies of the Group and the Group did not incur any bank borrowings nor any non-current liabilities. The Company would closely monitor the financial and liquidity position of the Group and financial market from time to time in order to formulate financing strategies appropriate to the Group.

The total equity attributable to owners of the Company as at 31 December 2023 was RMB7,397,803,000. The net assets value per share (representing total equity attributable to owners of the Company divided by number of shares of the Company as at 31 December 2023) as at 31 December 2023 was RMB2.98.

### **Significant Investment**

As at 31 December 2023, the Group's interests in joint ventures were RMB481,423,000 and interests in associates were RMB44,362,000. For the year ended 31 December 2023, the joint ventures and associates of the Group were under normal operation.

During the year ended 31 December 2023, there were no significant acquisition and disposal of the Group.

## **Segment Information**

The revenue contributed by light-duty trucks and medium and heavy-duty trucks were RMB1,975,295,000 and RMB722,155,000 respectively, representing 75.00% of the total revenue and 71.83% of the total segment loss. Light-duty trucks and medium and heavy-duty trucks are currently the major products accounting for the highest contribution to the Group.

## **Pledge of Assets**

As at 31 December 2023, no asset of the Group was pledged for financial facilities (for the year ended 31 December 2022: Nil).

## **Effects of Foreign Exchange Rate Changes**

The major foreign currency transactions of the Group are relating to purchasing automobile parts denominated in Japanese Yen. The Group did not encounter any difficulty or suffer any significant impact in its operations or liquidity as a result of fluctuation in the exchange rate.

## **FINAL DIVIDEND**

The Board does not recommend the payment of any final dividend for the year ended 31 December 2023 (2022: Nil).

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company will be held at New Conference Hall of the Company, 1st Floor, 1 Xiexing Cun, Zhongliangshan, Jiulongpo District, Chongqing, the People's Republic of China on Wednesday, 5 June 2024 at 10:00 a.m. (the "AGM").

## **CLOSURE OF REGISTER OF SHAREHOLDERS**

To ascertain the H shareholders' entitlement to attend and vote at the AGM, the register of shareholders of the Company will be closed from Monday, 6 May 2024 to Wednesday, 5 June 2024 (both dates inclusive), during which period no transfer of shares will be registered. All duly completed transfer forms relating to H shares accompanied by the relevant share certificates must be lodged with the Company's H Share Registrars, Hong Kong Registrars Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 3 May 2024.

## **PREFERENTIAL TREATMENTS FOR CONSOLIDATED INCOME TAX AND LOCAL TAX**

According to the Notice of the Enterprise Income Tax for Implementation of Exploration and Development of Western Region (Notice of the State Administration of Taxation No. 12 [2012]) and the Catalogue of Industries Encouraged to Develop in the Western Region (Order of the National Development and Reform Commission No. 15), companies located in the western region of the PRC and engaged in the business encouraged by the PRC government are entitled to the preferential EIT rate of 15% if the operating revenue of the encouraged business in the current year accounted for more than 70% of the total income. In the opinion of the directors of the Company, the Company and Qingling Moulds, a subsidiary of the Company, are engaged in the encouraged businesses included in the related notice and catalogue and the total revenue of their major businesses for the year accounted for 70% of their respective total revenue, and therefore continue to enjoy the preferential EIT rate of 15% for the year.

In addition, according to the Notice of the Continuation of the Enterprise Income Tax for Implementation of Exploration and Development of Western Region (Notice of the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission No. 23 [2020]), companies located in the western region of the PRC and engaged in the business encouraged by the PRC government are entitled to the preferential EIT rate of 15% from 1 January 2021 to 31 December 2030 if the operating revenue of the encouraged business in a year accounted for more than 60% of the total income in that year.

## **DESIGNATED DEPOSITS**

As at 31 December 2023, the Group did not hold any designated deposit or any time deposits that were overdue but could not be collected upon maturity.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2023, the Group has 2,877 employees (2022: 2,846 employees). For the year ended 31 December 2023, labor cost was RMB326,811,000 (2022: RMB338,851,000). The Group determines the emoluments payable to its employees based on their performance, experience and prevailing industry practices while the Group's remuneration policy and packages are reviewed on a regular basis so as to ensure that the pay levels are competitive and effective in attracting, retaining and motivating employees. Depending on the assessment about their work performances, employees may be granted bonuses and rewards which in turn provide the motives and incentives for better individual performance.

## DISPOSAL OF STAFF QUARTERS

For the year ended 31 December 2023, the Group has not sold any of its staff quarters to its employees.

## STRUCTURE OF SHAREHOLDING

(1) As at 31 December 2023, the entire share capital of the Company comprised 2,482,268,268 shares, including:

	Number of shares	Percentage of total number of issued shares
Domestic shares	1,243,616,403 shares	about 50.10%
Foreign shares (H shares)	1,238,651,865 shares	about 49.90%

(2) Substantial shareholders

As at 31 December 2023, shareholders other than directors, supervisors and chief executives of the Company having an interest and short positions in 5% or more of the relevant class of the issued share capital of the Company as recorded in the register of interests in shares and short positions required to be kept by the Company pursuant to section 336 of the Securities and Futures Ordinance (the “SFO”) were as follows:

Long positions in the shares of the Company:

Name of shareholders	Class of shares	Number of shares held	Capacity	Percentage of share capital of relevant class	Percentage of entire share capital
Qingling Motors (Group) Company Limited	Domestic shares	1,243,616,403 shares	Beneficial Owner	100.00%	50.10%
Isuzu Motors Limited	H shares	496,453,654 shares	Beneficial Owner	40.08%	20.00%

Save as disclosed above, the register required to be kept under section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 31 December 2023.

## **DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES**

As at 31 December 2023, none of the directors, supervisors and chief executives of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined under the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”). For the year ended 31 December 2023, none of directors, supervisors and chief executives of the Company, or their spouse or children under 18 had any rights to subscribe for equity or debt securities of the Company, nor has any of them exercised such rights.

## **PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

There were no purchase, sale, redemption or cancellation of the Company's listed securities by the Company and its subsidiaries during the year ended 31 December 2023.

## **CORPORATE GOVERNANCE**

The Company puts high emphasis on endeavors to maintain high standards of corporate governance. The Board believes that good corporate governance practices are important to promote investors' confidence and protect the interest of our shareholders. We attach importance to our staff, our code of conduct and our corporate policies and standards, which together form the basis of our corporate governance practices. The Board has adopted sound corporate and disclosure practices, and is committed to continuously improving those practices and cultivating an ethical corporate culture.

During the year ended 31 December 2023, the Company has complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange without deviation.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

The Company has adopted the Model Code set out in Appendix C3 of the Listing Rules as the code of conduct regarding securities transactions by the directors and supervisors. Having made specific enquiry of all directors and supervisors of the Company, the Company confirmed all directors and supervisors of the Company have complied with the required standard set out in the Model Code during the year ended 31 December 2023.

## **REVIEW OF AUDITED ANNUAL RESULTS**

The audit committee of the Company has reviewed, with the management and auditor of the Company, the accounting principles and practices adopted by the Group, and discussed auditing, risk management and internal control and financial reporting matters including the review of the audited consolidated financial statements for the year ended 31 December 2023 and the 2023 annual results.

## **DIRECTORS**

As at the date of this announcement, the Board comprises 11 directors, of which Mr. LUO Yuguang, Mr. YASUTA Tatsuya, Mr. NAKAMURA Osamu, Mr. KIJIMA Katsuya, Mr. XU Song, Mr. LI Juxing and Mr. LI Xiaodong are executive directors and Mr. LONG Tao, Mr. SONG Xiaojiang, Mr. LIU Tianni and Mr. LIU Erh Fei are independent non-executive directors.

By Order of the Board  
**Qingling Motors Co. Ltd**  
**LEI Bin**  
*Company Secretary*

Chongqing, the PRC, 28 March 2024